

HANG YICK HOLDINGS COMPANY LIMITED

恒益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1894)

Executive Directors:

Mr. Sin Kwok Chi Stephen
Mr. Law Hok Yu
Mr. Lin Ruzhou

Registered office:

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

Independent non-executive Directors:

Mr. Shi Jianwen
Mr. Chan Man Kit
Ms. Zhao Aiyin
Mr. Han Fei
Mr. Huang Xinwen

Headquarters and principal place of business in Hong Kong:

Flat 606, 6/F
Sunray Industrial Centre
610 Cha Kwo Ling Road
Yau Tong, Kowloon, Hong Kong

13 January 2026

To the Shareholders

Dear Sir/Madam,

**(1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(3) PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR (4) RIGHTS SHARES FOR
EVERY ONE (1) CONSOLIDATED SHARE HELD ON
THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) further details of the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue and the Placing Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue and the Placing Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Placing Agreement;

and (iv) a notice convening the EGM for the purpose of considering and, if thought fit, approving, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

PROPOSED SHARE CONSOLIDATION

The Company proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Shares be consolidated into one (1) Consolidated Share.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$38,000,000 divided into 3,800,000,000 Shares of HK\$0.01 each, of which 921,120,000 Shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the Latest Practicable Date to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$38,000,000 divided into 190,000,000 Consolidated Shares of HK\$0.20 each, of which 46,056,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

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

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of the ordinary resolution by the Shareholders to approve the Share Consolidation and Increase in Authorised Share Capital at the EGM;
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable law of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

The Share Consolidation will become effective on the second Business Day immediately following the fulfillment of the above conditions.

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

Listing Application

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

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

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

Fractional entitlement to the Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares of the Company regardless of the number of share certificates held by such holder. Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Odd lots arrangement

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company has appointed DaoKou Securities Limited as a designated broker to provide a matching service, on a best effort basis. Shareholders who wish to take advantage of this facility should contact customer service of DaoKou Securities Limited (telephone number +852 2208 7882 or by facsimile at +852 2521 7700) during office hours (i.e. 9:00 a.m. to 6:00 p.m.) from 9:00 a.m. on Monday, 23 February 2026 to 4:00 p.m. on Friday, 13 March 2026 (both days inclusive).

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangement does not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

Other securities of the Company

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

Exchange of share certificates

Subject to the Share Consolidation becoming effective, Shareholders may during the period from Wednesday, 4 February 2026 to Tuesday, 17 March 2026 (both days inclusive), submit share certificates for the Shares (in blue colour) to the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in exchange, at the expense of the Company for new share certificates for the Consolidated Shares (in gold colour). Thereafter, share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Stock Exchange from time to time) for each share certificate for the Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

The existing share certificates will only be valid for delivery, trading, and settlement purposes for the period up to 4:10 p.m. on Friday, 13 March 2026, and thereafter will not be accepted for delivery, trading, and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of twenty (20) Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in gold colour to distinguish them from the share certificates for the Shares, which are in blue colour.

Reasons for the Share Consolidation

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. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated in September 2024 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.

As at the Latest Practicable Date, the closing price of the Shares was HK\$0.026 per Share, which is near the extreme market price of HK\$0.01 under Rule 13.64 of the Listing Rules. Based on the existing board lot size of 5,000 Shares, the value of each existing board lot is less than HK\$2,000 as at the Latest Practicable Date. The Directors consider that the proposed Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares and increase the trading price of the Consolidated Shares, resulting in HK\$0.52 per Consolidated Share and HK\$2,600 per board lot of 5,000 Consolidated Shares.

