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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CCT Fortis Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer 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 appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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# CCT FORTIS HOLDINGS LIMITED

( 中 建 富 通 集 團 有 限 公 司 )

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00138)

**(1) PROPOSED CAPITAL REORGANISATION;**  
**(2) PROPOSED CHANGE IN BOARD LOT SIZE;**  
**(3) CONNECTED TRANSACTION IN RELATION TO**  
**THE AMENDMENTS TO THE 2025 CONVERTIBLE BONDS DUE 2025;**  
**AND**  
**(4) NOTICE OF SPECIAL GENERAL MEETING**

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



南華融資有限公司  
South China Capital Limited

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Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 8 to 29 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on pages 30 and 31 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 32 to 56 of this circular.

A notice convening the SGM to be held at 10:00 a.m. on Wednesday, 25 February 2026 at 18/F., CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong is set out on pages SGM-1 to SGM-4 of this circular. A form of proxy for use by the Shareholders at the SGM is enclosed herein. Such form of proxy is also published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at <https://www.cct-fortis.com/>.

Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the SGM (i.e. 10:00 a.m. on Monday, 23 February 2026) or any adjourned SGM. Such form of proxy for use at the SGM is also published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<https://www.cct-fortis.com/>). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

9 February 2026

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Expected timetable</b> .....	6
<b>Letter from the Board</b> .....	8
<b>Letter from the Independent Board Committee</b> .....	30
<b>Letter from the Independent Financial Adviser</b> .....	32
<b>Appendix I — General Information</b> .....	I-1
<b>Notice of SGM</b> .....	SGM-1

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## DEFINITIONS

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

“2025 Convertible Bonds”	the convertible bonds due on 31 December 2025 issued by the Company on 20 January 2023 with an aggregate outstanding principal amount of HK\$87,920,000 as at the Latest Practicable Date
“Adjusted Share(s)”	the issued and unissued ordinary share(s) of par value HK\$0.10 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Announcement”	the announcement of the Company dated 2 January 2026
“Blackbird Group”	the Blackbird Group established by the Company, which is engaged in the multi-faceted automotive business including the Ferrari importership, Maserati importership, investment and trading of valuable collections and other new business ventures
“Board”	the board of Directors of the Company
“Bondholders”	Treasure Goal and Cheer Fame
“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 “extreme conditions” announced by the Government of Hong Kong or 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
“Bye-Laws”	the bye-laws for the time being adopted by the Company and as supplemented or amended or substituted from time to time
“Capital Force”	Capital Force International Limited, a BVI business company incorporated in the British Virgin Islands with limited liability, the shares of which are beneficially owned as to 51% by Mr. Mak and 49% by Mr. TK Mak
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby the par value of each issued Consolidated Share will be reduced from HK\$1.0 to HK\$0.10

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## DEFINITIONS

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“Capital Reorganisation”	collectively, the Share Consolidation, the Capital Reduction and the Share Subdivision
“Capital Winner”	Capital Winner Investments Limited, a BVI business company incorporated in the British Virgin Islands with limited liability, the shares of which are beneficially owned as to 51% by Mr. Mak and 49% by Mr. TK Mak
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Existing Shares to 5,000 Adjusted Shares subject to and upon the Capital Reorganisation becoming effective
“Cheer Fame”	Cheer Fame International Limited (喜威國際有限公司), a BVI business company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. TK Mak and principally engaged in investment holding
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Company”	CCT Fortis Holdings Limited, an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange (stock code: 138)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Share(s)”	the issued and unissued ordinary share(s) of par value of HK\$1.0 each in the share capital of the Company immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Subdivision becoming effective
“Conversion Price”	the conversion price per Conversion Share or New Conversion Share (as the case may be and subject to adjustments) of the 2025 Convertible Bonds
“Conversion Share(s)”	the Existing Shares to be issued and allotted upon conversion of the 2025 Convertible Bonds as set out in the principal terms of the 2025 Convertible Bonds

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## DEFINITIONS

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“Deed of Amendment”	the deed of amendment entered into between the Company and the Bondholders on 2 January 2026 in relation to the amendments to certain terms and conditions of the 2025 Convertible Bonds
“Director(s)”	director(s) of the Company
“Existing Share(s)”	the issued and unissued ordinary share(s) of par value of HK\$0.10 each in the existing share capital of the Company prior to the Capital Reorganisation becoming effective
“Extended Maturity Date”	31 December 2027
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee comprising the independent non-executive Directors to advise the Independent Shareholders as to the fairness and reasonableness of the Deed of Amendment and the transactions contemplated thereunder including the Specific Mandate
“Independent Financial Adviser”	South China Capital Limited, a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Deed of Amendment and the transactions contemplated thereunder including the Specific Mandate
“Independent Shareholders”	the Shareholders not required under the Listing Rules to abstain from voting on the resolution(s) approving the Deed of Amendment and the transactions contemplated thereunder including the Specific Mandate
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Latest Practicable Date”	5 February 2026, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained herein

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## DEFINITIONS

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“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2026 (or such other date as the Company and the Bondholders may agree)
“Memorandum”	the memorandum of continuance of the Company, as amended from time to time
“Mr. Mak”	Mr. Mak Shiu Tong, Clement is the sole beneficial owner of Treasure Goal and the chairman, the chief executive officer, an executive Director and the controlling Shareholder of the Company, and holds 25,589,652 Shares and is deemed under Part XV of the SFO to be interested in 1,173,953,079 Shares, representing approximately an aggregate of 74.98% of the issued share capital of the Company as the Latest Practicable Date
“Mr. TK Mak”	Mr. Mak Chun Kiu is the chairman and the chief executive officer of Blackbird Group, a controlling shareholder of the Company and the son of Mr. Mak
“New Capital”	New Capital Industrial Limited, a BVI business company incorporated in the British Virgin Islands with limited liability, the shares of which are beneficially owned as to 51% by Mr. Mak and 49% by Mr. TK Mak
“New Conversion Share(s)”	the Adjusted Shares to be issued and allotted upon conversion of the 2025 Convertible Bonds as amended by the Deed of Amendment
“PRC”	the People’s Republic of China which, and for the sole purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended and supplemented from time to time

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be convened and held at 18/F., CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong on Wednesday, 25 February 2026, at 10:00 a.m. for the purpose of considering and, if thought fit, approving the Deed of Amendment, the Specific Mandate, the Capital Reorganisation, and the transactions respectively contemplated thereunder
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the Adjusted Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares of par value of HK\$0.10 each into one (1) Consolidated Share of par value of HK\$1.0 each
“Share Option Scheme”	the share option scheme adopted by the Company on 23 June 2021
“Share Subdivision”	the proposed subdivision of every authorised but unissued Consolidated Share of par value HK\$1.0 each into 10 authorised but unissued Adjusted Shares of par value HK\$0.10 each
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Specific Mandate”	a specific mandate to cover the allotment and issue of the New Conversion Shares upon exercise of the conversion rights attached to the 2025 Convertible Bonds as amended by the Deed of Amendment
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Treasure Goal”	Treasure Goal International Limited (寶高國際有限公司), a BVI business company incorporated in the British Virgin Islands with limited liability, which is beneficially and wholly owned by Mr. Mak and principally engaged in investment holding
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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## EXPECTED TIMETABLE

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*The expected timetable for the Share Consolidation, the Capital Reduction, the Share Subdivision and the Change in Board Lot Size is set out below. The expected timetable is subject to the results of the SGM and satisfaction of the conditions to the Capital Reorganisation and the Change in Board Lot Size, and may be extended or varied due to additional time required for compliance with regulatory requirements in Bermuda and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates unless otherwise specified.*

Event	2026 (Hong Kong time and date)
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Latest date and time for lodging transfer documents in order to qualify for attending and voting at the SGM .....	4:30 p.m. on Monday, 16 February
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Closure of the register of members of the Company to determine the entitlement to attend and vote at the SGM (both days inclusive).....	Friday, 20 February to Wednesday, 25 February
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Latest date and time for lodging the proxy forms for the SGM .....	10:00 a.m. on Monday, 23 February
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Record date for the SGM .....	Wednesday, 25 February
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Expected date and time of the SGM .....	10:00 a.m. on Wednesday, 25 February
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Publication of announcement of poll results of SGM .....	Wednesday, 25 February
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**The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation:**

Expected Effective Date of the Capital Reorganisation .....	Friday, 27 February
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First day for free exchange of existing share certificates for new share certificates for Adjusted Shares.....	Friday, 27 February
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Commencement of dealings in Adjusted Shares .....	9:00 a.m. on Friday, 27 February
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Original counter for trading in Shares in board lots of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes .....	9:00 a.m. on Friday, 27 February
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Temporary counter for trading in Adjusted Shares in temporary board lot of 200 Adjusted Shares (in the form of existing share certificates) opens .....	9:00 a.m. on Friday, 27 February
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## EXPECTED TIMETABLE

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Original counter for trading in Adjusted Shares in board lot of 5,000 Adjusted Shares (in the form of new share certificates for Adjusted Shares) re-opens .....	9:00 a.m. on Friday, 13 March
Parallel trading in the Adjusted Shares (in the form of existing share certificates and new share certificates) commences .....	9:00 a.m. on Friday, 13 March
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of Adjusted Shares .....	9:00 a.m. on Friday, 13 March
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of Adjusted Shares .....	4:00 p.m. on Thursday, 2 April
Temporary counter for trading in Adjusted Shares in temporary board lot of 200 Adjusted Shares (in the form of existing share certificates) closes.....	4:10 p.m. on Thursday, 2 April
Parallel trading in Adjusted Shares (in the form of new share certificates for Adjusted Shares and existing share certificates) ends .....	4:10 p.m. on Thursday, 2 April
Last day for free exchange of existing share certificates for the share certificates for Adjusted Shares.....	Thursday, 9 April

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LETTER FROM THE BOARD

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**CCF FORTIS HOLDINGS LIMITED**  
**( 中 建 富 通 集 團 有 限 公 司 )**  
*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*  
**(Stock Code: 00138)**

*Executive Directors:*

Mr. Mak Shiu Tong, Clement  
*(Chairman and Chief Executive Officer)*  
Ms. Cheng Yuk Ching, Flora  
*(Deputy Chairman)*

*Registered office:*

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

*Independent non-executive Directors:*

Mr. Chen Li  
Mr. Chow Siu Ngor  
Mr. Lau Ho Kit, Ivan

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

Floor 26A, Fortis Tower  
77–79 Gloucester Road  
Hong Kong

9 February 2026

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED CAPITAL REORGANISATION;  
(2) PROPOSED CHANGE IN BOARD LOT SIZE;  
(3) CONNECTED TRANSACTION IN RELATION TO  
THE AMENDMENTS TO THE 2025 CONVERTIBLE BONDS DUE 2025;  
AND  
(4) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement in which the Board announced that, amongst other things, (i) the Company proposes to implement the Capital Reorganisation and the Change in Board Lot Size; and (ii) on 2 January 2026, after trading hours, the Company and the Bondholders entered into the Deed of Amendment pursuant to which the Company and the Bondholders have conditionally agreed to amend certain terms and conditions of the 2025 Convertible Bonds.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with (i) further details of the Capital Reorganisation and the Change in Board Lot Size; (ii) further details of the Deed of Amendment and the transactions contemplating respectively thereunder, including but not limited to, the grant of the Specific Mandate for the allotment and issue of the New Conversion Shares; and (iii) the notice of the SGM.

### **PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation, Capital Reduction and the Share Subdivision as follows:

#### **(1) Share Consolidation**

The Board proposes that every ten (10) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$1.00 each in the share capital of the Company. The Consolidated Shares will rank *pari passu* in all respects with each other.

#### **(2) Capital Reduction and Share Subdivision**

The Board proposes that immediately upon the Share Consolidation becoming effective:

- (a) the Capital Reduction be implemented, pursuant to which, (i) any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; (ii) the issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$0.90 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.10; and
- (b) the Share Subdivision be implemented, pursuant to which each of the authorised but unissued Consolidated Shares of par value HK\$1.00 each will be subdivided into 10 authorised but unissued Adjusted Shares of par value HK\$0.10 each.

Based on the 1,599,675,452 Existing Shares in issue as at the Latest Practicable Date, a credit of approximately HK\$143,970,790.50 will arise from the Capital Reduction, which will be transferred to a contributed surplus account of the Company and the contributed surplus account will be applied by the Directors for such purposes permitted under the Companies Act and the Bye-Laws.

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## LETTER FROM THE BOARD

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### Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon the following conditions being fulfilled:

- (i) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganisation and the transactions contemplated thereunder;
- (ii) the compliance with the relevant procedures and requirements under the Companies Act and applicable laws of Bermuda to effect the Capital Reorganisation, which includes the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due;
- (iii) the Listing Committee granting approval for the listing of, and the permission to deal in, the issued Adjusted Shares upon the Capital Reorganisation becoming effective;
- (iv) the compliance with all relevant procedures and requirements under the Bye-Laws and the Listing Rules to effect the Capital Reorganisation; and
- (v) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

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

Subject to the fulfilment of all the above conditions, the Capital Reorganisation is expected to become effective on Friday, 27 February 2026, being the second Business Day immediately following the date of the SGM.

### Proposed Change in Board Lot Size

As at the Latest Practicable Date, the Existing Shares are currently traded on the Stock Exchange in the board lots of 2,000 Existing Shares. It is proposed that, subject to and conditional upon the Capital Reorganisation becoming effective, the board lot size for trading on the Stock Exchange be changed from 2,000 Existing Shares to 5,000 Adjusted Shares.

Based on the closing price of HK\$0.066 per Existing Share (equivalent to the theoretical price of HK\$0.66 per Adjusted Share) as quoted on the Stock Exchange as at the Latest Practicable Date:

- (i) the market value of each board lot of 2,000 Existing Shares is HK\$132; and
- (ii) the value of each new board lot of 5,000 Adjusted Shares would be HK\$3,300 assuming the Capital Reorganisation had already been effective.

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

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## LETTER FROM THE BOARD

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### **Application for the listing of the issued Adjusted Shares**

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the issued Adjusted Shares.

Subject to the granting of the listing of, and the permission to deal in, the issued Adjusted Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the issued Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the issued Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second 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. All necessary arrangements will be made for the issued Adjusted Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Effects of the Capital Reorganisation**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$2,000,000,000 divided into 20,000,000,000 Existing Shares with par value of HK\$0.10 each, of which 1,599,675,452 Existing Shares have been issued and are fully paid or credited as fully paid.

