

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Hang Yick Holdings Company Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale 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 the Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

# HANG YICK HOLDINGS COMPANY LIMITED

## 恒益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1894)

**(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**

Financial adviser to the Company

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
滔博資本有限公司

Placing Agent

 **道口證券**  
DAOKOU SECURITIES

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

 **FIRST**

First Global Corporate Finance Co., Limited

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

A letter from the Board is set out on pages 11 to 36 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-29 of this circular.

A notice convening the EGM to be held at 10:00 a.m. on Monday, 2 February 2026 is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment or postponement thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned or postponed meeting thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions set out in the section headed "Letter from the Board — Conditions of the Rights Issue" in this circular. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placees under the Compensatory Arrangements. The Placing 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.

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## DEFINITIONS

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

“acting in concert”	has the same meaning ascribed thereto under the Listing Rules
“Announcement”	the announcement of the Company dated 11 December 2025 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
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies Registry”	Companies Registry of Hong Kong
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Hang Yick Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability on 6 March 2018, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1894)

## DEFINITIONS

“Compensatory Arrangements”	arrangements to place the Unsubscribed Shares and NQS Unsold Rights Shares by the Placing Agent on a best effort basis to investors who (or as the case maybe, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties pursuant to Rule 7.26A(1)(b) of the Listing Rules
“connected person”	has the same meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consolidated Shares”	ordinary share(s) of HK\$0.20 each in the share capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolutions will be proposed to consider, and, if thought fit, to approve, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“General Rules of HKSCC”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time

## DEFINITIONS

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the increase in the authorised share capital of the Company from HK\$38,000,000 divided into 3,800,000,000 Shares (or 190,000,000 Consolidated Shares) to HK\$76,000,000 divided into 7,600,000,000 Shares (or 380,000,000 Consolidated Shares) by the creation of an additional 3,800,000,000 new Shares (or 190,000,000 new Consolidated Shares)
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	First Global Corporate Finance Co., Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules
“Last Trading Day”	11 December 2025, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	9 January 2026, being the latest practicable date for ascertaining certain information for inclusion in this circular
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 5 March 2026 (or such other time and date as may be determined by the Company) being the latest time for acceptance of and payment for the Rights Shares

## DEFINITIONS

“Latest Time for Termination”	5:00 p.m. on Friday, 20 March 2026 (or such later time or date as may be agreed between the Placing Agent and the Company), being the latest time to terminate the Placing Agreement
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“No Action Shareholder(s)”	those Qualifying Shareholder(s) who do not subscribe for the Rights Issue (whether partially or fully) (under the PAL or their renounces or such person who hold any nil-paid rights at the time such nil-paid rights are lapsed) or Excluded Shareholders (as the case may be)
“NQS Unsold Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	arrangements to place the Unsubscribed Shares and NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement
“Placing Agent”	DaoKou Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity, which will place the Unsubscribed Shares and NQS Unsold Rights Shares to investors who are Independent Third Parties under the Compensatory Arrangements
“Placing Agreement”	the placing agreement dated 11 December 2025 entered into between the Company and the Placing Agent in relation to the Placing

## DEFINITIONS

“Placing Period”	the period from Friday, 13 March 2026 up to 4:00 p.m. on fifth (5th) business day after the date of announcement of the number of Unsubscribed Shares and NQS Unsold Rights Shares, being Thursday, 19 March 2026, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements
“Placing Price”	not less than HK\$0.46 per Unsubscribed Share and the NQS Unsold Rights Share
“Prospectus”	the prospectus to be despatched by the Company to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s)
“Prospectus Posting Date”	Monday, 16 February 2026 (or such other date as may be determined by the Company), being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Public Float Requirement”	the public float requirement under Rules 8.08(1)(a) and 13.32(1) of the Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Friday, 13 February 2026, the record date for the determination of the entitlements under the Rights Issue
“Registrar”	Tricor Investor Services Limited, the address of which is at 17/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, the branch share registrar and transfer office of the Company in Hong Kong
“Rights Issue”	the proposed issue by way of rights of four (4) Rights Shares for every one (1) Consolidated Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions to be set out in the section headed “Letter from the Board — Conditions of the Rights Issue” in this circular

## DEFINITIONS

“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue, being 184,224,000 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)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.01 each
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Shares be consolidated into one (1) Consolidated Share
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.46 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Unsubscribed Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders and Rights Shares which would otherwise have been allotted to the Excluded Shareholders (as the case may be)
“%”	per cent