Further, the Share Consolidation would 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 costs for each securities trade. Accordingly, the Board considers that the Share Consolidation would maintain the trading amount for each board lot at a reasonable level in order to attract potential investors and to extend the shareholder base of the Company. The Board believes that the Share Consolidation is in the interests of the Company and the Shareholders as a whole and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

As at the Latest Practicable Date, save for the Rights Issue, 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 Share Consolidation. The Board is of the view that, having considered the corporate plan of the Company for the next twelve months, the proposed Share Consolidation is fair and reasonable, and in the interest of the Company and the Shareholders as a whole. However, in the event there is any change to the business environment and/or financial position of the Company due to unforeseeable circumstances, and the Company is required to conduct further fund raising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the Listing Rules, as and when appropriate.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$38,000,000 divided into 3,800,000,000 Shares with par value of HK\$0.01 each, of which 921,120,000 Shares have been issued and are fully paid or credited as fully paid.

To facilitate the Rights Issue and enable the future expansion and growth of the Group while also providing the Company with increased flexibility to raise funds, the Board proposes to increase the authorised share capital of the Company from HK\$38,000,000 divided into 3,800,000,000 Shares to HK\$76,000,000 divided into 7,600,000,000 Shares (or 380,000,000 Consolidated Shares after the Share Consolidation becoming effective).

The Board believes the Increase in Authorised Share Capital will give the Company more flexibility for future fundraising. Therefore, the Board considers this decision to be in the interests of the Company and the Shareholders.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation and the Increase in Authorised Share Capital.

PROPOSED RIGHTS ISSUE

The Board proposes the Rights Issue with the terms set out as follows:

Issue statistics

Basis of the Rights Issue	:	Four (4) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.46 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.45 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	921,120,000 Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	46,056,000 Consolidated Shares (assuming no change in the total number of Shares in issue on or before the effective date of the Share Consolidation)
Number of Rights Shares to be issued pursuant to the Rights Issue	:	up to 184,224,000 Rights Shares (assuming no change in the total number of Shares in issue on or before the Record Date other than as a result of the Share Consolidation)
Aggregate nominal value of the Rights Shares	:	up to HK\$36,844,800 (assuming no change in the total number of Shares in issue on or before the Record Date other than as a result of the Share Consolidation)
Total number of Shares in issue upon completion of the Rights Issue	:	up to 230,280,000 Consolidated Shares (assuming no change in the total number of Shares in issue on or before the Record Date other than as a result of the Share Consolidation)

Gross proceeds from the Rights Issue : up to approximately HK\$84.7 million before expenses (assuming no change in the total number of Shares in issue on or before the Record Date other than as a result of the Share Consolidation)

As at the Latest Practicable Date, no share options have been granted by the Company under any of its share schemes, and the Company has no other outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares. The Company has no intention to issue any new Shares or issue or grant any options, warrants or other convertible securities which confer any right to convert into or subscribe for Shares on or before the Record Date.

Assuming there is no change in the total number of Shares in issue on or before the Record Date other than as a result of the Share Consolidation, the 184,224,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) 400.0% of the total number of issued Shares (after taking into account the effect of the Share Consolidation) as at the Latest Practicable Date; and (ii) approximately 80.0% of the total number of issued Shares (after taking into account the effect of the Share Consolidation) as enlarged by the issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Unsubscribed Shares together with the NQS Unsold Rights Shares will be placed to independent placees under the Compensatory Arrangements on a best effort basis. Any Unsubscribed Shares or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s), or transferees of nil-paid Rights Shares (or either of them, whichever shall be appropriate), may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or result in the Company's non-compliance of the Public Float Requirement of the Listing Rules. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (i) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and (ii) does not result in the non-compliance of the Public Float Requirement. Any subscription monies not utilised due to the scaled-down application of entitled Rights Shares will be refunded to the affected applicants.

Undertakings

As at the Latest Practicable Date, the Board has not received any information or undertaking from any Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue.