Assuming that no further Existing Shares are allotted, issued or repurchased from the Latest Practicable Date up to and including the effective date of the Capital Reorganisation, immediately upon the Capital Reorganisation becoming effective, the authorised share capital of the Company shall become HK\$2,000,000,000 divided into 20,000,000,000 Adjusted Shares of par value of HK\$0.10 each, of which 159,967,545 Adjusted Shares will have been issued and will be fully paid or credited as fully paid. Assuming there are no other changes in the issued share capital of the Company from the Latest Practicable Date up to the effective date of the Capital Reorganisation, the share capital structure of the Company (i) as at the Latest

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## LETTER FROM THE BOARD

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Practicable Date; (ii) immediately after completion of the Share Consolidation but prior to the completion of the Capital Reduction and the Share Subdivision; and (iii) immediately after completion of the Capital Reduction and the Share Subdivision is summarised below:

	As at the Latest Practicable Date	Immediately after completion of the Share Consolidation but prior to the completion of the Capital Reduction and the Share Subdivision	Immediately after completion of the Capital Reduction and the Share Subdivision
Par value per Share	HK\$0.10 per Existing Share	HK\$1.00 per Consolidated Share	HK\$0.10 per Adjusted Share
<b>Authorised share capital</b>			
Authorised share capital	HK\$2,000,000,000	HK\$2,000,000,000	HK\$2,000,000,000
Number of authorised shares	20,000,000,000 Existing Shares	2,000,000,000 Consolidated Shares	20,000,000,000 Adjusted Shares
<b>Issued share capital</b>			
Amount of issued share capital	HK\$159,967,545.20	HK\$159,967,545	HK\$15,996,754.50
Number of issued Shares	1,599,675,452 Existing Shares	159,967,545 Consolidated Shares	159,967,545 Adjusted Shares
<b>Unissued share capital</b>			
Amount of unissued share capital	HK\$1,840,032,454.80	HK\$1,840,032,455	HK\$1,984,003,245.50
Number of unissued Shares	18,400,324,548 Existing Shares	1,840,032,455 Consolidated Shares	19,840,032,455 Adjusted Shares

As at the Latest Practicable Date, 1,599,675,452 Existing Shares are issued and fully paid or credited as fully paid. Immediately upon the Share Consolidation becoming effective, the Capital Reduction will involve a reduction of the par value of each issued Consolidated Share from HK\$1.00 to HK\$0.10, and a credit of approximately HK\$143,970,790.50 will arise as a result of the Capital Reduction and the aggregate nominal value of the issued share capital will be HK\$15,996,754.50 following the Capital Reduction becoming effective. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company, which will be utilised by the Company in such manner as the Board may deem fit and permitted under all applicable laws of Bermuda and the Memorandum and Bye-Laws. Each of the authorised but unissued Consolidated Shares of par value HK\$1.00 each will also be subdivided into 10 authorised but unissued Adjusted Shares of par value HK\$0.10 each.

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## LETTER FROM THE BOARD

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### **Status of the Adjusted Shares**

All Adjusted Shares in issue immediately following the Capital Reorganisation becoming effective shall rank *pari passu* in all aspects with each other in accordance with the Memorandum and the Bye-Laws.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will not alter the underlying assets, business operation, management or financial position of the Company and the proportional interests and rights of the Shareholders, save that any fractional Adjusted Shares will not be allocated to the Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Capital Reorganisation.

### **Adjustments in relation to other securities of the Company**

As at the Latest Practicable Date, the total number of Shares available for issue under the Share Option Scheme is 87,311,145 Shares and there have been no Share Options granted entitling the holders thereof to subscribe for any Existing Share under the Share Option Scheme since its adoption. The Directors will determine, according to the rules of the Share Option Scheme, the adjustments (if any) required to be made in respect of the outstanding Share Options as a result of the Capital Reorganisation.

As at the Latest Practicable Date, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into any Shares.

### **OTHER ARRANGEMENTS**

#### **Exchange of share certificates for the Adjusted Shares**

Subject to the Capital Reorganisation becoming effective, Shareholders may submit their existing share certificates in brown colour for the Existing Shares on or after Friday, 27 February 2026 and until Thursday, 9 April 2026 (both days inclusive) to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong during business hours in exchange for new share certificates in reddish brown colour for the Adjusted Shares at the expenses of the Company. It is expected that the new share certificates for the Adjusted Shares will be available for collection within ten (10) Business Days after submission of the existing share certificates to the Registrar for exchange.

Shareholders should note that after the prescribed time for free exchange of new share certificates for the Adjusted Shares, a fee of HK\$2.50 (or such other amount as may be specified by the Stock Exchange from time to time) will be payable by Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Adjusted Shares, whichever the number of certificate(s) cancelled or issued is higher.

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## LETTER FROM THE BOARD

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All existing certificates of the Existing Shares will continue to be evidence of title to such Shares but all existing certificates of Existing Shares will cease to be valid for delivery, trading and settlement purpose.

### **Arrangement on odd lot trading and matching services**

In order to facilitate the trading of odd lots of the Adjusted Shares, the Company has appointed Kingsway Financial Services Group Limited as an agent to provide a matching service, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the Adjusted Shares to make up a full board lot, or to dispose of their holding of odd lots of the Adjusted Shares during the period from 9:00 a.m. on Friday, 13 March 2026 to 4:00 p.m. on Thursday, 2 April 2026. Shareholders who wish to take advantage of this facility should contact Mr. So Man Hong of Kingsway Financial Services Group Limited at 7/F., Tower One, Lippo Centre, 89 Queensway, Hong Kong or at telephone number: (852) 2283-7698 during office hours (i.e. from 9:00 a.m. to 4:00 p.m.) of such period.

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

### **Fractional entitlement to the Adjusted Shares**

Any fractional Adjusted Shares arising from the Capital Reorganisation, if any, will be disregarded and will not be issued to the Shareholders otherwise entitled thereto but all such fractional Adjusted Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Adjusted Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers and may wish to consider the possibility of buying or selling the Shares in a number sufficient to make up an entitlement to receive a whole number of Adjusted Shares.

### **REASONS FOR AND BENEFITS OF THE CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE**

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 in September 2024 (the “**Guide**”), the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. Based on the then prevailing market price per Share prior to the completion of the Share Consolidation, the market value of each board lot fell below HK\$2,000.



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## LETTER FROM THE BOARD

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The Shares are currently traded on the Stock Exchange in the board lot size of 2,000 Existing Shares. It is proposed that the board lot size will be amended to 5,000 Adjusted Shares when the Capital Reorganisation becomes effective. Based on the closing price of HK\$0.066 per Existing Share (equivalent to the theoretical closing price of HK\$0.66 per Adjusted Share) as quoted on the Stock Exchange as at the Latest Practicable Date, the value of each new board lot of 5,000 Adjusted Shares would be HK\$3,300 as compared to HK\$132 of the original board lot of 2,000 Existing Shares.

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. The Guide has further stated that (i) market price of the shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

In view of the recent trading price of the Shares, the Board considers that the Capital Reorganisation and the Change in Board Lot Size will increase the board lot value of the Existing Shares, thereby enabling the Company to comply with the trading requirements under the Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

Immediately upon the Share Consolidation becoming effective, the Capital Reduction will be implemented which will reduce the par value of each issued Consolidated Share from HK\$1.00 to HK\$0.10. Under the laws of Bermuda, a company may not issue shares at a discount to the par value of such shares. Accordingly, the Capital Reduction will allow greater flexibility in the pricing for any issue of new Shares in the future.

Furthermore, it is also expected that the liquidity in trading of the Adjusted Shares will increase accordingly. In addition, the implementation of the Capital Reorganisation and the Change in Board Lot Size will facilitate the extension of the maturity date of the 2025 Convertible Bonds under the Deed of Amendment. In view of the above, the Board considers that the Capital Reorganisation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, save as disclosed in this circular, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation.

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## LETTER FROM THE BOARD

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### BACKGROUND OF THE 2025 CONVERTIBLE BONDS

Reference is made to the announcements of the Company dated 16 November 2022, 11 January 2023 and 20 January 2023 and the circular of the Company dated 19 December 2022, in relation to, among other things, the issuance of the 2025 Convertible Bonds due on 31 December 2025 in the aggregate principal amount of HK\$220,000,000, and the announcement of the Company dated 17 May 2023 in relation to the transfer and conversion of part of the 2025 Convertible Bonds.

As at the Latest Practicable Date, the aggregate principal amount of the 2025 Convertible Bonds remaining outstanding are held as to HK\$83,000,000 by Treasure Goal and HK\$4,920,000 by Cheer Fame, respectively.

### THE DEED OF AMENDMENT

On 2 January 2026, after trading hours, the Company entered into the Deed of Amendment with the Bondholders pursuant to which the Company and each of the Bondholders has conditionally agreed to amend the terms and conditions of the 2025 Convertible Bonds as follows:

- (i) the maturity date of the 2025 Convertible Bonds be extended for two (2) years from 31 December 2025 to the Extended Maturity Date;
- (ii) the conversion price of the 2025 Convertible Bonds be changed from HK\$0.16 per Conversion Share to HK\$0.45 per New Conversion Share from and including the date of the Amendments under the Deed of Amendment having become effective to and including the Extended Maturity Date; for the avoidance of doubt, no further adjustment to the Conversion Price will be made pursuant to the Capital Reorganisation having becoming effective;
- (iii) the interest rate of the 2025 Convertible Bonds be decreased from 4.5% per annum to 0% per annum from and including 1 January 2026 to and including the Extended Maturity Date;
- (iv) the outstanding interest accrued under the 2025 Convertible Bonds payable by the Company to Treasure Goal from 20 January 2023 to 31 December 2025 in the amount of HK\$13,917,261.66 will be converted into a zero interest loan owed by the Company to Treasure Goal repayable on demand; and
- (v) the outstanding interest accrued under the 2025 Convertible Bonds payable by the Company to Cheer Fame from 5 June 2024 to 31 December 2025 in the amount of HK\$653,375.33 will be converted into a zero interest loan owed by the Company to Cheer Fame repayable on demand,

(collectively the amendments above, the “**Amendments**”).

Save for the Amendments, all other terms and conditions of the 2025 Convertible Bonds shall remain unchanged and in full force and effect.

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## LETTER FROM THE BOARD

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An application will be made by the Company to the Stock Exchange for the approval of the Amendments pursuant to Rule 28.05 of the Listing Rules.

The outstanding interest accrued under the 2025 Convertible Bonds in paragraph (iv) and (v) above are not secured by any assets of the Company. The conversion of the outstanding interest accrued on the 2025 Convertible Bonds into interest-free loan repayable on demand is to relieve the Company from the immediate payment obligation of such outstanding sums. The Bondholders have agreed not to request for repayment of such loan within 12 months after the date of the Amendments having taken effect.

### **Undertaking by the Bondholders**

Each of the Bondholders irrevocably and unconditionally undertakes to the Company that, (a) it will not assign or transfer any part of the outstanding principal amount of the 2025 Convertible Bonds to any transferee pursuant to the terms and condition of the 2025 Convertible Bonds on or before the Long Stop Date or the date of the Amendments having become effective, whichever is earlier; and (b) it will not take any action or proceedings against the Company to enforce repayment of any amount due and repayable by the Company under the 2025 Convertible Bonds pursuant to the terms and conditions of the 2025 Convertible Bonds on or before the Long Stop Date or the date of the Amendments having become effective, whichever is earlier.

### **Conditions of the Deed of Amendment**

The Deed of Amendment is conditional upon:

- (i) the Capital Reorganisation and the Change in Board Lot Size having become effective;
- (ii) the passing by the Independent Shareholders at the SGM of the necessary resolutions to approve the Capital Reorganisation, the Deed of Amendment, the transactions contemplated thereunder and the Specific Mandate;
- (iii) the Company having obtained the approval for the Amendments from the Stock Exchange in accordance with Rule 28.05 of the Listing Rules;
- (iv) the Listing Committee having granted listing of, and permission to, deal in the New Conversion Shares to be allotted and issued upon the exercise of conversion rights attached to the 2025 Convertible Bonds; and
- (v) all necessary consents and approvals required to be obtained on the part of the Company and the Bondholders in respect of the Deed of Amendments and the Amendments having been obtained and remained in full force and effect.

The Amendments shall take effect on the next Business Day when all the conditions above are fulfilled. None of the above conditions can be waived. If any of the above conditions is not fulfilled on or before the Long Stop Date, the Deed of Amendment shall automatically be terminated and be of no further effect and the Company and the Bondholders shall be released from all obligations thereunder.

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## LETTER FROM THE BOARD

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

### Principal terms of the 2025 Convertible Bonds

The principal terms of the 2025 Convertible Bonds (as amended by the Deed of Amendment) are as follows:

Issue price: 100% of the principal amount

Aggregate Outstanding Principal amount: HK\$87,920,000

Conversion price: The Conversion Price shall be HK\$0.16 per Conversion Share from and including the date of issue of the 2025 Convertible Bonds to and including the date immediately prior to the date of the Amendments under the Deed of Amendment having become effective, and HK\$0.45 per New Conversion Share from and including the date of the Amendments under the Deed of Amendment having become effective to and including the Extended Maturity Date, all subject to adjustments as hereafter described.

The Conversion Price of HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Share) was determined after arm's length negotiations between the Company and the Bondholders with reference to the prevailing market price of the Shares, which represents:

- (i) a discount of approximately 36.62% to the closing price of HK\$0.071 per Existing Share as quoted on the Stock Exchange on the date of the Deed of Amendment;
- (ii) a discount of approximately 36.08% to the average closing prices of HK\$0.0704 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Deed of Amendment; and

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## LETTER FROM THE BOARD

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- (iii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 20.14%, represented by the theoretical diluted price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$0.0567 per Existing Share, to the benchmarked price of HK\$0.071 per Existing Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (a) the closing price of HK\$0.071 per Existing Share on the date of the Deed of Amendment and (b) the average closing price of HK\$0.0704 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Deed of Amendment.