\* *for identification purpose only*

## **EXPECTED TIMETABLE**

### **EXPECTED TIMETABLE**

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

<b>Events</b>	<b>Hong Kong Date and Time</b>
	<b>2026</b>
Expected despatch date of the circular, proxy form and notice of the EGM .....	Tuesday, 13 January
Latest time for lodging transfer documents of the Shares in order to be qualified for attendance and voting at the EGM .....	4:30 p.m. on Monday, 26 January
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive) .....	Tuesday, 27 January to Monday, 2 February
Latest time for lodging proxy forms for the EGM (not less than 48 hours prior to the time of the EGM) .....	10:00 a.m. on Saturday, 31 January
Record date for determining attendance and voting at the EGM .....	Monday, 2 February
Expected date and time of EGM .....	10:00 a.m. on Monday, 2 February
Announcement of the poll result of the EGM .....	Monday, 2 February
Register of members of the Company re-opens.....	Tuesday, 3 February
Effective date of the Share Consolidation.....	Wednesday, 4 February
First day for free exchange of existing share certificates for new share certificates of the Consolidated Shares.....	Wednesday, 4 February
Dealings in the Consolidated Shares commence .....	9:00 a.m. on Wednesday, 4 February
Original counter for trading in Shares in board lots of 5,000 Shares (in the form of existing share certificates) temporarily closes .....	9:00 a.m. on Wednesday, 4 February

## **EXPECTED TIMETABLE**

Temporary counter for trading in the Consolidated Shares in board lots of 250 Consolidated Shares (in the form of existing share certificates) opens .....	9:00 a.m. on Wednesday, 4 February
Last day of dealings in the Consolidated Shares on a cum-rights basis relating to the Rights Issue .....	Wednesday, 4 February
First day of dealings in the Consolidated Shares on an ex-rights basis relating to the Rights Issue .....	Thursday, 5 February
Latest time for the Shareholders to lodge transfer documents of the Consolidated Shares in order to be qualified for the Rights Issue.....	4:30 p.m. on Friday, 6 February
Closure of register of members to determine the eligibility of the Rights Issue (both days inclusive).....	Monday, 9 February to Friday, 13 February
Record date for the Rights Issue .....	Friday, 13 February
Register of members of the Company re-opens.....	Monday, 16 February
Despatch of the Prospectus Documents (including the PAL and Prospectus) (in case of the Excluded Shareholders, the Prospectus only) .....	Monday, 16 February
First day of dealings in nil-paid Rights Share .....	Monday, 23 February
Original counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens.....	9:00 a.m. on Monday, 23 February
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences .....	9:00 a.m. on Monday, 23 February
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares .....	9:00 a.m. on Monday, 23 February

## EXPECTED TIMETABLE

Latest time for splitting the PAL .....	4:30 p.m. on Wednesday, 25 February
Last day of dealings in nil-paid Rights Shares1 .....	Monday, 2 March
Latest Time for Acceptance of and payment for the Rights Shares .....	4:00 p.m. on Thursday, 5 March
Announcement of the number of the Unsubscribed Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements .....	Thursday, 12 March
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares .....	4:00 p.m. on Friday, 13 March
Temporary counter for trading in the Consolidated Shares in board lots of 250 Consolidated Shares (in the form of existing share certificates) closes .....	4:10 p.m. on Friday, 13 March
Parallel trading in the Consolidated Shares (in form of new share certificate(s) and existing share certificate(s)) ends.....	4:10 p.m. on Friday, 13 March
Commencement of placing of the Unsubscribed Shares and NQS Unsold Rights Shares by the Placing Agent, on best effort basis .....	Friday, 13 March
Last date and time for free exchange of share certificates for the new share certificates of the Consolidated Shares .....	4:30 p.m. on Tuesday, 17 March
Latest time for placing the Unsubscribed Shares and NQS Unsold Rights Shares .....	4:00 p.m. on Thursday, 19 March
Latest Time for the termination of the Placing Agreement .....	5:00 p.m. on Friday, 20 March
Announcement of results of the Rights Issue (including results of the Placing and the Net Gain per Unsubscribed Share and NQS Unsold Rights Share under the Compensatory Arrangements).....	Friday, 27 March
Despatch of share certificates for fully-paid Rights Shares and refund cheques (if the Rights Issue is terminated).....	Monday, 30 March

## **EXPECTED TIMETABLE**

Commencement of dealings in fully-paid Rights Shares .....	Tuesday, 31 March
Designated broker commences to provide matching services for odd lots of the Consolidated Shares.....	Tuesday, 31 March
Payment of Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any) .....	Thursday, 9 April
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares .....	4:00 p.m. on Thursday, 9 April

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

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

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

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

## LETTER FROM THE BOARD

# 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;

## LETTER FROM THE BOARD

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.