The Subscription Price

The Subscription Price of HK\$0.46 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of the Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 11.54% to the theoretical closing price of HK\$0.52 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 28.13% to the theoretical closing price of HK\$0.64 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 27.67% to the average theoretical closing price per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.636;
- (iv) a discount of approximately 26.75% to the average theoretical closing price per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.628;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 22.50% represented by the theoretical diluted price of approximately HK\$0.496 per Consolidated Share to the benchmarked price of approximately HK\$0.64 per Consolidated Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day and the average of the theoretical closing prices of the Consolidated Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Announcement);
- (vi) a discount of approximately 7.26% to the theoretical ex-rights price of approximately HK\$0.496 per Consolidated Share based on the theoretical closing price of HK\$0.64 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day;

- (vii) a discount of approximately 85.35% to the consolidated net asset value per Consolidated Share as at 31 March 2025 of approximately HK\$3.14 calculated based on the audited consolidated net assets of the Group of approximately HK\$144,508,000 as at 31 March 2025 and the theoretical number of 46,056,000 Consolidated Shares in issue (after taking into account the effect of the Share Consolidation) as at the Latest Practicable Date; and
- (viii) a discount of approximately 84.67% to the consolidated net asset value per Consolidated Share as at 30 September 2025 of approximately HK\$3.00 calculated based on the unaudited consolidated net assets of the Group of approximately HK\$138,075,000 as at 30 September 2025 and the theoretical number of 46,056,000 Consolidated Shares in issue (after taking into account the effect of the Share Consolidation) as at the Latest Practicable Date.

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

The Subscription Price was determined taking into consideration (i) the recent market price of the Shares; (ii) the prevailing market conditions; (iii) the low trading volume of the Shares; and (iv) the amount of funds the Company intends to raise under the Rights Issue for the purposes described in the section headed “Letter from the Board — Reasons for and benefits of the Rights Issue and the use of proceeds” in this circular. The Directors consider the Rights Issue will provide the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Group and the Subscription Price at a discount to the current market price of the Consolidated Shares (after taking into account the effect of the Share Consolidation) would enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to take up their entitlements, thereby minimising possible dilution impact.

The Directors (including the independent non-executive Directors after taking into account the advice of the independent financial adviser) consider that, in view of prevailing market conditions and factors as described above, the terms of the Rights Issue, including the Subscription Price, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of the Rights Shares will be approximately HK\$0.45 per Rights Share.

Basis of provisional allotment

Under the Rights Issue, the basis of the provisional allotment will be four (4) Rights Shares for every one (1) Consolidated Share held by the Shareholders as at the close of business on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

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

Fractional provisional allotment of the Rights Shares

On the basis of the provisional allotment of four (4) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue and no entitlements of the Excluded Shareholders to the Rights Shares shall be issued to the Excluded Shareholders.

Odd lots arrangement

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Rights Issue, a designated broker will be appointed to match the purchase and sale of odd lots of the Consolidated Shares at the relevant market price per Consolidated Share on a best effort basis. Holders of odd lots of Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers. Further details of the odd lots arrangement will be set out in the Prospectus.

Status of the Rights Shares

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

Qualifying Shareholders

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

To qualify for the Rights Issue, a Shareholder must be (i) registered as a member of the Company at the close of business on the Record Date; and (ii) not an Excluded Shareholder.

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

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer documents of the Shares (together with the relevant share certificates) with the Registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong by no later than 4:30 p.m. on Monday, 26 January 2026.

The Company expects to send the Prospectus Documents to the Qualifying Shareholders on Monday, 16 February 2026.

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

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

Certificates of the Rights Shares and refund cheques

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or about Monday, 30 March 2026 by ordinary post to those entitled thereto, at their own risk, to their registered addresses.

Taxation

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

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

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges. Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 5,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

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

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

Rights of Overseas Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will comply with Rule 13.36(2)(a) of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders.

As at the Latest Practicable Date, there is one Overseas Shareholder holding 435,000 Shares (representing approximately 0.05% of the total number of issued Shares as at the Latest Practicable Date) with registered address situated in the PRC.

The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued. To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send the Prospectus (without the PAL) and a letter explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue to the Excluded Shareholders for their information only.

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

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

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company must make arrangements to dispose of any Unsubscribed Shares and the NQS Unsold Rights Shares by offering such Unsubscribed Shares and the NQS Unsold Rights Shares to independent placees for the benefit of those Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue as stipulated by Rule 7.21(1)(a) of the Listing Rules.