The basis of determination for the Conversion Price of HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Share) also took into account, amongst others, the following factors:

- (i) The Board considered that the Conversion Price of HK\$0.16 per Conversion Share from and including the date of issue of the 2025 Convertible Bonds to and including the date immediately prior to the date of the Amendments under the Deed of Amendment having become effective was substantially above the prevailing market price of approximately HK\$0.07 per Share as at 31 December 2025, being the original maturity date of the 2025 Convertible Bonds, which had become economically unworkable. In the absence of an adjustment of the Conversion Price, the conversion feature is unlikely to be exercised and the 2025 Convertible Bonds had, in substance, become a cash redemption obligation at maturity.
- (ii) The Company did not have sufficient financial capacity to meet the redemption obligation upon the original maturity on 31 December 2025. As at 30 November 2025, the outstanding principal amount of the 2025 Convertible Bonds of approximately HK\$87.92 million significantly exceeded the Company's cash and bank balances of approximately HK\$13.21 million. The Board considered that preserving liquidity for ongoing operations and avoiding a near term repayment cliff was therefore critical.

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## LETTER FROM THE BOARD

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- (iii) The Conversion Price of HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Share) was determined with reference to the prevailing market price while also taking into account the extremely limited trading liquidity of the Shares. In the Board's view, such illiquidity materially increased execution risk for a conversion of meaningful size, and a deeper discount to the benchmark price was therefore commercially necessary to arrive at a conversion price that could realistically induce conversion and facilitate the restructuring of the 2025 Convertible Bonds.
- (iv) The adjustment to the Conversion Price formed part of an overall amendment package under which the Bondholders provided material concessions to the Company, including (a) a reduction of the interest rate of the 2025 Convertible Bonds from 4.5% per annum to 0% per annum from 1 January 2026 to the Extended Maturity Date, resulting in estimated interest savings of approximately HK\$7.9 million; (b) a two year extension of the original maturity date; and (c) the conversion of the outstanding interest accrued on the 2025 Convertible Bonds as at 31 December 2025 into interest-free loan repayable on demand.
- (v) The Company approached three of its existing banks which indicated their preference for reducing, rather than increasing, the facility amount. In addition, the Company contacted several other financial institutions to explore potential new credit lines; however, no such facilities have been successfully secured as at the Latest Practicable Date. The Group's was in net current liability positions as at 31 December 2024 and 30 June 2025 and the effective interest rates of the bank loans and other loan (excluding leases liabilities) of the Group ranged from 2.75% to 20.88% for the year ended 31 December 2024 and the six months ended 30 June 2025. Under the Amendments, the interest rate of the 2025 Convertible Bonds will be reduced to nil. Even if the Company could obtain debt financing to repay the 2025 Convertible Bonds and the accrued interest, its current financial position suggests that such borrowing would likely carry a relatively high interest rate which will significantly weaken the Group's cashflow and further deteriorate its net current liability position.

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## LETTER FROM THE BOARD

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By reason of the above, the Board is of the view that the basis for determining the revised Conversion Price is fair and reasonable, and that notwithstanding the discount to the benchmark price, the adjustment represents a value preserving solution and is in the interests of the Company and its Shareholders as a whole.

Adjustment events:

The Conversion Price shall from time to time be subject to adjustment upon occurrence of the following events:

- (i) an alteration to the nominal number of the Shares by way of consolidation, sub-division, or reclassification;
- (ii) an issue (other than in lieu of cash dividend and other than issue that would amount to capital distribution) of any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution (in cash or specie and whether on a reduction of capital or otherwise) to the Shareholders or grant to the Shareholders rights to acquire for cash assets of the Group;
- (iv) an offer of new Shares to the Shareholders for conversion by way of rights, or grant, to Shareholders of any options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price on the date of the announcement of the terms of the offer or grant;
- (v) (aa) an issue of securities wholly for cash or for reduction of liabilities or for acquisition of asset which by their terms are convertible into or exchangeable for or carry rights of conversion for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 90% of the market price on the date of the announcement of the terms of issue of such securities;



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## LETTER FROM THE BOARD

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(bb) modification of the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (aa) of this paragraph (e), so that the total effective consideration per Share initially receivable for such securities shall be less than 90% of the market price on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription;

(vi) an issue of any Shares wholly for cash or for reduction of liabilities at a price per Share which is less than 90% of the market price on the date of the announcement of the terms of such issue; and

(vii) an issue of any Shares for the acquisition of asset at a total effective consideration per Share which is less than 90% of the market price at the date of the announcement of the terms of such issue.

Interest rate:

(a) 4.5% per annum from and including the date of issue of the 2025 Convertible Bonds to and including 31 December 2025

(b) 0% per annum from and including 1 January 2026 to and including the Extended Maturity Date

Conversion Shares/New  
Conversion Shares:

Based on the aggregate outstanding principal amount of the 2025 Convertible Bonds of HK\$87,920,000, the 2025 Convertible Bonds are convertible into 195,377,777 New Conversion Shares (equivalent to 1,953,777,777 Conversion Shares) at the initial conversion price of HK\$0.45 per New Conversion Share (equivalent to HK\$0.045) per Conversion Share) (subject to adjustments), of which 184,444,444 New Conversion Shares and 10,933,333 New Conversion Shares may be granted to Treasure Goal and Cheer Fame respectively upon exercise of the conversion rights. The 195,377,777 New Conversion Shares represents:

(i) approximately 122.14% of the total issued share capital of the Company as at the Latest Practicable Date; and



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## LETTER FROM THE BOARD

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- (ii) approximately 54.98% of the total issued share capital of the Company as enlarged by the allotment and issue of the New Conversion Shares upon exercise in full of the conversion rights attaching to the 2025 Convertible Bonds and after the Capital Reorganisation becoming effective.

Conversion period:

The period commencing from the issue date of the 2025 Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the day immediately prior to and exclusive of the Extended Maturity Date.

Conversion rights and restrictions:

The holder(s) of the 2025 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 2025 Convertible Bonds registered in its name into the Conversion Shares or New Conversion Shares (as the case may be) provided further that (i) any conversion shall be made in amounts of not less than a whole multiple of HK\$500,000 on each conversion save that if at any time the aggregate outstanding principal amount of the 2025 Convertible Bonds is less than HK\$500,000, the whole (but not part only) of the outstanding principal amount of the 2025 Convertible Bonds may be converted; and (ii) the exercise of the conversion rights attached to the 2025 Convertible Bonds will not cause the Company to be unable to meet the public float requirement under the Listing Rules.

Early redemption at the option of the Company:

The Company shall be entitled at its sole discretion, by giving not less than seven (7) days' notice to the holder(s) of the 2025 Convertible Bonds, propose to the holder(s) to redeem the outstanding 2025 Convertible Bonds (in multiples of HK\$500,000 or such lesser amount as may represent the entire principal amount thereof) an amount equivalent to 100% of the principal amount of such outstanding 2025 Convertible Bonds at any time after the date of issue of the 2025 Convertible Bonds up to and including the date falling seven (7) days immediately before the Extended Maturity Date.

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## LETTER FROM THE BOARD

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Ranking:	The New 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 or other distributions, paid or made on or after the relevant conversion date 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.
Extended Maturity Date:	31 December 2027
Voting rights:	The holder(s) of the 2025 Convertible Bonds shall not have any right to attend or vote in any general meeting of the Company.
Transferability:	Subject to compliance with the Listing Rules, the 2025 Convertible Bonds may be transferred or assigned in whole or in part in integral multiples of HK\$500,000 by the holder(s) of the 2025 Convertible Bonds to any party, save and except that the 2025 Convertible Bonds shall not be transferred to a connected person of the Company unless with the prior written consent of the Company.
Security:	The obligations of the Company under the 2025 Convertible Bonds are unsecured.

## LETTER FROM THE BOARD

### EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Capital Reorganisation but prior to full conversion of the 2025 Convertible Bonds at the Conversion Price; and (iii) immediately upon full conversion of the 2025 Convertible Bonds at the Conversion Price are as follows:

	(i) As at the Latest Practicable Date		(ii) Immediately after completion of the Capital Reorganisation but prior to full conversion of the 2025 Convertible Bonds at the Conversion Price		(iii) Immediately upon full conversion of the 2025 Convertible Bonds at the Conversion Price (Note 5)	
	<i>No. of Existing Shares</i>	<i>Approximate %</i>	<i>No. of Adjusted Shares</i>	<i>Approximate %</i>	<i>No. of Adjusted Shares</i>	<i>Approximate %</i>
<b>Mr. Mak</b>						
Mr. Mak (Note 1)	25,589,652	1.60	2,558,965	1.60	2,558,965	0.72
Treasure Goal (Note 2)	—	—	—	—	184,444,444	51.90
<b>Mr. TK Mak</b>						
Cheer Fame (Note 3)	—	—	—	—	10,933,333	3.08
<b>Entities held by Mr. Mak and Mr. TK Mak (Note 4)</b>						
Capital Winner	468,423,672	29.28	46,842,367	29.28	46,842,367	13.18
New Capital	452,607,615	28.29	45,260,762	28.29	45,260,762	12.74
Capital Force	252,921,792	15.81	25,292,179	15.81	25,292,179	7.12
<b>Public Shareholders</b>	<u>400,132,721</u>	<u>25.02</u>	<u>40,013,272</u>	<u>25.02</u>	<u>40,013,272</u>	<u>11.26</u>
<b>Total</b>	<u>1,599,675,452</u>	<u>100.00</u>	<u>159,967,545</u>	<u>100.00</u>	<u>355,345,322</u>	<u>100.00</u>

Notes:

- Mr. Mak is the chairman, an executive Director and the controlling Shareholder of the Company and holds 25,589,652 Shares directly.
- Treasure Goal is beneficially and wholly owned by Mr. Mak and is a close associate of Mr. Mak.
- Cheer Fame is beneficially and wholly owned by Mr. TK Mak and is a close associate of Mr. TK Mak.
- Capital Winner, New Capital and Capital Force are private corporations owned as to 51% by Mr. Mak and as to 49% by Mr. TK Mak, a son of Mr. Mak, beneficially. Mr. Mak and Mr. TK Mak are deemed to be interested in 1,173,953,079 Shares held by these companies under the SFO. Capital Winner, New Capital and Capital Force are close associates of Mr. Mak.
- The shareholding structure is prepared for illustrative purpose only. There is no right for the Bondholders to convert any principal amount of the 2025 Convertible Bonds and the Company shall not issue any Conversion Shares or New Conversion Shares thereof if, upon such conversion and issue of the Conversion Shares or New Conversion Shares, the Company will not be able to comply with the minimum public float requirement under the Listing Rules.

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## LETTER FROM THE BOARD

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### FUND RAISING DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising exercises in the past twelve months immediately preceding the Latest Practicable Date.

### REASONS FOR AND BENEFITS OF THE DEED OF AMENDMENT

The Group is principally engaged in (i) property business; (ii) securities business; (iii) multifaceted automotive business and investments in valuable collections; and (iv) cultural entertainment business.

In order to address part of the going concern disclaimer opinion as disclosed in the announcement of the Company dated 31 October 2025 and the net current liability position of the Group, the Company entered into the Deed of Amendment with the Bondholders to make certain amendments to the 2025 Convertible Bonds.

In view of the Group's net current liability position as at 30 June 2025, the Company did not have sufficient financial capacity to meet the redemption obligation upon the original maturity on 31 December 2025. As such the extension of the maturity date of the 2025 Convertible Bonds and the reduction of interest rate of the 2025 Convertible Bonds pursuant to the Deed of Amendment would mean that the outstanding amount of the 2025 Convertible Bonds will be classified as a non-current liability after extension and would enable the Company to postpone its cash outflow and allow the Group to have more financial flexibility in the deployment of its working capital for its businesses operations and development, and thus will allow the Company to retain its financial resources for a longer period of time and represents an opportunity to enhance the working capital of the Company. Also, the reduction of interest rate of the 2025 Convertible Bonds and the conversion of the outstanding interest accrued on the 2025 Convertible Bonds into an interest-free loan repayable on demand would reduce the Company's financing costs and near term cash outflows, thereby improving its ability to stabilise operations and recover financial performance. As the outstanding interest accrued on the 2025 Convertible Bonds was overdue, its conversion to an interest-free loan which is repayable on demand and the Bondholders' agreement not to request for repayment of such loan within 12 months after the date of the Amendments having taken effect will provide the Group with greater flexibility in its cash flow as there is no current imminent repayment date for the interest-free loan despite being classified as current liability, thereby will relieve the Group from its financial burden and improve the Group's financial position and address part of the going concern disclaimer set out in the annual report of the Company for the year ended 31 December 2024 and action plan set out in the supplemental announcements of the Company dated 4 July 2025, 31 July 2025 and 31 October 2025. The Directors consider that the terms and conditions of the Deed of Amendment are fair and reasonable and that the Amendments are in the interests of the Company and the Shareholders as a whole.

The Board will continue to use its best endeavours to implement plans and measures with the aim of resolving the disclaimer opinion set out in the annual report of the Company for the year ended 31 December 2024.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. Accordingly, an application will be made by the Company to the Stock Exchange for the approval of the Amendments.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the New Conversion Shares which may fall to be issued upon conversion of the 2025 Convertible Bonds. No application will be made for the listing of the 2025 Convertible Bonds on the Stock Exchange or any other stock exchange.

Treasure Goal, one of the Bondholders is beneficially and ultimately owned by Mr. Mak, being the chairman, the chief executive officer, an executive Director and the controlling Shareholder of the Company, and Cheer Fame, the other Bondholder, is beneficially and wholly owned by Mr. TK Mak, the chief executive officer of the Blackbird Group, a controlling shareholder of the Company and the son of Mr. Mak, and hence Treasure Goal and Cheer Fame are connected persons of the Company under Chapter 14A of the Listing Rules. Mr. Mak holds 25,589,652 Shares and is deemed under Part XV of the SFO to be interested in an aggregate of 1,173,953,079 Shares held by Capital Winner, New Capital and Capital Force, representing approximately an aggregate of 74.98% of the issued share capital of the Company. Accordingly, the entering into of the Deed of Amendment constitutes a connected transaction on the part of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Mak has abstained from voting on the resolutions in relation to the Deed of Amendment and the transactions contemplated thereunder, including the grant of the Specific Mandate proposed to the Board. Save as disclosed above, none of the Directors whom attended the Board meeting has a material interest in the Deed of Amendment and the transactions contemplated thereunder, including the grant of the Specific Mandate.