## LETTER FROM THE BOARD

### **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).

## LETTER FROM THE BOARD

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

## LETTER FROM THE BOARD

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).

## LETTER FROM THE BOARD

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)

## LETTER FROM THE BOARD

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.

## LETTER FROM THE BOARD

### 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;

## LETTER FROM THE BOARD

- (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.

## LETTER FROM THE BOARD

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.

## LETTER FROM THE BOARD

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.

## LETTER FROM THE BOARD

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both 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.

## LETTER FROM THE BOARD

**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.

## LETTER FROM THE BOARD

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).

## LETTER FROM THE BOARD

Placees : 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.

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.

Ranking of the placed Unsubscribed Shares and NQS Unsold Rights Shares : The placed Unsubscribed Shares and NQS Unsold Rights Shares (when allotted, issued and fully-paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:

- (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.

## LETTER FROM THE BOARD

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

## LETTER FROM THE BOARD

- (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.

## LETTER FROM THE BOARD

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 (WUMP) Ordinance and the Companies Ordinance;

## LETTER FROM THE BOARD

- (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

## LETTER FROM THE BOARD

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

## LETTER FROM THE BOARD

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.

## LETTER FROM THE BOARD

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.

## LETTER FROM THE BOARD

### 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:

	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				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	
	Number of Shares	Approximate %	Number of Consolidated Shares	Approximate %	Number of Consolidated Shares	Approximate %	Number of Consolidated Shares	Approximate %	Number of Consolidated Shares	Approximate %	Number of Consolidated Shares	Approximate %		
Independent placees <i>(Note 1)</i>	—	—	—	—	—	—	—	—	184,224,000	80.00	—	—		
Public Shareholders	921,120,000	100.00	46,056,000	100.00	230,280,000	100.00	230,280,000	100.00	46,056,000	20.00	—	—		
<b>Total</b>	<b><u>921,120,000</u></b>	<b><u>100.00</u></b>	<b><u>46,056,000</u></b>	<b><u>100.00</u></b>	<b><u>230,280,000</u></b>	<b><u>100.00</u></b>	<b><u>230,280,000</u></b>	<b><u>100.00</u></b>	<b><u>230,280,000</u></b>	<b><u>100.00</u></b>	<b><u>230,280,000</u></b>	<b><u>100.00</u></b>		

*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.

## LETTER FROM THE BOARD

### 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.

## LETTER FROM THE BOARD

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Shi Jianwen, Mr. Chan Man Kit, Ms. Zhao Aiying, 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.

## LETTER FROM THE BOARD

### 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*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

# **HANG YICK HOLDINGS COMPANY LIMITED**

## **恒益控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1894)**

13 January 2026

*To the Independent Shareholders*

Dear Sir/Madam,

### **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**

We refer to the circular of the Company dated 13 January 2026 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders how to vote at the EGM. First Global Corporate Finance Co., Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of its advice together with the principal factors and reasons it has taken into consideration on giving its advice, are contained in its letter set out on pages IFA-1 to IFA-29 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.

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the principal factors and reasons considered by, and the advice of the Independent Financial Adviser, we considered that the Rights Issue and the Placing Agreement 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 resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

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

**Hang Yick Holdings Company Limited**

**Mr. Shi  
Jianwen**

**Mr. Chan  
Man Kit**

**Ms. Zhao  
Aiyin**

**Mr. Han  
Fei**

**Mr. Huang  
Xinwen**

*Independent non-executive Directors*

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

*The following is the full text of a letter of advice from First Global Corporate Finance Co., Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Right Issue, which has been prepared for the purpose of incorporation in this circular.*



Room 1706–07, 17/F  
China Insurance Group Building  
No. 141 Des Voeux Road Central  
Central, Hong Kong

13 January 2026

*To: The Independent Board Committee and the Independent Shareholders*

Dear Sir or Madam,

### **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**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 13 January 2026 issued by the Company to the Shareholders (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 requires otherwise.