The Company appointed the Placing Agent to place the Unsubscribed Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “Net Gain”) will be paid to the relevant No Action Shareholders and Excluded Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Thursday, 19 March 2026, acquirers for all (or as many as possible) of those Unsubscribed Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price.

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

- (i) for No Action Shareholders, the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for, and where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL and where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS; and
- (ii) for Excluded Shareholders, the relevant Excluded Shareholders whose name and address appeared on the register of members of the Company on the Record Date with reference to their shareholdings in the Company on the Record Date.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) and Excluded Shareholder(s) mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.

CLOSURE OF REGISTER OF MEMBERS FOR EGM

The register of members of the Company will be closed from Tuesday, 27 January 2026 to Monday, 2 February 2026 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

CLOSURE OF REGISTER OF MEMBERS FOR RIGHTS ISSUE

The register of members of the Company will be closed from Monday, 9 February 2026 to Friday, 13 February 2026 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

PLACING AGREEMENT

Principal terms of the Placing Agreement are as follow:

Placing Agent : DaoKou Securities Limited

The Placing Agent is a licensed corporation to carry out business in Type 1 (dealing in securities) regulated activity under the SFO.

Placing commission : Subject to completion of the Placing taking place, the Company shall pay a placing commission in Hong Kong dollars, of 1% of the amount (the “**Placing Commission**”) which is equal to the placing price multiplied by the number of the Unsubscribed Shares and the NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

Placing Price : Not less than HK\$0.46 per Unsubscribed Share and the NQS Unsold Rights Share.

Placing Period : A period commencing from the first (1st) Business Day immediately after the date of announcement of the number of the Unsubscribed Shares and the NQS Unsold Rights Shares (i.e. Thursday, 12 March 2026 under the current timetable) and ending on 4:00 p.m. on the fifth (5th) business after the date of announcement of the number of the Unsubscribed Shares and NQS Unsold Rights Shares (both days inclusive).

Placees	<p>: The Unsubscribed Shares and the NQS Unsold Rights Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties and not acting in concert with the Placing Agent and its concert parties.</p> <p>The Placing Agent shall also ensure that the public float requirement under Rule 8.08 of the Listing Rules remains to be fulfilled by the Company upon completion of the Rights Issue.</p>
Ranking of the placed Unsubscribed Shares and NQS Unsold Rights Shares	<p>: The placed Unsubscribed Shares and NQS Unsold Rights Shares (when allotted, issued and fully-paid, if any) shall rank <i>pari passu</i> in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.</p>
Conditions of the Placing Agreement	<p>: The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:</p> <ul style="list-style-type: none"> (i) the Rights Issue having become unconditional; (ii) the Company's warranties contained in the Placing Agreement remaining true and accurate and not misleading in all material respects at all times prior to the date of completion of the Placing; (iii) the Listing Committee granting the listing of, and permission to deal in, the Unsubscribed Shares and the NQS Unsold Rights Shares with or without conditions; (iv) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

None of the above conditions can be waived. In the event that the above conditions precedent have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties under the Placing Agreement in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination).

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

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

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industry, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would affect the success of the Placing; or

- (ii) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (v) any breach of any of the representations and warranties given by the Company as set out in the Placing Agreement having come to the knowledge of the Placing Agent or any event having occurred or any matter having arisen on or after the date of the Placing Agreement and prior to the completion of the Rights Issue which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (vi) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

The terms of the Placing Agreement were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate for rights issues in the market, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors consider that the terms of the Placing Agreement are fair and reasonable and on normal commercial terms.

The Placing Agent confirms that it is an Independent Third Party. The Placing Agent will, on a best effort basis during the Placing Period, seek to procure subscribers who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties to subscribe for all (or as many as possible) of the Unsubscribed Shares and NQS Unsold Rights Shares.