### SGM

A notice convening the SGM to be held at 18/F., CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong at 10:00 a.m. on Wednesday, 25 February 2026 is set out on pages SGM-1 to SGM-4 of this circular. A special resolution will be proposed at the SGM to approve the Capital Reorganisation and an ordinary resolution will be proposed at the SGM to approve the Deed of Amendment and the transactions contemplating respectively thereunder, including but not limited to, the grant of the Specific Mandate for the allotment and issue of the New Conversion Shares.

Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the SGM (i.e. 10:00 a.m. on Monday,

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## LETTER FROM THE BOARD

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23 February 2026) or any adjourned SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

An Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Chen Li, Mr. Chow Siu Ngor and Mr. Lau Ho Kit, Ivan, has been formed to advise the Independent Shareholders, and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders regarding the Deed of Amendment and the transactions contemplated thereunder. South China Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Treasure Goal, one of the Bondholders is beneficially and ultimately owned by Mr. Mak, being the chairman, the chief executive officer, an executive Director and the controlling Shareholder of the Company, and Cheer Fame, the other Bondholder, is beneficially and wholly owned by Mr. TK Mak, the chief executive officer of the Blackbird Group, a controlling shareholder of the Company and the son of Mr. Mak, and hence Treasure Goal and Cheer Fame are connected persons of the Company under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, (i) Treasure Goal and Cheer Fame do not hold any Shares; (ii) Mr. Mak holds 25,589,652 Shares directly; and (iii) Mr. Mak and Mr. TK Mak are deemed under Part XV of the SFO to be interested in an aggregate of 1,173,953,079 Shares held by Capital Winner, New Capital and Capital Force, representing approximately an aggregate of 74.98% of the issued share capital of the Company. Accordingly, Treasure Goal and Cheer Fame and their respective associates including Mr. Mak, Mr. TK Mak, Capital Winner, New Capital and Capital Force, shall abstain from voting in respect of 1,173,953,079 Shares held by them in aggregate on the ordinary resolution to approve the Deed of Amendment and the transactions completed thereunder, including the Specific Mandate, at the SGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, no other Shareholder has a material interest in the Deed of Amendment and shall be required to abstain from voting at the SGM in respect of the resolution to approve the Deed of Amendment and the transactions completed thereunder, including the Specific Mandate.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the special resolution relating to the Capital Reorganisation at the SGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the special resolution and the ordinary resolution set out in the notice of the SGM will be voted by poll.

Treasury shares, if any, shall have no voting rights at the general meeting(s) of the Company. For the avoidance of doubt, solely from the perspective of the Listing Rules, the Company shall procure, upon depositing any treasury shares in CCASS, the abstention from voting at any of its general meeting(s) in relation to those shares.

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## LETTER FROM THE BOARD

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### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 20 February 2026 to Wednesday, 25 February 2026 both days inclusive, in order to determine the entitlement to attend the SGM. The record date for attendance and voting at the SGM is Wednesday, 25 February 2026. In order to qualify for attending and voting at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 16 February 2026.

### RECOMMENDATION

The Directors consider that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the special resolution at the SGM approving the Capital Reorganisation.

The Board (including the members of the Independent Board Committee after having considered the advice of the Independent Financial Adviser) consider that the Deed of Amendment and the transactions completed thereunder, including the Specific Mandate are on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution relating to the Deed of Amendment and the transactions completed thereunder to be proposed at the SGM.

### FURTHER INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee which contains the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Deed of Amendment and the transactions contemplated thereunder; (ii) the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Deed of Amendment and the transactions contemplated thereunder; and (iii) the additional information set out in the appendix to this circular and the notice of the SGM.

**Shareholders and potential investors of the Company should note that (1) the Capital Reorganisation is conditional upon the fulfilment of certain conditions set out in this circular and the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective; and (2) the Amendments is subject to the fulfilment of the conditions precedent under the Deed of Amendment. Therefore, the Capital Reorganisation, the Change in Board Lot Size and the Deed of Amendment may or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in doubt, they should consult their professional advisers.**

Yours faithfully,  
By order of the Board  
**CCT FORTIS HOLDINGS LIMITED**  
**Mak Shiu Tong, Clement**  
*Chairman and Chief Executive Officer*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



**CCF FORTIS HOLDINGS LIMITED**

**( 中 建 富 通 集 團 有 限 公 司 )**

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 00138)**

9 February 2026

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) PROPOSED CAPITAL REORGANISATION;  
(2) PROPOSED CHANGE IN BOARD LOT SIZE; AND  
(3) CONNECTED TRANSACTION IN RELATION TO  
THE AMENDMENTS TO THE 2025 CONVERTIBLE BONDS DUE 2025**

We refer to the circular of the Company dated 9 February 2026 (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the Deed of Amendment and the transactions contemplated thereunder, including but not limited to, the grant of the Specific Mandate for the allotment and issue of the New Conversion Shares are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders how to vote at the SGM.

South China Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of its advice together with the principal factors and reasons it has taken into consideration on giving its advice, are contained in its letter set out on pages 32 to 56 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the principal factors and reasons considered by, and the advice of South China Capital Limited, we considered that although the entering into of the Deed of Amendment are not in the ordinary and usual course of business of the Group, the grant of the Specific Mandates for the allotment and issue of the New Conversion Shares are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Deed of Amendment, the granting of the Specific Mandate and the transactions contemplated respectively thereunder.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee

**Mr. Chen Li**

**Mr. Chow Siu Ngor**

**Mr. Lau Ho Kit, Ivan**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser regarding the Deed of Amendment and the transactions contemplated thereunder including the Specific Mandate, for the purpose of inclusion in this circular.*



**South China Capital Limited**

28/F., Bank of China Tower

No. 1 Garden Road

Central

Hong Kong

9 February 2026

*To the Independent Board Committee and  
the Independent Shareholders*

**CCT Fortis Holdings Limited**

Floor 26A, Fortis Tower

77–79 Gloucester Road

Wanchai

Hong Kong

Dear Sirs,

### **CONNECTED TRANSACTION IN RELATION TO THE AMENDMENTS TO THE 2025 CONVERTIBLE BONDS DUE 2025**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Deed of Amendment and the transactions contemplated thereunder including the Specific Mandate, details of which are contained in the letter from the Board (the “**Board Letter**”) as set out in the circular dated 9 February 2026 (the “**Circular**”). Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those ascribed in the Circular.

Reference is made to the announcements of the Company dated 16 November 2022, 11 January 2023 and 20 January 2023 and the circular of the Company dated 19 December 2022, in relation to, among other things, the issuance of the 2025 Convertible Bonds due on 31 December 2025 in the aggregate principal amount of HK\$220,000,000, the announcement of the Company dated 17 May 2023 in relation to the transfer and conversion of part of the 2025 Convertible Bonds and the announcement of the Company dated 2 January 2026 regarding the Deed of Amendment and the transactions contemplated thereunder including the Specific Mandate.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, the aggregate principal amount of the 2025 Convertible Bonds remaining outstanding was held as to HK\$83,000,000 by Treasure Goal and HK\$4,920,000 by Cheer Fame, respectively.

In addition to the Amendments, the Company proposed to implement the following Capital Reorganisation involving the Share Consolidation and the Capital Reduction as follows: (i) every ten (10) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$1.00 each in the share capital of the Company; and (ii) immediately upon the Share Consolidation becoming effective, the Capital Reduction be implemented, pursuant to which, (a) any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; and (b) the issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$0.90 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.10. The Deed of Amendment is subject to the fulfilment of the conditions precedent under the Deed of Amendment including but not limited to the Capital Reorganisation and the Change in Board Lot Size having become effective.

Treasure Goal, one of the Bondholders, is beneficially and ultimately owned by Mr. Mak, being the chairman, the chief executive officer, an executive Director and the controlling Shareholder, and Cheer Fame, the other Bondholder, is beneficially and wholly owned by Mr. TK Mak, the chief executive officer of the Blackbird Group, a controlling Shareholder and the son of Mr. Mak, and hence Treasure Goal and Cheer Fame are connected persons of the Company under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, (i) Treasure Goal and Cheer Fame do not hold any Shares; (ii) Mr. Mak holds 25,589,652 Shares directly; and (iii) Mr. Mak and Mr. TK Mak are deemed under Part XV of the SFO to be interested in an aggregate of 1,173,953,079 Shares held by Capital Winner, New Capital and Capital Force, representing approximately an aggregate of 74.98% of the issued share capital of the Company. Accordingly, the entering into of the Deed of Amendment constitutes a connected transaction on the part of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Chen Li, Mr. Chow Siu Ngor and Mr. Lau Ho Kit, Ivan, has been established to make recommendations to the Independent Shareholders regarding the Deed of Amendment and the transactions contemplated thereunder including the Specific Mandate. We, South China Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with, or interests in, the Company that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this engagement, no arrangements exist whereby we had received any fees or benefits from the Company or any other party to the transactions that could reasonably be regarded as relevant to our independence. During the past two years, we did not have any engagement with the Company or the Directors, chief executives of the Company and substantial Shareholders or any of their associates. Therefore, we consider that we are independent of the Company pursuant to the Listing Rules.

### BASIS OF OUR OPINION

In arriving at our recommendation, we have reviewed, among other things, the Deed of Amendment, the Company's annual report for the year ended 31 December 2024 (the "**2024 Annual Report**"), the Company's supplemental announcements dated 4 July 2025, 31 July 2025 and 31 October 2025 (the "**Supplemental Announcements**") and the Company's interim report for the six months ended 30 June 2025 (the "**2025 Interim Report**"). We have also discussed with the management of the Group (the "**Management**") regarding the commercial implications of the entering into of the Deed of Amendment. In addition, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the Management. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and the Management for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the Circular.

The Directors jointly and severally 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, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information which forms a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations whose omission would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with note 1 to Rule 13.80 of the Listing Rules.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

### 1. Information of the Group

#### 1.1 Principal business of the Group

The Group is principally engaged in (i) property business; (ii) securities business; (iii) multi-faceted automotive business and investments in valuable collections; and (iv) cultural entertainment business.

#### 1.2 Financial information of the Group

Set out below is a summary of the consolidated financial information of the Company for financial year ended 31 December 2023 (“FY2023”) and 31 December 2024 (“FY2024”) as extracted from the 2024 Annual Report and for the six months ended 30 June 2024 and 2025 as extracted from the 2025 Interim Report:

	For the six months ended 30 June			
	FY2024	FY2023	2025	2024
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
	(Note)			
Revenue	578	765	258	320
Loss for the year/period	(396)	(575)	(210)	(166)
	As at 31 December		As at 30 June	
	2024	2023	2025	2024
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
	(Note)			
Non-current assets	1,836	1,668	1,803	1,836
Current assets	950	1,173	832	950
Current liabilities	(2,100)	(1,234)	(2,160)	(2,100)
Net current liabilities	(1,150)	(61)	(1,328)	(1,150)
Non-current liabilities	(14)	(876)	(13)	(14)
Net assets	672	731	462	672

*Note:* We note from the 2024 Annual Report that the Company’s auditor has given a “disclaimer of opinion” on the consolidated annual financial statements of the Company for FY2024 on the basis of multiple uncertainties relating to going concern. For further details, please refer to the 2024 Annual Report.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *For FY2024*

The revenue of the Group decreased by about 24.4% from approximately HK\$765 million for FY2023 to HK\$578 million for FY2024. Based on the 2024 Annual Report, such decrease in revenue was attributable to a decline of classic car sales in a slow classic car market and disinvestment in our stage audio and lighting and stage engineering operations.

The Group recognised net loss of approximately HK\$396 million for the FY 2024 (FY2023: approximately HK\$575 million). Based on the 2024 Annual Report, such decrease in net loss was mainly attributable to the decrease in impairment of trade and other receivables by about 99% to approximately HK\$3 million in 2024.

As at 31 December 2024, the Group recorded net current liabilities and net assets of approximately HK\$1,150 million and HK\$672 million, respectively.

### *For the six months ended 30 June 2025*

The revenue of the Group decreased by about 19.4% from approximately HK\$320 million for the six months ended 30 June 2024 to HK\$258 million for the six months ended 30 June 2025. As advised by the Management, such decrease in revenue was attributable to the decrease in revenue of Maserati businesses and the continued softness in global market for valuable collections.

The Group recognised net loss of approximately HK\$210 million for the six months ended 30 June 2025 (FY2024: approximately HK\$166 million). Based on the 2025 Interim Report, the widening loss was primarily due to impairment loss of approximately HK\$99.4 million on a property included in assets of disposal groups classified as held for sale for the six months ended 30 June 2025, compared with that of HK\$43.0 million for the six months ended 30 June 2024.

As at 30 June 2025, the Group recorded net current liabilities and net assets of approximately HK\$1,328 million and HK\$462 million, respectively.

### *Going concern issue*

According to the 2024 Annual Report, the auditors of the Company have issued a disclaimer of opinion because of the potential interaction of the multiple uncertainties relating to going concern issue of the Company and the possible cumulative effect on the consolidated financial statements of the Company, which cast significant doubt on the Group's ability to continue as a going concern. For further details, please refer to the 2024 Annual Report.

We noted that (i) the Group reported a decrease in revenue and a net loss for FY2024 and the six months ended 30 June 2025; (ii) the Group had a low cash level of approximately HK\$12 million as at 30 June 2025, which would

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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not be sufficient to fully repay the 2025 Convertible Bonds upon the original maturity date; (iii) the Group was in a net current liability position as at 31 December 2024 and 30 June 2025; and (iv) the auditors of the Company had issued a disclaimer of opinion as disclosed in the 2024 Annual Report. Having considered the above, we consider the Amendments could alleviate the Group's pressure of cash outflow for repayment of the 2025 Convertible Bonds, and allow it to have more financial flexibility in the deployment of its working capital for its businesses operations and development.

### **2. Background of the Bondholders**

Treasure Goal, one of the Bondholders is beneficially and ultimately owned by Mr. Mak, being the chairman, the chief executive officer, an executive Director and the controlling Shareholder of the Company, and Cheer Fame, the other Bondholder, is beneficially and wholly owned by Mr. TK Mak, the chief executive officer of the Blackbird Group, a controlling shareholder of the Company and the son of Mr. Mak, and hence Treasure Goal and Cheer Fame are connected persons of the Company under Chapter 14A of the Listing Rules. Treasure Goal and Cheer Fame are both principally engaged in investment holding. As at the Latest Practicable Date, Mr. Mak held 25,589,652 Shares and is deemed under Part XV of the SFO to be interested in an aggregate of 1,173,953,079 Shares held by Capital Winner, New Capital and Capital Force, representing approximately an aggregate of 74.98% of the issued share capital of the Company.