On 11 December 2025 (after trading hours), the Company announced its proposal to implement the Rights Issue on the basis of four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date at the Subscription Price of HK\$0.46 per Rights Share, to raise gross proceeds of approximately HK\$84.7 million by issuing 184,224,000 Rights Shares to the Qualifying Shareholders.

#### **LISTING RULES IMPLICATIONS**

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

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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 in favour of 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.

### THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Shi Jianwen, Mr. Chan Man Kit, Ms. Zhao Aiying, 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 transaction contemplated thereunder, on whether the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

We, First Global Corporate Finance Co., Limited (“**First Global**”), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. First Global is a licensed corporation licensed under the Securities and Futures Ordinance (“**SFO**”) to carry out Type 6 (advising on corporate finance) regulated activity. Ms. Wendy Liu (“**Ms. Liu**”) is the person signing off the opinion letter from First Global contained in the Circular. Ms. Liu has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2014. Ms. Liu has participated in and completed various independent financial advisory transactions in Hong Kong.

### OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, save for this engagement of us as the Independent Financial Adviser, no other relationship has been formed and no direct engagement has been performed between the Group, the other party(ies) to the Right Issue, or a close associate or core connected person of any of them and us. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, the other party(ies) to the Right Issue, or a close associate or core connected person of any of them and us, or other parties that could reasonably be regarded as relevant to our independence. Apart from the normal advisory fee payable to us in connection with our engagement as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company and its subsidiaries or their respective substantial shareholders or any party acting in concert, or presumed to be acting in concert, with any of them. Accordingly, we considered that we are independent to act as the Independent Financial Adviser in respect of the Right Issue pursuant to Rule 13.84 of the Listing Rules.

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

### BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Circular). We have reviewed the documents including but not limited to; (i) the Circular and the Letter from the Board contained therein; (ii) the Placing Agreement; (iii) the interim report of the Company for the six months ended 30 September 2025 and 2024 (the “**2025 Interim Report**”) and annual report of the Company for the years ended 31 March 2025 and 2024 (the “**2025 Annual Report**”); and (iv) the relevant supporting documents in respect of the Right Issue provided by the Company, including but not limited to historical documents and records, to formulate our opinion and recommendation. We have assumed that the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. The Shareholders will be informed should there be any material change of information in the Circular up to the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. Where applicable, we have also conducted independent desktop search and confirmed that there was no material difference between our search result and the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility of the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Right Issue. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Right Issue, we have considered the following principal factors and reasons:

#### I. Background of the Group

##### (i) *Background information of the Group*

The Group is principally engaged in steel and metal engineering services. The Company operates its business through three segments. The Provision of Steel and Metal Engineering Services segment is engaged in the provision of engineering services such as steel and metal works, metal gates engineering and passive fire engineering. The Provision of Construction Services segment is engaged in the provision of all-round integrated technical solutions, including appearance, functional design, compliant materials, precise production and convenient construction. The Sales of Steel and Metal Products segment is engaged in the production and sale of metal gates, gates and doors such as folding gates, fire shutters, roller shutters and other steel and metal products.

##### (ii) *Historical financial performance and position of the Group*

The following table sets out key consolidated financial information of the Group for the six months ended 30 September 2025 (the “**6M2025**”), the six months ended 30 September 2024 (the “**6M2024**”), year ended 31 March 2025 (the “**FY2025**”) and 31 March 2024 (the “**FY2024**”) as extracted from the 2025 Interim Report and 2025 Annual Report:

	For the <b>6M2025</b> (unaudited) <i>HK\$'000</i>	For the <b>6M2024</b> (unaudited) <i>HK\$'000</i>	For the <b>FY2025</b> (audited) <i>HK\$'000</i>	For the <b>FY2024</b> (audited) <i>HK\$'000</i>
Revenue	90,156	78,794	187,517	157,197
Gross Profit	372	148	2,571	17,995
Net Loss	(5,727)	(10,661)	(24,012)	(4,118)

*Discussion on the Group’s financial performance for the 6M2025 as compared with that for the 6M2024*

Based on the 2025 Interim Report, the Group generated revenue of approximately HK\$90.2 million for 6M2025 as compared with that of HK\$78.8 million for 6M2024, representing an increase of approximately 14.4%. Revenue from the provision of steel and metal engineering services increased by approximately HK\$13.7 million, or approximately 18.5%, from approximately HK\$74.0 million to approximately HK\$87.7 million for 6M2025. Revenue from the sales of steel and metal products decreased by approximately HK\$2.3 million, or approximately 47.9% from approximately HK\$4.8 million to

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approximately HK\$2.5 million for 6M2025. The gross profit margin remained relatively stable at 0.4% and 0.5% in 6M2025 and 6M2024 respectively. The Group's recorded net loss amounted to approximately HK\$5.7 million for 6M2025 as compared to loss of approximately HK\$10.7 million in 6M2024.