If all or any of the Unsubscribed Shares and NQS Unsold Rights Shares are successfully placed, any Net Gain will be distributed to the relevant No Action Shareholders and Excluded Shareholders. Any NQS Unsold Rights Shares and/or Unsubscribed Shares that are not placed by the Placing Agent will not be issued by the Company. As at the Latest Practicable Date, the Placing Agent has not identified any placee(s). In any case, any placees shall be independent among themselves and should be independent of and not acting at the direction of or having any significant relationships with any connected person of the Company. As such, the Company considers that the Compensatory Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Independent Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the Company has put in place the above Compensatory Arrangements as required by Rule 7.26A(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.26A(1)(a) of the Listing Rules.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. There are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue. In the event of an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

CONDITIONS OF THE RIGHTS ISSUE

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

- (i) the Share Consolidation and the Increase in Authorised Share Capital having become effective;
- (ii) the delivery to the Stock Exchange, and filing and registration with Companies Registry in Hong Kong of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and in compliance with the Listing Rules, the Companies (WUMLP) Ordinance and the Companies Ordinance;

- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (iv) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Rights Shares, in both nil-paid and fully-paid forms and such listing not being withdrawn or revoked;
- (v) the Independent Shareholders having approved at the EGM of the Rights Issue and the Placing Agreement no later than the Prospectus Posting Date; and
- (vi) the Placing Agreement not having been terminated in accordance with the provisions thereof, and remaining in full force and effect.

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

As the proposed Rights Issue is subject to the fulfilment of the above conditions, it may or may not proceed. Shareholders and public investors are advised to exercise caution in dealing in the securities of the Company.

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

The Group is principally engaged in steel and metal engineering services. The engineering services range from design, manufacture, supply to installation of steel and metal products such as roller shutters and metal doors for construction projects in Hong Kong and China. The Group serves customers including construction companies and engineering companies on a project-by-project basis. The Group intends to further strengthen its market position in steel and metal engineering services business in Hong Kong including but not limited to strengthening the financial position by the Rights Issue, which will enable the Company to expand its capital base so that it is able to undertake more sizeable projects.

As disclosed in the annual report (the “**2025 Annual Report**”) of the Company for the year ended 31 March 2025 (“**FY2025**”), the revenue of the Group increased by approximately 19.3% from approximately HK\$157.2 million for the year ended 31 March 2024 (“**FY2024**”) to approximately HK\$187.5 million for FY2025, reflecting the Group’s commitment to fulfilling existing contracts. Despite such revenue growth, the Group’s gross profit decreased by approximately 85.7% from approximately HK\$18.0 million for FY2024 to approximately HK\$2.6 million for FY2025, primarily due to contracts with low gross profit margins being awarded during the COVID-19 period and heightened competition resulting from the recent downturn in the property market. Such decrease in gross profit led to an increase in the

Group's net loss by approximately 483.1% from approximately HK\$4.1 million for FY2024 to approximately HK\$24.0 million for FY2025. As disclosed in the interim report of the Company for the six months ended 30 September 2025 ("6M2025"), the revenue of the Group increased by approximately 14.4% from approximately HK\$78.8 million for the six months ended 30 September 2024 ("6M2024") to approximately HK\$90.2 million for 6M2025, reflecting the Group's commitment to fulfilling existing contracts. Despite such revenue growth, the Group's gross profit decreased by approximately 11.0% from approximately HK\$418,000 for 6M2024 to approximately HK\$372,000 for 6M2025, primarily due to the rising costs of materials and labour, together with the price competition continues to post challenges on the operation which adversely affecting the gross profit margin during 6M2025. The Group recorded a decrease in net loss by approximately 46.3% from approximately HK\$10.7 million for 6M2024 to approximately HK\$5.7 million for 6M2025, mainly due to the increase in other income and other gains and losses by approximately HK\$4.9 million as a result of the net reversal of impairment loss under expected credit loss mode on trade receivables and contract assets of approximately HK\$3.9 million in 6M2025. As a result of the liquidity issues for some construction companies and the Group's loss-making performance, the Group recorded net cash used in operating activities of approximately HK\$1.0 million and HK\$50.0 million for FY2024 and FY2025, respectively. As at 30 September 2025, the Group had trade and other payables and accruals of approximately HK\$20.6 million and other borrowing of approximately HK\$1.0 million as current liabilities. Although the Group had cash and bank balances of approximately HK\$45.8 million as at 30 September 2025, the aforesaid cash balance is required to fund its existing ongoing projects. Therefore, the Group has an immediate need for financial resources to settle the liabilities.