### **3. Reasons for and benefits of the Deed of Amendment**

With reference to the Board Letter, in order to address part of the going concern disclaimer opinion and the net current liability position of the Group, the Company entered into the Deed of Amendment with the Bondholders to make certain amendments to the 2025 Convertible Bonds. In view of the Group's net current liability position as at 30 June 2025, the Company did not have sufficient financial capacity to meet the redemption obligation upon the original maturity on 31 December 2025. As such, the extension of the maturity date of the 2025 Convertible Bonds and the reduction of interest rate of the 2025 Convertible Bonds pursuant to the Deed of Amendment would mean that the outstanding amount of the 2025 Convertible Bonds will be classified as a non-current liabilities after extension and would enable the Company to postpone its cash outflow and allow the Group to have more financial flexibility in the deployment of its working capital for its businesses operations and development, and thus will allow the Company to retain its financial resources for a longer period of time and represents an opportunity to enhance the working capital of the Company. Also, the reduction of interest rate of the 2025 Convertible Bonds and the conversion of the outstanding interest accrued on the 2025 Convertible Bonds into an interest-free shareholders' loan repayable on demand would reduce the Company's financing costs and near term cash outflows, thereby improving its ability to stabilise operations and recover financial performance. As the outstanding interest accrued on the 2025 Convertible Bonds was overdue, its conversion to an interest-free loan which is repayable on demand and the Bondholders' agreement not to request for repayment of such loan within 12 months after the date of the Amendments



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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having taken effect will provide the Group with greater flexibility in its cash flow as there is no current imminent repayment date for the interest-free loan despite being classified as current liability, thereby will relieve the Group from its financial burden and improve the Group's financial position and address (i) part of the going concern disclaimer opinion set out in the 2024 Annual Report; and (ii) action plan set out in the Supplemental Announcements.

As at the Latest Practicable Date, the aggregate principal amount of the 2025 Convertible Bonds remaining outstanding was held as to HK\$83,000,000 by Treasure Goal and HK\$4,920,000 by Cheer Fame, respectively.

Based on our independent review of the 2024 Annual Report and 2025 Interim Report, we noted that the Group had cash and cash equivalents of approximately HK\$12 million as at 30 June 2025; the available cash resources would not be sufficient to fully repay the outstanding principal amount of the 2025 Convertible Bonds of HK\$87.92 million upon the original maturity date, i.e. 31 December 2025.

As stated in the Board Letter, the Company has not conducted any equity fund raising exercises in the past twelve months immediately preceding the Latest Practicable Date.

We have discussed with the Management in respect of the consideration of other ways of fund raising such as debt financing and other equity fund raising method to settle the 2025 Convertible Bonds. We set out below the summary of our discussion:

**(a) Debt financing:**

The Directors have considered that (i) further debt financing may not be available given the Group's net current liability position; (ii) the cost of debt financing may increase together with additional requirements with asset pledging or guarantees to be provided by the Group; and (iii) further debt financing will increase the financial costs of the Group and using debt financing to replace the 2025 Convertible Bonds may further weaken the cashflow and financial position of the Group as the interest rate of the 2025 Convertible Bonds will be decreased to nil under the Amendments while the cost of the refinancing may not be more favourable than that of the 2025 Convertible Bonds.

Based on our independent review on the 2024 Annual Report and the 2025 Interim Report, after considering the Group's net current liability positions as at 31 December 2024 and 30 June 2025, the effective interest rates ranged from 2.75% to 20.88% for banks loans and other loan (excluding leases liabilities), we further note that any new debt financing, if obtainable, would likely fall within or above this range of interest rates given the Group's liquidity constraints. As at the Latest Practicable Date, the outstanding principal amount of the 2025 Convertible Bonds was HK\$87.92 million. Under the Amendments, the interest rate of the 2025 Convertible Bonds will be reduced to nil. Should the Group refinance this amount through new debt financing at market rates, the annual interest burden would range from approximately HK\$2.42 million (at 2.75%) to HK\$18.36 million (at 20.88%).



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Such incremental interest expenses would directly and greatly weaken the Group's cashflow and further deteriorate its net current liability position. As advised by the Management, the Company approached three of its existing banks, whose feedback indicated a preference for reducing, rather than increasing, the facility amount. In addition, the Company contacted several other financial institutions to explore potential new credit lines; however, no such facilities have been successfully secured as at the Latest Practicable Date. This further demonstrates the Group's limited access to external debt financing. In view of the above, we concur with the Directors' view that the debt financing from financial institutions is of limited accessibility and will create additional financial burden to the Group. Therefore, such funding methods are not in the interests of the Company and the Shareholders as a whole.

***(b) Placing of new shares***

The Directors have considered that given the Group's net current liability position, placing agent may face difficulties and take time to seek for potential investor(s) and they may require a substantial placing discount to the trading price of the Shares. The Directors also consider that it is higher cost to arrange a placing of new shares, as the placing agent would charge commission with reference to certain percentages of the amount of the fund raising as compared with limited additional cost from the Amendments, and the placing of new shares will cause an immediate dilution to the shareholding of existing Shareholders as compared with that the conversion of the 2025 Convertible Bonds which is subject to the exercise of the conversion rights attached to the 2025 Convertible Bonds.

Based on our independent assessment of the Group's financial position and prevailing market conditions, we consider that the process of identifying investors under such circumstances may be prolonged, thereby creating uncertainty in both timing and execution. In particular, given the Group's financial constraints, potential investors may require extended due diligence periods, impose more stringent investment conditions, or delay commitment until clearer signs of financial improvement emerge. These factors collectively contribute to a fundraising process that is not only lengthy but also highly unpredictable in terms of completion. As advised by the Management, the Company approached more than five investors in the past, yet no concrete progress was achieved, further illustrating the practical challenges in securing investor interest under the current circumstances.

We also note that placing commissions are typically charged as a percentage of the gross proceeds therefrom, representing a higher direct fund-raising cost to the Group when compared with the limited administrative cost associated with the Amendments. Furthermore, any placing of new shares would result in immediate dilution to the shareholding of existing Shareholders, whereas dilution from the 2025 Convertible Bonds would only arise upon exercise of the conversion rights attaching thereto and therefore is contingent rather than immediate.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Therefore, rather than conducting placing of new shares to repay the 2025 Convertible Bonds, we concur with the Directors' view that placing of new shares would involve higher uncertainty and execution risk, higher cost and immediate dilution to the shareholding of the existing Shareholders, and that the Amendments are in the interests of the Company and the Shareholders as a whole.

*(c) Rights issue or open offer*

With regard to the viability of a rights issue or an open offer, the Directors have considered that given the Group's net current liability position, the result of fund raising from a rights issue or an open offer may not be desirable.

Based on our independent assessment of the Group's financial position and prevailing market sentiment, we consider that a rights issue or an open offer would likely face weaker investor appetite, which may adversely affect the subscription level and the overall fund-raising outcome.

In addition, as advised by the Management, the Company has implemented various measures to improve its liquidity position, including the disposal of certain assets and equity interests as disclosed in the announcements of the Company dated 11 July 2025 and 31 December 2025. In addition, the Company has been actively exploring the disposal of certain investment properties. However, these investments properties are currently pledged to bank loan granted to the Group, and given the prevailing property market conditions, it has been challenging to secure buyers at prices that would generate meaningful net proceeds. As a result, the likelihood of realising additional cash after repaying the associated bank loans is limited, and such disposals may not provide sufficient funds to address the repayment obligations of the 2025 Convertible Bonds.

We agree with the Directors' view that, as compared with the Amendments, (i) more documentation is typically required for a rights issue or an open offer, such as the prospectus; (ii) it is more costly to arrange a rights issue or an open offer than the Amendments as it is expected that the Company would incur higher cost to arrange a rights issue or an open offer as more professional parties would need to be engaged therein; and (iii) it generally takes longer time to arrange a rights issue or an open offer than the Amendments. In addition, given the Group's net current liability position, the Company may also need to consider underwriting arrangements to ensure the success of a rights issue or an open offer, which would further increase the cost of fund raising. Furthermore, the Amendments provide a higher degree of certainty as the outcome of a rights issue or an open offer would be subject to the uncertainty of the subscription level, and any shortfall in subscription would reduce the amount of funds raised and may not be sufficient to address the Group's refinancing needs.

Having considered the above, we consider that the terms and conditions of the Deed of Amendment are fair and reasonable, and that the Amendments are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Principal terms of the Deed of Amendment

On 2 January 2026, after trading hours of the Stock Exchange, the Company entered into the Deed of Amendment with the Bondholders pursuant to which the Company and each of the Bondholders has conditionally agreed to amend the terms and conditions of the 2025 Convertible Bonds as follows:

- (i) the maturity date of the 2025 Convertible Bonds be extended for two (2) years from 31 December 2025 to the Extended Maturity;
- (ii) the conversion price of the 2025 Convertible Bonds be changed from HK\$0.16 per Conversion Share (the “**Existing Conversion Price**”) to HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Share (the “**New Conversion Price**”)) from and including the date of the Amendments under the Deed of Amendment having become effective to and including the Extended Maturity Date; for the avoidance of doubt, no further adjustment to the Conversion Price will be made pursuant to the Capital Reorganisation having becoming effective;
- (iii) the interest rate of the 2025 Convertible Bonds be decreased from 4.5% per annum to 0% per annum for the period from and including 1 January 2026 to and including the Extended Maturity Date;
- (iv) the outstanding interest accrued under the 2025 Convertible Bonds payable by the Company to Treasure Goal from 20 January 2023 to 31 December 2025 in the amount of HK\$13,917,261.66 will be converted into a zero interest loan owed by the Company to Treasure Goal repayable on demand; and
- (v) the outstanding interest accrued under the 2025 Convertible Bonds payable by the Company to Cheer Fame from 5 June 2024 to 31 December 2025 in the amount of HK\$653,375.33 will be converted into a zero interest loan owed by the Company to Cheer Fame repayable on demand.

Save for the Amendments, all other terms and conditions of the 2025 Convertible Bonds shall remain unchanged and in full force and effect. Please refer to the Board Letter for other principal terms of the 2025 Convertible Bonds.

The Deed of Amendment is conditional upon:

- (i) the Capital Reorganisation and the Change in Board Lot Size having become effective;
- (ii) the passing by the Independent Shareholders at the SGM of the necessary resolutions to approve the Capital Reorganisation, the Deed of Amendment, the transactions contemplated thereunder and the Specific Mandate;
- (iii) the Company having obtained the approval for the Amendments from the Stock Exchange in accordance with Rule 28.05 of the Listing Rules;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iv) the Listing Committee of the Stock Exchange having granted listing of, and permission to, deal in the New Conversion Shares to be allotted and issued upon the exercise of conversion rights attached to the 2025 Convertible Bonds; and
- (v) all necessary consents and approvals required to be obtained on the part of the Company and the Bondholders in respect of the Amendments having been obtained and remained in full force and effect.

The Amendments shall take effect on the next Business Day when all the conditions above are fulfilled. None of the above conditions can be waived. If any of the above conditions is not fulfilled on or before Long Stop Date, the Deed of Amendment shall automatically be terminated and be of no further effect and the Company and the Bondholders shall be released from all obligations thereunder.

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

### ***Our assessment***

#### *Comparison of Conversion Price with historical Share prices*

The Conversion Price is HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Share), which represents:

- (i) a discount of about 36.62% to the closing price of HK\$0.071 per Existing Share as quoted on the Stock Exchange on the date of the Deed of Amendment;
- (ii) a discount of about 36.08% to the average closing price of HK\$0.0704 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Deed of Amendment; and
- (iii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of about 20.14%, represented by the theoretical diluted price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$0.0567 per Existing Share, to the benchmarked price of HK\$0.071 per Existing Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (a) the closing price of HK\$0.071 per Existing Share on the date of the Deed of Amendment and (b) the average closing price of HK\$0.0704 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Deed of Amendment.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As disclosed in the Board Letter, the basis of determination for the Conversion Price of HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Share) also took into account, amongst others, the following factors:

- (i) The Board considered that the Conversion Price of HK\$0.16 per Conversion Share from and including the date of issue of the 2025 Convertible Bonds to and including the date immediately prior to the date of the Amendments under the Deed of Amendment having become effective was substantially above the prevailing market price of approximately HK\$0.07 per Share as at 31 December 2025, being the original maturity date of the 2025 Convertible Bonds, which had become economically unworkable. In the absence of an adjustment of the Conversion Price, the conversion feature is unlikely to be exercised and the 2025 Convertible Bonds had, in substance, become a cash redemption obligation at maturity.
- (ii) The Company did not have sufficient financial capacity to meet the redemption obligation upon the original maturity on 31 December 2025. As at 30 November 2025, the outstanding principal amount of the 2025 Convertible Bonds of approximately HK\$87.92 million significantly exceeded the Company's cash and bank balances of approximately HK\$13.21 million. The Board considered that preserving liquidity for ongoing operations and avoiding a near term repayment cliff was therefore critical.
- (iii) The Conversion Price of HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Share) was determined with reference to the prevailing market price while also taking into account the extremely limited trading liquidity of the Shares. In the Board's view, such illiquidity materially increased execution risk for a conversion of meaningful size, and a deeper discount to the benchmark price was therefore commercially necessary to arrive at a conversion price that could realistically induce conversion and facilitate the restructuring of the 2025 Convertible Bonds.
- (iv) The adjustment to the Conversion Price formed part of an overall amendment package under which the Bondholders provided material concessions to the Company, including (a) a reduction of the interest rate of the 2025 Convertible Bonds from 4.5% per annum to 0% per annum from 1 January 2026 to the Extended Maturity Date, resulting in estimated interest savings of approximately HK\$7.9 million; (b) a two year extension of the original maturity date; and (c) the conversion of the outstanding interest accrued on the 2025 Convertible Bonds as at 31 December 2025 into interest-free loan repayable on demand.