*Discussion on the Group's financial performance for the FY2025 as compared with that for the FY2024*

Based on the 2025 Annual Report, the Group's revenue reached approximately HK\$187.5 million in FY2025, with a year-on-year growth of approximately 19.3%. Although revenue was higher compared to FY2024, many projects are experiencing relatively lower margins due to increased market competition. The recent downturn in the property market has significantly affected the construction industry, exacerbating cash flow issues for some construction companies and worsening the overall situation. The gross profit decreased by approximately 85.7% from approximately HK\$18.0 million in FY2024 to approximately HK\$2.6 million in FY2025. For FY2025, the Group's recorded net loss amounted to approximately HK\$24.0 million as compared to loss for the year for continuing operations amounted to approximately HK\$4.1 million in FY2024.

Set out below is a summary of the consolidated statement of financial position of the Group as at 31 March 2024, 31 March 2025 and 30 June 2025 as extracted from the 2025 Annual Report and 2025 Interim Report:

	As at 30 September 2025 HK\$'000	As at 31 March 2025 HK\$'000	As at 31 March 2024 HK\$'000
<b>Total Assets</b>	164,595	167,492	188,391
<b>Total Liabilities</b>	26,250	22,984	28,422
<b>Net Assets</b>	138,075	144,508	159,969

*Discussion on the Group's financial position as at 30 September 2025 as compared with that as at 31 March 2025*

The total assets of the Group were approximately HK\$164.6 million and HK\$167.5 million as of 30 September 2025 and 31 March 2025, respectively, representing an approximately 1.7% decrease, which is mainly attributable to the decrease in prepayments, deposits and other receivables. The total liabilities of the Group were approximately HK\$26.3 million and HK\$23.0 million as of 30 September 2025 and 31 March 2025, respectively, representing an approximately 15.4% increase, which is mainly attributable to the increase in other borrowings and lease liabilities. The consolidated net assets decreasing slightly by approximately 4.5%, from approximately HK\$144.5 million as of 31 March 2025 to approximately HK\$138.1 million as of 30 September 2025.

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*Discussion on the Group's financial position as at 31 March 2025 as compared with that as at 31 March 2024*

The total assets of the Group were approximately HK\$167.5 million and HK\$188.4 million as of 31 March 2025 and 31 March 2024, respectively, representing an approximately 11.1% decrease, which is mainly attributable to the decrease in cash and bank balances and increase in inventories, trade receivables, other receivables, prepayments and contract assets. The total liabilities of the Group were approximately HK\$23.0 million and HK\$28.4 million at 31 March 2025 and 31 March 2024, respectively, representing an approximately 9.66% decrease, which is mainly attributable to the decrease in contract liabilities. The consolidated net assets decreasing by approximately 9.7%, from approximately HK\$160.0 million as of 31 March 2024 to approximately HK\$144.5 million as of 31 March 2025.

### **II. Reasons for the Rights Issue and use of proceeds**

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 2025 Annual Report, the revenue of the Group increased by approximately 19.3% from approximately HK\$157.2 million for 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 2025 Interim Report, the revenue of the Group increased by approximately 14.4% from approximately HK\$78.8 million for the six months ended 30 September 2024 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 loss attributable to the Shareholders 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

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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 Last Trading Day, 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.

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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 utilise 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 utilise 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 utilise 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.

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

### *Our View*

We have conducted desktop research on the construction industry in Hong Kong and reviewed the latest updates from the Rider Levett Bucknall (RLB) Construction Cost Update HK Q3 2025. RLB, a leading global property and construction consultancy, provides detailed market insights, including tender price trends, construction cost updates, and market forecasts.

According to the RLB Construction Cost Update, Hong Kong's economy demonstrated robust growth during the second quarter of 2025, largely driven by strong export performance and a recovery in domestic demand. However, despite this economic resilience, the construction industry experienced a significant contraction. Specifically, overall building and construction expenditure fell by 9.5% year-on-year. This decline is attributed to a reduction in activity across both the private and public sectors, with expenditures decreasing by 10.1% and 8.8%, respectively.