As at the Latest Practicable Date, the Group has secured 19 contracts in Hong Kong, four of which require external capital funding. These four existing projects have contract sum of approximately HK\$141.0 million in aggregate and are expected to be commenced by 2026. Apart from the existing projects, the Group is currently under signing stage of a project and has submitted three tenders of potential projects with the aggregated contract sum of approximately HK\$95.8 million. Once the aforesaid tenders are successfully accepted by the potential clients, the potential projects are expected to be commenced by the third quarter of 2026. The existing projects and potential new projects mainly relate to the provision of steel and metal engineering services for construction projects in Hong Kong. The Group is generally required to (i) provide solutions and design of works to customers, which are based on the scope of works and specifications specified by customers; (ii) prepare the production plan including the procurement of raw materials such as stainless steel, metal, galvanised coils and other accessories, production schedule and delivery time; and (iii) install steel and metal products at the construction sites. Accordingly, the Group needs to pay direct material costs, direct labour costs, design fees, installation fees and other costs including utility expenses, other miscellaneous production costs and transportation costs. Besides, taking into account the Group's capability, resources level, cost effectiveness and complexity of the project, the Group may subcontract specific parts of the projects to its service providers for installation of steel and metal products and therefore incur subcontracting fees. As a large amount of costs needs to be paid at the commencement of the projects to ensure effective project execution which is under normal business operation and the industry norm, the Directors are of the view that the

Rights Issue is fair and reasonable as it represents an opportunity for the Company to raise additional funding for the business operations of the Group without any interest burden and strengthen the Group's financial position.

Further, the Group must maintain sufficient cash reserves for essential expenditures to support ongoing operations and meet compliance obligations. These expenditures include, but are not limited to, legal and professional fees, Directors' remuneration, and staff costs. With reference to the 2025 Annual Report, the Group recorded administrative expenses of approximately HK\$23.0 million and HK\$20.0 million for FY2024 and FY2025, respectively. Consequently, the Group seeks to raise additional capital to address its immediate financial commitments and working capital needs.

The gross proceeds from the Rights Issue are expected to be approximately HK\$84.7 million. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$82.0 million. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) approximately HK\$52.5 million, representing approximately 64.0% of the net proceeds, for supporting the Group's existing and potential new projects, of which approximately HK\$14.0 million for direct material costs, approximately HK\$24.6 million for direct labour costs, approximately HK\$8.3 million for initial design fees and approximately HK\$5.6 million for installation service fees, subcontracting fees and other costs including utility expenses, other miscellaneous production costs and transportation costs. The Group expects to fully utilised the net proceeds in this regard by the end of 2027;
- (ii) approximately HK\$18.0 million, representing approximately 22.0% of the net proceeds, for settlement of debts including trade and other payables and accruals. The Group expects to fully utilised the net proceeds in this regard by the end of 2026; and
- (iii) approximately HK\$11.5 million, representing approximately 14.0% of the net proceeds, for general working capital of the Group including staff cost, rental expenses, legal and professional fees and other operating expenses. The Group expects to fully utilised the net proceeds in this regard by the end of 2026.

In the event that there is an under-subscription of the Rights Issue and the Placing (as the case may be), the net proceeds of the Rights Issue and the Placing (as the case may be) will be allocated and utilised in proportion to the above uses.

Fundraising alternatives

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

The Board is of the view that while debt financing will increase the gearing ratio of the Group and having considered the prevailing interest rate environment, debt financing will increase the ongoing interest expenses of the Group which may in turn affect the profitability of the Group.

With respect to equity financing alternatives, the Board considers that placing of new Shares would be a sub-optimal fundraising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market.