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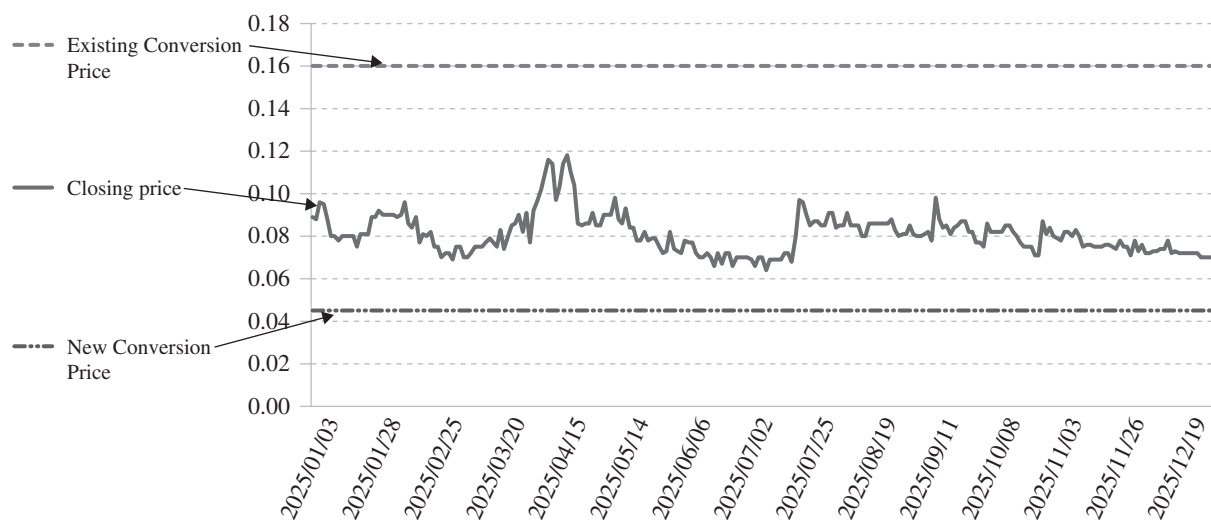
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (v) The Company approached three of its existing banks which indicated their preference for reducing, rather than increasing, the facility amount. In addition, the Company contacted several other financial institutions to explore potential new credit lines; however, no such facilities have been successfully secured as at the Latest Practicable Date. The Group's was in net current liability positions as at 31 December 2024 and 30 June 2025 and the effective interest rates of the bank loans and other loan (excluding leases liabilities) of the Group ranged from 2.75% to 20.88% for the year ended 31 December 2024 and the six months ended 30 June 2025. Under the Amendments, the interest rate of the 2025 Convertible Bonds will be reduced to nil. Even if the Company could obtain debt financing to repay the 2025 Convertible Bonds and the accrued interest, its current financial position suggests that such borrowing would likely carry a relatively high interest rate which will significantly weaken the Group's cashflow and further deteriorate its net current liability position.

In order to assess the fairness and reasonableness of the Conversion Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 3 January 2025 up to and including 2 January 2026 (i.e. the “**Last Trading Day**”) (the “**Review Period**”), being a period of approximately one year prior to and including the Last Trading Day, which we consider such period allows the Independent Shareholders to have a general understanding of recent share price performance of the Shares. The comparison of daily closing prices of the Shares and the amended Conversion Price is illustrated as follows:

*Chart 1: Daily closing prices of the Shares and the Conversion Price*



Source: The Stock Exchange's website

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As advised by the Management, the New Conversion Price was determined after arm's length negotiations between the Company and the Bondholders with reference to the prevailing market price of the Shares. As advised by the Management, setting the New Conversion Price has also considered: (i) the prevailing market price of the Shares during one year prior to entering into the Deed of Amendment; (ii) the financial position of the Group, including the net losses recorded over the past five consecutive years; (iii) the Group's net current liabilities of approximately HK\$1,328 million as at 30 June 2025; (iv) the Group's cash and cash equivalents of only approximately HK\$12 million as at 30 June 2025; and (v) the reasons for and benefits of the Deed of Amendment as stated in the Board Letter.

The 2025 Convertible Bonds, with an aggregate outstanding principal amount of HK\$87.92 million, have been due on 31 December 2025. The Bondholders are entitled to request repayment from the Company if the 2025 Convertible Bonds are not extended. Based on the information provided by the Management, following more than four rounds of negotiations between the Company and the Bondholders, the Bondholders did not agree to extend the maturity date for two (2) years from 31 December 2025 to 31 December 2027 unless the Company accepted their proposal to amend the Conversion Price to HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Share). As represented by the Management, the Existing Conversion Price is higher than the prevailing market price of the Shares, and the New Conversion Price will serve as an incentive for the Bondholders to extend the maturity date given the Group does not have sufficient cash resources to repay the 2025 Convertible Bonds. The Directors have further considered that further debt financing may not be readily available in light of the Group's net current liability position.

As shown in Chart 1 above, during the Review Period, the daily closing prices of the Shares ranged from a low of HK\$0.064 per Existing Share to a high of HK\$0.118 per Existing Share, with an average closing price of approximately HK\$0.081 per Existing Share. Although the New Conversion Price of HK\$0.045 per Conversion Share is below the lowest closing price of the Existing Shares during the Review Period, the Existing Share price has experienced substantial downward pressure, declining from HK\$0.118 per Existing Share on 16 April 2025 to HK\$0.071 per Existing Share on the Last Trading Day.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Despite the Conversion Price being outside the range of closing prices during the Review Period, we note that: (i) the financial position of the Group, as discussed in the section headed “1.2 Financial information of the Group” above, remains weak; (ii) further debt or equity financing may not be readily available in light of the Group’s net current liability position; and (iii) a higher discount to the closing price is required to serve as an incentive for the Bondholders to agree to extend the maturity date, given the Group does not have sufficient cash resources to repay the 2025 Convertible Bonds. Furthermore, during the Review Period, the closing price of the Existing Shares remained below the Existing Conversion Price. As such, the Existing Conversion Price does not provide any incentive for the Bondholders to convert the 2025 Convertible Bonds. Given the Group’s financial difficulties in repaying the 2025 Convertible Bonds, particularly its limited cash resources relative to the aggregate outstanding principal amount of the 2025 Convertible Bonds, the downward adjustment to the Conversion Price may provide an opportunity to improve the Group’s financial position if the Bondholders exercise the conversion rights attached to the 2025 Convertible Bonds. Based on these factors, we consider the New Conversion Price to be acceptable.

In addition, we have discussed with the Management and the Management has confirmed that the Bondholders may not be able to convert the 2025 Convertible Bonds in full in view of the restriction on conversion if the Company encounters insufficient public float resulting from exercise of conversion rights attaching thereto. As such, either Treasure Goal or Cheer Fame may theoretically convert up to approximately 21,385 New Conversion Shares in order to comply with the minimum public float requirement under the Listing Rules, which will dilute the shareholding of the Independent Shareholders from about 25.02% to 25.00%. Therefore, the immediate dilution effect to the shareholding of the Independent Shareholders is limited and restricted. As such, we consider that the actual dilution effect (i.e. from 25.02% to 25.00%) is very minimal, and therefore the theoretical dilution effect is acceptable.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Comparison with convertible bonds with extension of maturity date*

We have reviewed the announcements on extension of convertible bonds for their respective maturity by companies listed on the Main Board of the Stock Exchange for one year prior to and including the date of the Last Trading Day. We consider such period represented recent structure of the extension of convertible bonds in the capital market in Hong Kong and allows the Independent Shareholders to have a general understanding of recent extension of convertible bonds being conducted. We identified a list of 9 comparable convertible bonds (the “**Extension Comparables**”) and it is exhaustive as far as we are aware of. Summary of the Extension Comparables is set out as below:

*Table 1: Extension Comparables*

No.	Company name (stock code)	Date of announcement	Outstanding principal amount (HK\$ million)	Interest rate (% per annum)	Months of extension for the term of maturity
1.	Mobvista Inc. (1860)	21 January 2025	233.70	3.50	12
2.	China Aluminum Cans Holdings Limited (6898)	21 February 2025	139.83	—	60
3.	Best Food Holding Company Limited (1488)	3 April 2025	610.68	3.00	25
4.	Hospital Corporation of China Limited (3869)	12 June 2025	773.88	—	24
5.	Hospital Corporation of China Limited (3869)	12 June 2025	468.00	—	24
6.	South China Financial Holdings Limited (619)	6 November 2025	50.00	—	36
7.	South China Financial Holdings Limited (619)	6 November 2025	89.84	2.00	36
8.	South China Holdings Company Limited (413)	6 November 2025	89.84	2.00	36
9.	Starcoin Group Limited (399)	2 December 2025	1,000.03	0.10	60
			<b>Maximum:</b>	<b>3.50</b>	<b>60</b>
			<b>Minimum:</b>	<b>—</b>	<b>12</b>
			<b>Average:</b>	<b>1.18</b>	<b>35</b>
<b>The Company</b>		2 January 2026		<b>Nil</b>	<b>24</b>

*Source: The Stock Exchange’s website*

*Note:* The amount was stated in United States dollars (“US\$”) and was translated into HK\$ using the exchange rate of US\$1.00 = HK\$7.79

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For the Extension Comparables, the extension of maturity date ranged from 12 months up to 60 months. The Extended Maturity Date (i.e. the extension of 24 months) is within the range, and below the average, of the Extension Comparables. Therefore, we consider the Extended Maturity Date is fair and reasonable.

### *Comparison with convertible bonds issued recently*

We have further independently reviewed issues of new convertible bonds, which are not for the settlement for acquisition or restructuring, announced by companies listed on the Main Board of the Stock Exchange with market capitalization below HK\$2,000 million as at the date of respective announcement, for one year prior to and including the date of the Last Trading Day. We consider such period represented the general structure of the convertible bonds issued recently in the capital market in Hong Kong, and allows the Independent Shareholders to have a general understanding of recent issues of convertible bonds being conducted. We identified a list of 26 comparables (the “**Comparables**”) which met the said criteria and it is exhaustive as far as we are aware of. Independent Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 2: List of Comparables

No.	Company name (stock code)	Date of announcement	Principal amount (HK\$ million)	Market Capitalization on the respective announcement date (HK\$ million)	Conversion premium over/(discount to) the closing price on the last trading day prior to the date of the respective announcement/ agreement	Conversion Price premium over/(discount to) the average closing price for five trading days prior to/ including the date of the respective announcement/ agreement	Interest rate (per annum)	Month(s) of the term to maturity	Net assets/ (liabilities) (HK\$ million) <i>note 5</i>	Status	Connected transaction (Yes/No)
1	Zhidao International (Holdings) Limited (1220)	13 January 2025	11.00	178.20	22.20%	0.40%	0.00%	8	188.44	Completed	No
2	HK Asia Holdings Limited (1723)	14 January 2025	33.75	190.00	(5.26)%	(4.26)%	0.00%	24	105.23	Completed	Yes
3	Tibet Water Resources Ltd. (1115)	13 February 2025	138.00	1,556.92	1.47%	0.88%	8.00%	11	3,225.88	Completed	No
4	Standard Development Group Limited (1867)	26 February 2025	37.00	231.57	61.29%	59.03%	4.50%	24	135.15	Lapsed	No
5	Mongolia Energy Corporation Limited (276)	6 March 2025	3,977.79	97.83	25.00%	22.20%	3.00%	36	3,121.17	Completed	Yes
6	ClouDr Group Limited (9955)	10 March 2025	35.06	916.92	48.12%	47.29%	10.00%	24	1,879.93	Completed	No
7	Venus Medtech (Hangzhou) Inc (2500)	20 March 2025	216.00	1,464.16	35.54%	137.59%	10.00%	12	2,967.09	Ongoing	No
8	Eternity Investment Limited (764)	2 April 2025	9.00	206.26	3.33%	1.09%	5.00%	24	1,362.69	Completed	No
9	Wai Chun Group Holdings Limited (1013)	11 April 2025	45.00	25.40	(5.26)%	(16.36)%	2.00%	36	(257.30)	Completed	Yes
10	Wai Chun Bio-Technology Limited (660)	14 April 2025	15.00	14.10	(7.89)%	(13.37)%	2.00%	36	(68.80)	Completed	Yes
11	Daido Group Limited (544)	21 April 2025	45.00	139.28	(19.98)%	(18.90)%	6.00%	36	(22.88)	Completed	No
12	HK Asia Holdings Limited (1723)	23 April 2025	52.38	2,000.00	(19.80)%	(2.91)%	0.00%	36	105.23	Completed	No
13	Sky Light Holdings Limited (3882)	23 May 2025	70.00	1,573.40	41.82%	39.29%	5.00%	12	57.49	Terminated	No
14	Celestial Asia Securities Holdings Limited (1049)	10 June 2025	20.00	84.76	19.05%	19.05%	5.00%	36	57.49	Completed	No
15	Celestial Asia Securities Holdings Limited (1049)	10 June 2025	20.00	84.76	19.05%	19.05%	5.00%	36	3,352.89	N/A <i>note 6</i>	No

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

No.	Company name (stock code)	Date of announcement	Principal amount (HK\$ million)	Market Capitalization on the respective announcement date (HK\$ million)	Conversion premium over/(discount to) the closing price on the last trading day prior to the date of the respective announcement/ agreement	Conversion premium over/(discount to) the average closing price for five trading days prior to/ including the date of the respective announcement/ agreement	Interest rate (per annum)	Month(s) of the term to maturity	Net assets/ (liabilities) Status (HK\$ million) <i>note 5</i>	Connected transaction (Yes/No)
16	Value Convergence Holdings Limited (821)	13 June 2025	5.00	89.11	11.11%	37.93%	1.00%	24	1,063.91 Completed	Yes
17	Sky Light Holdings Limited (3882)	16 June 2025	70.00	1,017.87	54.46%	54.76%	8.00%	18	501.09 Completed	No
18	Elate Holdings Limited (76)	17 July 2025	24.34	105.59	25.00%	(20.08)%	0.00%	72	17.96 Ongoing	Yes
19	Dingyi Group Investment Limited (508)	31 July 2025	980.00	263.71	5.81%	2.82%	2.00%	36	317.47 Ongoing	Yes
20	Pengo Holdings Group Limited (1865)	1 August 2025	120.00	187.86	(14.50)%	(19.30)%	3.00%	12	928.09 Ongoing	No
21	CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED (3963)	3 September 2025	35.00	145.89	0.00%	(0.17)%	2.75%	36	271.90 Ongoing	No
22	Moiselle International Holdings Limited (130)	3 October 2025	25.00	71.99	20.00%	97.10%	2.50%	36	125.21 Completed	Yes
23	DTXS Silk Road Investment Holdings Company Limited (620)	17 October 2025	323.00	720.85	5.56%	6.03%	3.85%	36	785.64 Completed	Yes
24	Synagistics Limited (2562)	29 October 2025	272.65	272.65	7.65%	0.02%	4.50%	12	188.44 Completed	No
25	Sunshine Oilsands Ltd. (2012)	16 November 2025	238.00	215.40	12.54%	0.00%	8.00%	24	105.23 Completed	Yes
26	Beijing West Industries International Limited (2339)	17 November 2025	409.39	861.51	(34.21)%	(20.00)%	0.00%	12	3,225.88 Completed	No
				<b>Maximum:</b>	<b>61.29%</b>	<b>137.59%</b>	<b>10.00%</b>	<b>72</b>		
				<b>Minimum:</b>	<b>(34.21)%</b>	<b>(20.08)%</b>	<b>0.00%</b>	<b>8</b>		
				<b>Average:</b>	<b>12.00%</b>	<b>16.51%</b>	<b>3.89%</b>	<b>27</b>		
	<b>The Company</b>				<b>(36.62)%</b>	<b>(36.08)%</b>	<b>0.00%</b>	<b>24</b>	<b>462.00 Ongoing</b>	<b>Yes</b>

Source: The Stock Exchange's website

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. The amount was stated in US\$ and was translated into HK\$ using the exchange rate of US\$1.00 = HK\$7.79.
2. The amount was stated in Renminbi and was translated into HK\$ using the exchange rate of Renminbi 1.00 = HK\$1.09.
3. The amount was stated in Canadian Dollars and was translated into HK\$ using the exchange rate of Canadian Dollars 1.00 = HK\$5.64.
4. The amount was stated in Singapore Dollars and was translated into HK\$ using the exchange rate of Singapore Dollars 1.00 = HK\$6.08.
5. The respective net assets/(liabilities) of the Comparables as shown in the respective latest annual report or interim report prior to the respective announcement.
6. The progress of the respective convertible bonds cannot be found in the Stock Exchange's website.