Despite the current contraction in construction activity, the Chief Executive's 2025 Policy Address introduced initiatives to revitalize the sector, including accelerated Northern Metropolis development, streamlined construction procedures, and increased housing supply targets. Key measures include fast-tracking Public Rental Housing and Light Public Housing (LPH), with 10,000 LPH units to be completed by 2025 and 189,000 public housing units (including LPH) over the next five years; constructing 126,000 private housing units this decade; redeveloping Ma Tau Wai and Sai Wan Estate; and developing 4,950 private housing units from land sales and redevelopment by September 2025. However, challenges such as evolving U.S. tariff policies, delayed interest rate cuts, and increased competition from aggressive bidding strategies may stabilize or lower tender prices in the near term.

The Group's steel and metal engineering services business aligns with expected growth in housing projects, but risks such as rising competition and shrinking margins remain. Therefore, the Rights Issue is crucial to strengthen the Group's financial position, fund project costs, and navigate these challenges.

We have discussed with the Directors to understand the proposed use of proceeds. We have also obtained and reviewed the breakdown regarding the proposed use of proceeds from the Rights Issue. The Group has outlined a detailed and reasonable allocation plan, with approximately 64% of the net proceeds earmarked for supporting the Group's existing and potential new projects, 22% for settlement of debts, and 14% for general working capital. The breakdown of expenses, including direct material costs, direct labour costs, design fees, installation service fees, subcontracting fees, and other operating expenses, is comprehensive and supports the Group's stated objectives. Based on our review of the breakdown of use of proceeds provided by the management of the Group, we noted that majority of the net proceeds from the Rights Issue would be applied as for supporting the Group's existing and potential new projects. We also understand that the projected detailed cost breakdowns of the projects is estimated based on expenses payment and cost of

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sales pattern by referencing them against actual costs of previous projects. We noted that the costs estimated in the breakdown of the use of proceeds is fair and reasonable and align with the Group's principal business.

The proposed allocation reflects the Group's strategic focus on fulfilling its existing contractual obligations and pursuing new business opportunities in Hong Kong's construction sector. The investments in ongoing and potential projects, as well as the settlement of liabilities and replenishment of working capital, demonstrate a disciplined and forward-looking approach to capital utilization. Given the specificity and clarity of the plans, we are of the view that the proposed use of proceeds as reasonable and necessary to support the Group's operational and financial needs.

We have obtained and reviewed the contracts secured by the Group. The Group has secured 19 active contracts in Hong Kong, four of which require external capital funding, with a total contract sum of approximately HK\$141.0 million. Additionally, the Group is at the signing stage of one project and has submitted tenders for three potential new projects with a combined contract sum of approximately HK\$95.8 million.

In evaluating the Group's financial position, we have reviewed the 2025 Annual Report and Interim Report for 6M2025. While the Group achieved a revenue increase of approximately 19.3% in FY2025, rising from approximately HK\$157.2 million in FY2024 to approximately HK\$187.5 million in FY2025, its gross profit decreased by approximately 85.7%, from approximately HK\$18.0 million in FY2024 to approximately HK\$2.6 million in FY2025. This decline was primarily due to low-margin contracts secured during the COVID-19 period and increased competition in the property market. The significant drop in gross profit led to a substantial increase in net loss by approximately 483.1%, from HK\$4.1 million in FY2024 to HK\$24.0 million in FY2025. Similarly, during 6M2025, the Group's gross profit declined by approximately 11.0%, further reflecting the adverse impact of rising costs and competitive pressures.

Additionally, the Group's cash and cash equivalents, while recorded at approximately HK\$45.8 million as of 30 September 2025, are largely reserved to fund ongoing projects, leaving limited resources to address other financial commitments or support new opportunities. The Group also recorded net cash outflows of approximately HK\$50.0 million in FY2025, highlighting its substantial cash requirements for operational and project-related expenses. In light of the Group's liquidity position, we believe the proceeds from the Rights Issue are critical to replenishing working capital and supporting its existing and potential projects. Without this fundraising initiative, the Group may face difficulties in sustaining its operations and fulfilling its strategic objectives.

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We also noted that the Company has considered other fundraising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing of new Shares, and open offer. As per our discussion with the Directors, it was noted that debt financing or bank loans would result in additional interest burdens and a higher gearing ratio for the Group, particularly in the current interest rate environment. Placing of new Shares, on the other hand, would only be available to certain placees who were not necessarily existing shareholders, thereby diluting the shareholding interests of existing shareholders. With respect to an open offer, while it is similar to a Rights Issue in offering qualifying shareholders an opportunity to participate, it does not allow the trading of rights entitlements in the open market. Accordingly, shareholders must either participate in the offer or lose the benefit of any discount at which the new shares are offered.