The Directors are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfill the development plan of the Group without further increase the interest burden to the Group. The Rights Issue also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid shareholding dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

Having considered the above, the Directors consider that the terms of the Rights Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no change in the total number of Shares in issue from the Latest Practicable Date up to and including the date of completion of the Rights Issue other than as a result of the Share Consolidation, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Share Consolidation; (iii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; and (iv) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares and NQS Unsold Rights Shares are placed to the independent placees:

	Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares and NQS Unsold Rights Shares are placed to the independent placees							
	As at the Latest Practicable Date		Immediately after completion of the Share Consolidation		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders			
	Number of Shares	Approximate %	Number of Consolidated Shares	Approximate %	Number of Consolidated Shares	Approximate %	Number of Consolidated Shares	Approximate %
Independent placees (Note 1)	—	—	—	—	—	—	184,224,000	80.00
Public Shareholders	921,120,000	100.00	46,056,000	100.00	230,280,000	100.00	46,056,000	20.00
Total	921,120,000	100.00	46,056,000	100.00	230,280,000	100.00	230,280,000	100.00

Notes:

1. This scenario is for illustrative purposes only. As any Unsubscribed Shares together with the NQS Unsold Rights Shares will be placed to independent placees under the Compensatory Arrangements to a level which (i) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and (ii) does not result in the non-compliance of the Public Float Requirement, the Consolidated Shares held by the independent placees are deemed to be in public hands.
2. Pursuant to the Placing Agreement, the Placing Agent shall also ensure that the public float requirement under Rule 8.08 of the Listing Rules remains to be fulfilled by the Company upon completion of the Rights Issue.

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

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

There has not been any equity fund raising activity conducted by the Company in the past twelve months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

Share Consolidation

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of an ordinary resolution to be voted on by way of a poll at the EGM. No Shareholder is involved or interested in or has a material interest in the Share Consolidation and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting on the resolution to approve the Share Consolidation and the transactions contemplated thereunder by way of poll at the EGM.

Proposed Increase in Authorised Share Capital

The Increase in Authorised Share Capital is conditional upon the approval by the Shareholders by way of an ordinary resolution to be voted on by way of a poll at the EGM. No Shareholder is involved or interested in or has a material interest in the Increase in Authorised Share Capital and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting on the resolution to approve the Increase in Authorised Share Capital and the transactions contemplated thereunder by way of poll at the EGM.

Rights Issue

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

As at the Latest Practicable Date, the Company has no controlling shareholder as defined under the Listing Rules and none of the Directors and the chief executive of the Company and their respective associates holds any Share. Accordingly, no Shareholder is required to abstain from voting on the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM.

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

GENERAL

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

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Shi Jianwen, Mr. Chan Man Kit, Ms. Zhao Aiyin, Mr. Han Fei and Mr. Huang Xinwen, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, and as to the voting action therefor, and the letter from Independent Financial Adviser set out on pages IFA-1 to IFA-29 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The notice convening the EGM to be held at 10:00 a.m. on Monday, 2 February 2026 is enclosed with this circular.

The register of members of the Company will be closed from Tuesday, 27 January 2026 to Monday, 2 February 2026 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment or postponement thereof should you so wish.

Subject to the fulfilment of certain conditions of the Rights Issue including the approval of the Shareholders at the EGM, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL to the Excluded Shareholders.

Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will be made available and/or despatch (as the case may be) the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL to the Excluded Shareholders. The Company will despatch the PAL in printed form to the Qualifying Shareholders but will not despatch the PAL to the Excluded Shareholders. If the Company does not possess the email address of a Shareholder or the email address provided is not functional, the Company will despatch the Prospectus in printed form together with a request form for soliciting the Shareholder's functional email address to facilitate electronic dissemination of Actionable Corporate Communications in the future.

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

The Rights Issue is conditional upon fulfilment of the conditions set out in the section headed “Letter from the Board — Conditions of the Rights Issue” of this circular, including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

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

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

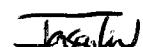
RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that the terms of the Rights Issue, the Placing Agreement and the transaction contemplated therein are fair and reasonable and in the interests of the Group and the Shareholders as a whole, therefore, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

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

For and on behalf of the Board
Hang Yick Holdings Company Limited



Law Hok Yu
Executive Director and Company Secretary