### ***Conversion Price***

During the Review Period, the conversion prices of the Comparables represent a range of a discount of about 34.21% to a premium of 61.29% over the respective closing price per share on the last trading day prior to the date of the respective announcement/agreement in relation to the respective issue of Comparables. The Conversion Price of HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Share, i.e. the New Conversion Price), which represents a discount of about 36.62% to the closing price of HK\$0.071 per Existing Share as quoted on the Stock Exchange on the Last Trading Day, fell out of the range of the Comparables.

In addition, during the Review Period, the conversion price of the Comparables represents a range of a discount of about 20.08% to a premium of 137.59% over the respective average closing price per share for five trading days prior to/including the date of the respective announcement/agreement in relation to the respective issue of convertible bonds. The Conversion Price of HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Share, i.e. the New Conversion Price), which represents a discount of about 36.08% to the average closing price of HK\$0.0704 per Existing Share as quoted on the Stock Exchange for five trading days immediately prior to the date of the Deed of Amendment, fell out of the range of the Comparables.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Despite the discount as calculated by the Conversion Price being outside the range of the Comparables as mentioned above, we note that: (i) the financial position of the Group, as discussed in the section headed “1.2 Financial information of the Group” above, remains weak; (ii) further debt or equity financing may not be readily available in light of the Group’s net current liability position; and (iii) a higher discount to the closing price is required to serve as an incentive for the Bondholders agreeing to the extension of the maturity date, given the Group does not have sufficient cash resources to repay the 2025 Convertible Bonds. Based on the above, we are of the view that the discount of (i) about 36.62% to the closing price of HK\$0.071 per Existing Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) about 36.08% to the average closing price of HK\$0.0704 per Existing Share as quoted on the Stock Exchange for five trading days immediately prior to the date of the Deed of Amendment are acceptable for the Company and the Shareholders as a whole, including the Independent Shareholders. Furthermore, it should be noted that, the above analysis alone may not be useful as a direct reference to the fairness and reasonableness of the terms of the 2025 Convertible Bonds and we have considered the results of the analysis together with all other factors stated in this letter as a whole in forming our opinion.

### ***Interest rate***

As shown in the table 2, the interest rates of the Comparables range from 0.0% to 10.0%, with an average of 3.89%. No interest would be charged under the 2025 Convertible Bonds from 1 January 2026 to and including the Extended Maturity Date. Therefore, we consider that the Amendments regarding the interest rate is fair and reasonable, or even favourable to the Company and the Shareholders as a whole.

### ***Term to maturity***

The terms to maturity of the Comparables range from 8 months to 72 months, with an average of approximately 27 months. According to the Amendments, the maturity date of the 2025 Convertible Bonds is proposed to be extended for 24 months, which is within the range of maturity of the Comparables. Therefore, we consider that the extension is fair and reasonable to the Company and the Shareholders as a whole.

*Conversion of outstanding accrued interest*

The proposed conversion allows the Group to avoid an immediate cash outflow at a time when it only had approximately HK\$12 million in cash and cash equivalents and was facing significant net current liabilities of about HK\$1,328 million as at 30 June 2025. The proposed conversion does not increase the Group's financial burden, given that the loan will be interest-free, and is consistent with the overall intention of the Amendments to ease the Group's repayment pressure and reduce its financing costs. As advised by the Company, the Bondholders have agreed not to request for repayment of such loan within 12 months after the date of the Amendments having taken effect. Based on the above, we are of the view that the proposed conversion is expected to help alleviate the Group's short-term liquidity pressure and is therefore considered fair and reasonable.

Taking into account the principal terms of the 2025 Convertible Bonds as discussed above, we are of the view that the terms and conditions of the Deed of Amendment are fair and reasonable to the Company and the Shareholders as a whole.

**5. Financial effects of the Amendments**

*(a) Effects on liquidity*

According to the 2025 Interim Report, the cash and cash equivalents of the Group were approximately HK\$12 million as at 30 June 2025, and the net current liabilities of the Group were approximately HK\$1,328 million as at 30 June 2025. The Amendments would allow the Group to defer cash outflow of HK\$87.92 million that would otherwise be required for repayment.

Having considered the above, we are of the view that the Amendments would help alleviate the liquidity and working capital pressure of the Group upon the maturity of the 2025 Convertible Bonds.

*(b) Effects of earnings*

The interest rate of the 2025 Convertible Bonds will be reduced from 4.5% per annum to nil under the Amendments. Accordingly, the Group's future earnings are expected to improve as a result of the corresponding decrease in interest expenses arising from the 2025 Convertible Bonds, which is amounted to approximately HK\$4.0 million per year.

Independent Shareholders should note that the aforementioned analysis is for illustrative purpose only and does not purport to represent how the financial performance and financial position of the Group would be after the Amendments.

**6. Shareholding structure and possible dilution effect of the 2025 Convertible Bonds**

For details of the shareholding structure of the Company, please refer to the Board Letter.

Upon full conversion of the 2025 Convertible Bonds at the Conversion Price, the 2025 Convertible Bonds will be convertible into 195,377,777 New Conversion Shares (equivalent to 1,953,777,777 Conversion Shares) at the initial conversion price of HK\$0.45 per New Conversion Share (equivalent to HK\$0.045 per Conversion Shares), of which 184,444,444 and 10,933,333 New Conversion Shares may be granted to Treasure Goal and Cheer Fame, respectively, upon exercise of the conversion rights attaching thereto, representing about 122.14% of the total number of issued share capital of the Company as at the Latest Practicable Date and about 54.98% of the total number of issued share capital of the Company as enlarged by the allotment and issue of the New Conversion Shares upon exercise in full of the conversion rights attaching to the 2025 Convertible Bonds and after the Capital Reorganisation becoming effective.

The theoretical dilution effect of the issue of the New Conversion Shares (equivalent to 1,953,777,777 Conversion Shares) calculated based on the benchmarked price of approximately HK\$0.071 is approximately 20.14% and thus the issue of the New Conversion Shares (equivalent to 1,953,777,777 Conversion Shares) will not result in a theoretical dilution effect of 25% or more on its own as referred to under Rule 7.27B of the Listing Rules.

Assuming no outstanding Share Options being exercised and that there is no change in the number of issued Shares from the Latest Practicable Date up to the date when the conversion rights under the 2025 Convertible Bonds are exercised in full, the existing shareholding of the Independent Shareholders will be diluted from about 25.02% as at the Latest Practicable Date to about 11.26% immediately after full conversion of the 2025 Convertible Bonds. The Independent Shareholders should note that there is no right for the Bondholders to convert any principal amount of the 2025 Convertible Bonds and the Company shall not issue any Conversion Shares or New Conversion Shares thereof if, upon such conversion and issue of the Conversion Shares or New Conversion Shares, the Company will not be able to comply with the minimum public float requirement under the Listing Rules.

Despite the potential dilution to the shareholding of the Independent Shareholders, after taking into account that (i) the aforementioned reasons for and benefits of the Deed of Amendment; (ii) the terms of the Deed of Amendment being acceptable; and (iii) the theoretical dilution effect would not result in a dilution effect of 25% or more and result in an immediate dilution effect on the shareholding of the existing Shareholders, we are of the view that the extent of dilution to the shareholding interests of the Independent Shareholders as a result of the full conversion of the 2025 Convertible Bonds is acceptable.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having taken into account the above principal factors and reasons including but not limited to the followings:

- (i) the Group's financial position, in particular its net current liabilities of approximately HK\$1,328 million and cash and cash equivalents of approximately HK\$12 million as at 30 June 2025, which indicate that the Group did not have sufficient financial capacity to meet the redemption obligation of the 2025 Convertible Bonds upon the original maturity date;
- (ii) the disclaimer of opinion issued by the auditor of the Company regarding the going concern issue as disclosed in the 2024 Annual Report, and the fact that the Amendments would help address part of the going concern disclaimer opinion by postponing cash outflow, reducing financing costs and improving the Group's financial flexibility;
- (iii) the possibility and financial impact of other ways of fund raising method, including debt financing, placing of new shares, and rights issue or open offer, which (a) are not feasible to the Company based on the Group's net current liability position, liquidity constraints, limited accessibility to external financing, higher execution risk, higher cost, and potential immediate dilution; and (b) are not in the interests of the Company and the Shareholders as a whole;
- (iv) the comparison of Conversion price with historical Share prices, noting that the Existing Conversion Price was substantially above the prevailing market price, and that the New Conversion Price was determined with reference to prevailing market conditions, the Group's financial position, the limited trading liquidity of the Shares, and the commercial need to incentivise conversion and facilitate the restructuring of the 2025 Convertible Bonds;
- (v) the comparison with convertible bonds with extension of maturity date, where the 24 month extension under the Deed of Amendment falls within the range and below the average of the Extension Comparables, and is therefore considered fair and reasonable;
- (vi) the comparison with convertible bonds issued recently, where the terms and conditions of the Deed of Amendments are considered acceptable, fair and reasonable;
- (vii) the financial effects of the Amendments, including the extension of the 2025 Convertible Bonds and the reduction of interest rate to 0% per annum, all of which would allow the Group to defer cash outflow; and
- (viii) the possible dilution effect of the 2025 Convertible Bonds, noting that due to public float restrictions, the Bondholders may not be able to convert in full, and that the actual dilution effect (from approximately 25.02% to 25.00%) is very minimal and therefore acceptable,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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we are of the view that although the Deed of Amendment and the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Group, they 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 Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution(s) to be proposed at the SGM to approve the Deed of Amendment and the transactions contemplated thereunder including the Specific Mandate.

Yours faithfully,  
For and on behalf of  
**South China Capital Limited**  
**Patrick Wong**  
*Managing Director*

Note:

Mr. Patrick Wong is a licensed person registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and has over 20 years of experience in advising corporate finance transactions.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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.

## 2. DISCLOSURE OF INTERESTS

### (a) Director's and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were 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 or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (“**Model Code**”) were as follows:

#### (i) Long position in the Existing Shares of the Company

Name of Director/chief executive	Capacity/nature of interest	Number of Existing Shares held			Approximate percentage of shareholding to total issued Existing Shares (Note 3)
		Beneficial interests	Corporate interests	Total number of Existing Shares held	
Mr. Mak	Beneficial owner and interest in controlled corporations	25,589,652 (Note 1)	1,173,953,079 (Note 2)	1,199,542,731	74.98%

## (ii) Long position in the underlying Existing Shares of the Company

Name of Director/chief executive	Capacity/nature of interest	Number of underlying Existing Shares			Approximate percentage of shareholding to total issued Existing Shares (Note 5)
		Beneficial interests	Corporate interests	Total interests	
Mr. Mak	Interest in controlled corporations	—	1,844,444,444 (Note 4)	1,844,444,444	115.30%

## Notes:

1. Mr. Mak is the chairman, an executive Director and the controlling Shareholder of the Company. Mr. Mak is beneficially interested in 25,589,652 Existing Shares.
2. Capital Winner, New Capital and Capital Force are private corporations owned as to 51% by Mr. Mak and as to 49% by Mr. TK Mak, a son of Mr. Mak, beneficially. Mr. Mak is deemed to be interested in 1,173,953,079 Existing Shares held by these companies under the SFO. Mr. Mak is a director of each of Capital Winner, New Capital and Capital Force.
3. The percentage figures are based on the number of Existing Shares in issue as at the Latest Practicable Date (i.e. 1,599,675,452 Existing Shares).
4. Treasure Goal, one of the Bondholders is beneficially and ultimately owned by Mr. Mak, being the chairman, the chief executive officer, an executive Director and the controlling Shareholder of the Company. As at the Latest Practicable Date, the aggregate principal amount of the 2025 Convertible Bonds remaining outstanding is held as to HK\$83,000,000 by Treasure Goal. Assuming (i) Treasure Goal exercises its conversion rights attached to the 2025 Convertible Bonds in relation to the outstanding amount held by Treasure Goal; and (ii) there is no other change to the total number of issued Shares, a total of 1,844,444,444 Conversion Shares (equivalent to 184,444,444 New Conversion Shares) will be allotted and issued to Treasure Goal, representing approximately 115.30% of the total number of issued Existing Shares as at the Latest Practicable Date and approximately 51.90% of the total number of issued Shares of the Company as enlarged by the allotment and issue of the Conversion Shares/New Conversion Shares.
5. The percentage figures are based on the number of Existing Shares in issue as at the Latest Practicable Date (i.e. 1,599,675,452 Existing Shares).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Substantial Shareholders' interests in the Company**