The Rights Issue, however, allows Qualifying Shareholders to participate in the future development of the Company while offering flexibility to either maintain their pro-rata shareholding interests or trade their nil-paid rights entitlements in the market. This reduces the impact of shareholding dilution for those who choose to take up their entitlements.

Based on the above analysis, we are of the view that the proposed Rights Issue provides certainty and flexibility for shareholders in deciding whether to get their proportionate entitlements relative to their shareholding, which is fair and reasonable.

### III. Principal terms of the Rights Issue and the Placing Agreement

#### The Rights Issue

Set out below are the principal terms of the Rights Issue as extracted from the Letter from the Board:

<b>Basis of the Rights Issue:</b>	Four (4) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
<b>Subscription Price:</b>	HK\$0.46 per Rights Share
<b>Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue):</b>	Approximately HK\$0.45 per Rights Share
<b>Number of Shares in issue as at the Latest Practicable Date:</b>	921,120,000 Shares

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<b>Number of Consolidated Shares in issue upon the Share Consolidation becoming effective:</b>	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)
<b>Number of Rights Shares to be issued pursuant to the Rights Issue:</b>	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)
<b>Aggregate nominal value of the Rights Shares:</b>	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)
<b>Total number of Shares in issue upon completion of the Rights Issue:</b>	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)
<b>Gross proceeds from the Rights Issue:</b>	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. 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.

Further details of the Rights Issue are outlined in the Letter from the Board.

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### The Placing Agreement

Set out below are the principal terms of the Placing Agreement as extracted from the Letter from the Board:

**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 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 day after the date of announcement of the number of the Unsubscribed Shares and NQS Unsold Rights Shares (both days inclusive).

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### **Placees:**

The Unsubscribed Shares and 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. 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.

### **Ranking of the placed Unsubscribed Shares and NQS Unsold Rights Shares:**

The placed Unsubscribed Shares and NQS Unsold Rights Shares (when allotted, issued and fully-paid, if any) shall rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

### **Conditions of the Placing Agreement:**

The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:

- (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;

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- (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).

### **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:

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- (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

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- (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.

Further details of the terms and conditions of the Placing Agreement are outlined in the Letter from the Board. As disclosed in the Letter from the Board, the terms of the Placing Agreement (including the placing commission) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate 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.

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### *Our Assessment on the principal terms of the Rights Issue and the Placing Agreement*

As disclosed in the Letter from the Board, the Subscription Price of HK\$0.46 per Rights Share 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 Last Trading Day);
- (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

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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 Last Trading Day.

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 “Reasons for and benefits of the Rights Issue and the use of proceeds” in this letter. 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.

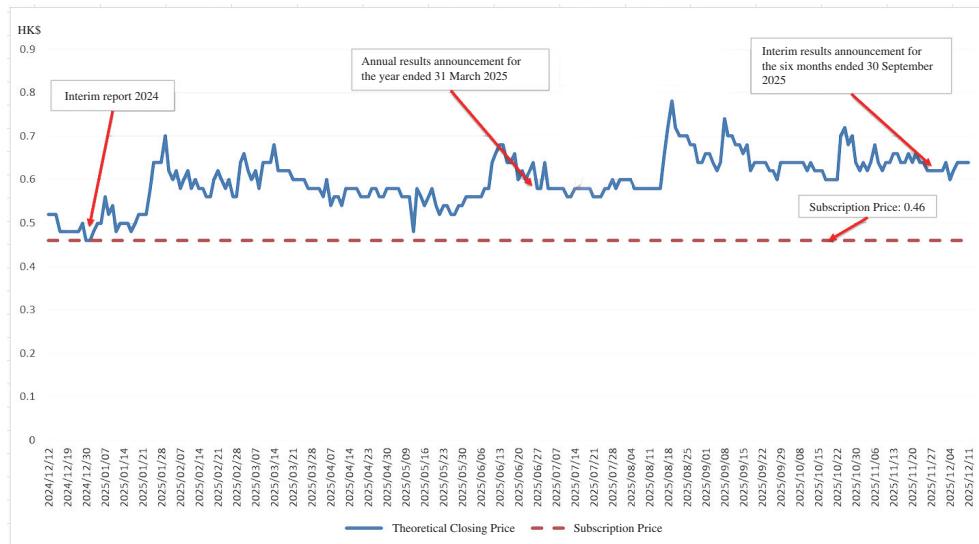
The Directors consider that, in view of prevailing market conditions and factors as described above, the terms of the Rights Issue, including the Subscription Price, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights 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.