As at the Latest Practicable Date, so far as the Directors are aware, the following persons (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest or short position in the Shares or the 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 which would be recorded in the register required to be kept under Section 336 of the SFO:

*Long position in the Existing Shares/underlying Existing Shares of the Company*

Name of Shareholder	Capacity/nature of interest	Number of Existing Shares/underlying Shares held		Total number of Existing Shares/underlying Existing Shares held	Approximate percentage of shareholding to total issued Existing Shares (Note 4)
		Beneficial interests	Corporate interests		
Capital Winner (Note 1)	Beneficial owner	468,423,672	—	468,423,672	29.28%
New Capital (Note 1)	Beneficial owner	452,607,615	—	452,607,615	28.29%
Capital Force (Note 1)	Beneficial owner	252,921,792	—	252,921,792	15.81%
Mr. TK Mak (Notes 1 & 2)	Interest in controlled corporations	—	1,283,286,412	1,283,286,412	80.22%
Cheer Fame (Note 2)	Beneficial owner	109,333,333	—	109,333,333	80.22%
Treasure Goal (Note 3)	Beneficial owner	1,844,444,444	—	1,844,444,444	115.30%

*Notes:*

1. Capital Winner, New Capital and Capital Force are private corporations owned as to 51% by Mr. Mak and as to 49% by Mr. TK Mak, a son of Mr. Mak, beneficially. Mr. TK Mak is deemed to be interested in 1,173,953,079 Existing Shares held by these companies under the SFO.
2. Cheer Fame, one of the Bondholders is beneficially and ultimately owned by Mr. TK Mak, the chairman and chief executive officer of the Blackbird Group, a controlling shareholder of the Company and the son of Mr. Mak. As at the Latest Practicable Date, the aggregate principal amount of the 2025 Convertible Bonds remaining outstanding is held as to HK\$4,920,000 by Cheer Fame. Assuming (i) Cheer Fame exercises its conversion rights attached to the 2025 Convertible Bonds in relation to the outstanding amount held by Cheer Fame; and (ii) there is no other change to the total number of issued Shares, a total of 109,333,333 Conversion Shares (equivalent to 10,933,333 New Conversion Shares) will be allotted and issued to Cheer Fame, representing approximately 80.22% of the total number of issued Existing Shares as at the Latest Practicable Date and approximately 3.08% of the total number of issued Shares of the Company as enlarged by the allotment and issue of the Conversion Shares/New Conversion Shares.
3. Treasure Goal, one of the Bondholders is beneficially and ultimately owned by Mr. Mak, being the chairman, the chief executive officer, an executive Director and the controlling Shareholder of the Company. As at the Latest Practicable Date, the aggregate principal amount of the 2025 Convertible Bonds remaining outstanding is held as to HK\$83,000,000 by Treasure Goal. Assuming (i) Treasure Goal exercises its conversion rights attached to the 2025 Convertible Bonds in relation to the outstanding amount held by Treasure Goal; and (ii) there is no other change to the total number of issued Shares, a total of 1,844,444,444 Conversion Shares (equivalent to 184,444,444 New Conversion Shares) will be allotted and issued to Treasure Goal, representing approximately 115.30% of the total number of issued Existing Shares as at the Latest Practicable Date and approximately 51.90% of the total number of issued Shares of the Company as enlarged by the allotment and issue of the Conversion Shares/New Conversion Shares.
4. The percentage figures are based on the number of Existing Shares in issue as at the Latest Practicable Date (i.e. 1,599,675,452 Existing Shares).

### **3. DIRECTORS' INTERESTS IN CONTRACT AND ASSET**

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2024 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be determinable by the Group within one year without payment of compensation, other than statutory compensation.

## 5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or any of their respective associates had any interest in business which competes or may compete, whether directly or indirectly, with the business of the Group or had any other conflict which any person has or may have with the Group pursuant to the Listing Rules.

## 6. MATERIAL LITIGATION

During 2017 and in or about August 2018, various property purchasers initiated legal proceedings against a subsidiary of the Company (the “**Relevant Subsidiary**”) concerning alleged misrepresentations on the part of the Relevant Subsidiary in relation to certain properties sold by the Relevant Subsidiary. In September 2018, the Court ordered that all individual legal proceedings against the Relevant Subsidiary were consolidated into one legal proceedings. Based on the existing legal documents and advice of the legal advisor of the Company, the Directors are of the opinion that there is a reasonably good chance of success in the defence by the Relevant Subsidiary. In the opinion of the Directors, no provision is considered necessary for the claims arising from the legal proceedings as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

## 7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial position or trading position of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

## 8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which is contained or referred to in this circular:

Name	Qualification
South China Capital Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, the above expert: (i) had no direct or indirect shareholdings 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; and (ii) had no interests, direct or indirect, in any assets which had been, since 31 December 2024, being the date to which the latest published audited consolidated financial statements of

the Company were made up, acquired or disposed of by or leased to any of member of the Group, or are proposed to be acquired or disposed of by or leased to any of member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report or opinion (as the case may be) and reference to its name in the form and context in which they respectively appear.

## **9. DOCUMENTS ON DISPLAY**

The following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company ([www.cct-fortis.com](http://www.cct-fortis.com)) for a period of not less than 14 days from the date of this circular up to and including the date of the SGM and will also be available for inspection at the SGM:

- (a) the Deed of Amendment;
- (b) the written consent of expert referred to in the paragraph headed “8. Qualification and consent of expert” in this Appendix I;
- (c) the letter from the Board, the text of which is set out from pages 8 to 29 of this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 30 and 31 in this circular;
- (e) the letter from the Independent Financial Adviser, the text of which is set out from pages 32 to 56 in this circular; and
- (f) this circular.

## **10. MISCELLANEOUS**

The English text of this circular and accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.





**CCT FORTIS HOLDINGS LIMITED**

( 中 建 富 通 集 團 有 限 公 司 )

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00138)

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of CCT Fortis Holdings Limited (the “**Company**”) will be held at 18/F., CCT Telecom Building, 11 Wo Shing Street, Fotan, Shatin, New Territories, Hong Kong at 10:00 a.m. on Wednesday, 25 February 2026, for the following purposes:

### Special Resolution

1. “**THAT** subject to and conditional upon (i) compliance with the relevant procedures and requirements under the laws of Bermuda (where applicable) , the memorandum of continuance and the bye-laws of the Company (the “**Bye-laws**”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”); (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the issued Adjusted Shares (as defined below); and (iii) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required to effect the Capital Reorganisation (as defined below), with effect from Friday, 27 February 2026 on which the aforesaid conditions are fulfilled (the “**Effective Date**”):
  - (i) every ten (10) issued and unissued shares of par value of HK\$0.10 each in the issued share capital of the Company (the “**Existing Share(s)**”) be consolidated into one (1) consolidated share (the “**Consolidated Share(s)**”) of par value of HK\$1.00 (the “**Share Consolidation**”), such Consolidated Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions as contained in the Bye-laws;
  - (ii) immediately following the Share Consolidation becoming effective, the issued share capital of the Company be reduced by (a) an elimination of any fraction of a Consolidated Share arising from the Share Consolidation in order to round down the total number of the Consolidated Shares to a whole number; (b) a cancellation of HK\$0.90 of the paid-up capital of the Company on each of the then Consolidated Shares so that each issued Consolidated Share will be treated as one (1) fully paid-up share of par value HK\$0.10 each in the share capital of the Company (the “**Adjusted Share(s)**”) (the “**Capital Reduction**”) and the credit arising from the Capital Reduction be transferred to the contributed

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## NOTICE OF SGM

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surplus account of the Company and (c) each of the authorised but unissued Consolidated Shares of par value HK\$1.00 each will be subdivided into 10 authorised but unissued Adjusted Shares of par value HK\$0.10 each (the “**Share Subdivision**”);

- (iii) the entire credit amount arising from the Capital Reduction of HK\$143,970,790.50 be transferred to the contributed surplus account of the Company within the meaning of the Companies Act 1981 (as amended) of Bermuda (the “**Companies Act**”) on the Effective Date for use by the Directors in any manner permitted by the Companies Act and the Bye-laws;
- (iv) the directors (the “**Directors**”) of the Company be authorised to apply the amount standing to the credit of the contributed surplus account of the Company, if any, in such manner as they consider appropriate;
- (v) all fractional entitlements to the Adjusted Shares resulting from the Share Consolidation be disregarded and will not be issued to holders of the same but all such fractional Adjusted Shares shall be aggregated and, if possible, sold and the net proceeds shall be retained for the benefit of the Company in such manner and on such terms as the Directors may think fit; and
- (vi) the Directors or the company secretary of the Company and each of them be and are fully authorised severally to take any and all steps, and to do and/or procure to be done any and all acts and things, and to approve, sign and execute any documents which they in their absolute discretion consider necessary, desirable, expedient or appropriate to effect and implement this resolution and to exercise such discretion in connection, relating to or arising from the Share Consolidation, the Share Subdivision and the Capital Reduction (collectively, the “**Capital Reorganisation**”) and/or the matters contemplated herein, with such modifications thereto (if any) as they or he may from time to time consider necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Capital Reorganisation.”

### Ordinary Resolution

#### 2. “**THAT:**

- (a) the deed of amendment (the “**Deed of Amendment**”) dated 2 January 2026 and entered into between the Company, Treasure Goal International Limited (寶高國際有限公司) (“**Treasure Goal**”) and Cheer Fame International Limited (喜威國際有限公司) (“**Cheer Fame**”) as holders of the convertible bonds (the “**2025 Convertible Bonds**”) with an aggregate outstanding principal amount of HK\$87,920,000 (a copy of the Deed of Amendment having been produced to the SGM and marked “A” and initialed by the chairman of the SGM for the purpose of identification) in relation to (i) the extension of the maturity date of the 2025 Convertible Bonds for two (2) years from 31 December 2025 to 31 December 2027 (the “**Extended Maturity Date**”); (ii) the change of conversion price of the 2025 Convertible Bonds from HK\$0.16 per Existing

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## NOTICE OF SGM

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Share to be issued and allotted upon conversion of the 2025 Convertible Bonds (the “**Conversion Share(s)**”) to HK\$0.45 per Adjusted Share to be issued and allotted upon conversion of the 2025 Convertible Bonds (the “**New Conversion Share(s)**”) from and including the date of the amendments under the Deed of Amendment having become effective to and including the Extended Maturity Date; (iii) the alteration of the interest rate of the 2025 Convertible Bonds from 4.5% per annum to 0% per annum from and including 1 January 2026 to and including the Extended Maturity Date; (iv) the conversion of the outstanding interest accrued payable by the Company to Treasure Goal under the 2025 Convertible Bonds from 20 January 2023 to 31 December 2025 in the amount of HK\$13,917,261.66 into a zero interest loan owed by the Company to Treasure Goal repayable on demand; and (v) the conversion of the outstanding interest accrued payable by the Company to Cheer Fame under the 2025 Convertible Bonds from 5 June 2024 to 31 December 2025 in the amount of HK\$653,375.33 into a zero interest loan owed by the Company to Cheer Fame repayable on demand, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

- (b) the board of Directors of the Company be and is hereby granted a specific mandate to allot and issue the New Conversion Shares upon exercise of the conversion rights attached to the 2025 Convertible Bonds in accordance with the terms and conditions of the 2025 Convertible Bonds; and
- (c) any one or more Director(s) be and is/are hereby authorised severally 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 Deed of Amendment and the transactions contemplated thereunder.”

By order of the Board  
**CCT FORTIS HOLDINGS LIMITED**  
**Mak Shiu Tong, Clement**  
*Chairman and Chief Executive Officer*

Hong Kong, 9 February 2026

*Registered office:*  
Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

*Head office and principal place of  
business in Hong Kong:*  
Floor 26A, Fortis Tower  
77–79 Gloucester Road  
Hong Kong

*Notes:*

1. A shareholder of the Company entitled to attend and vote at the SGM convened by this notice or any adjournment meeting thereof (as the case may be) is entitled to appoint one or, if he/she/it is the holder of two or more shares (“**Shares**”) of the Company, more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his/her/its behalf. A proxy need not be a member of the Company, but must be present in person at the SGM to represent the shareholder.

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## NOTICE OF SGM

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2. In the case of joint holders of Shares, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members of the Company.
3. The register of members of the Company will be closed from Friday, 20 February 2026 to Wednesday, 25 February 2026, both days inclusive, in order to determine the entitlement to attend the SGM. The record date for attendance and voting at the SGM is Wednesday, 25 February 2026. In order to qualify for attending and voting at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 16 February 2026.
4. In order to be valid, the form of proxy of the Company together with original or certified copy of the power of attorney or other authority (if any) under which it is signed must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time for holding the SGM (i.e. Monday, 23 February 2026 at 10:00 a.m.) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish. In such event, the form of proxy previously submitted shall be deemed to be revoked.
5. As at the Latest Practicable Date, (i) Treasure Goal and Cheer Fame do not hold any Shares; (ii) Mr. Mak holds 25,589,652 Shares directly; and (iii) Mr. Mak and Mr. TK Mak are deemed under Part XV of the SFO to be interested in an aggregate of 1,173,953,079 Shares held by Capital Winner, New Capital and Capital Force, representing approximately an aggregate of 74.98% of the issued share capital of the Company. Accordingly, Treasure Goal and Cheer Fame and their respective associates including Mr. Mak, Mr. TK Mak, Capital Winner, New Capital and Capital Force, shall abstain from voting in respect of 1,173,953,079 Shares held by them in aggregate on the ordinary resolution to approve the Deed of Amendment and the transactions completed thereunder, including the Specific Mandate, at the SGM.
6. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the special resolution relating to the Capital Reorganisation at the SGM.
7. Unless otherwise defined, capitalised terms used herein shall have the same meaning ascribed to them in the circular of the Company dated 9 February 2026.
8. As at the date of this notice, the executive Directors are Mr. Mak Shiu Tong, Clement and Ms. Cheng Yuk Ching, Flora; and the independent non-executive Directors are Mr. Chen Li, Mr. Chow Siu Ngor and Mr. Lau Ho Kit, Ivan.

*In case of any inconsistency, the English version of this notice shall prevail over the Chinese version.*