### *Share price performance*

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the daily closing prices and trading volume of the Shares from 12 December 2024 up to and including the Last Trading Day (the “**Review Period**”) (being a period of approximately 12 months prior to and including the Last Trading Day) and compared with the Subscription Price. We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices prior to the announcement of the Rights Issue (the “**Announcement**”) and

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the share price before the Announcement represent a fair market value of the Company the Shareholders expected, while that after the Announcement, the value may have taken into account the potential upside of the Rights Issue which may distort the analysis. The chart below illustrates the adjusted daily closing price per the Share versus the Subscription Price of HK\$0.46 per Rights Share during the Review Period as we have adjusted the Share price for the Review Period to reflect the impact of the Share Consolidation (the “**Theoretical Closing Price**”):



*Source: website of the Stock Exchange*

As shown in the chart above, during the Review Period, the average closing price was approximately HK\$0.03 per Share (or the Theoretical Closing Price of HK\$0.599, the “**Average Theoretical Closing Price**”). The daily closing price ranged from HK\$0.023 per Share (or the Theoretical Closing Price of HK\$0.46, the “**Lowest Theoretical Closing Price**”) recorded on 30 December 2024 to HK\$0.039 per Share (or the Theoretical Closing Price of HK\$0.78, the “**Highest Theoretical Closing Price**”) recorded on 19 August 2025. We note that Shares were traded above the Subscription Price in the whole Review Period. The Subscription Price of HK\$0.46 represents (i) equal to the Lowest Theoretical Closing Price; (ii) a discount of approximately 41.03% to the Highest Theoretical Closing Price; and (iii) a discount of approximately 23.17% to the Average Theoretical Closing Price. There was a generally stable trend in the closing price of the Shares from 12 December 2024 to 11 December 2025, with slight fluctuations observed during the period. The closing price of the Shares remained at HK\$0.52 from 12 December 2024 to 16 December 2024 before declining to its minimum closing price of HK\$0.46 on 30 December 2024. The price then began to recover slightly, rising to HK\$0.56 on 7 January 2025, before fluctuating between HK\$0.48 and HK\$0.50 until 20 January 2025. A moderate uptrend was observed from 23 January 2025, when the price reached HK\$0.58, eventually peaking at its highest closing price of HK\$0.78 on 19

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August 2025. Following this peak, the share price experienced slight fluctuations and a gradual decline, stabilizing around HK\$0.58 to HK\$0.64 from March to June 2025, with no significant surges. After the peak in August, the share price gradually decreased, fluctuating between HK\$0.56 and HK\$0.72 from September to November 2025. By December 2025, the closing price stabilized at HK\$0.64, showing a flat trend through the end of the observed period. The reasons for the fluctuations in share price during this period were unknown to us as: (i) the management of the Company did not provide any specific reasons for such movements; and (ii) we have reviewed the announcements disclosed during this period and were not aware of any material information that could explain the fluctuations in the Share price:

*Trading liquidity of the Shares*

Month/Period	Number of trading days	Average daily trading volume of the Shares during the month/period to	the total number of issued Shares as at the Latest Practicable Date (Note)
		Average daily trading volume of the Shares during the month/period	
<b>2024</b>			
December	12	617,500	0.07%
<b>2025</b>			
January	19	7,486,842	0.81%
February	20	14,521,750	1.58%
March	21	6,048,095	0.66%
April	19	745,000	0.08%
May	20	4,344,500	0.47%
June	21	7,666,905	0.83%
July	22	1,795,909	0.19%
August	21	2,379,767	0.26%
September	22	4,918,409	0.53%
October	20	4,356,500	0.47%
November	20	1,257,250	0.14%
December (up to and including the Last Trading day)	9	2,100,556	0.23%

*Source: website of the Stock Exchange*

*Note:* Based on the number of total issued Shares as at each month end as disclosed in the monthly returns of the Company.

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

As shown in the table above, the average daily trading volume of the Shares in each month ranged from 745,000 Shares in April 2025 to 14,521,750 Shares in February 2025 during the Review Period, representing approximately 0.08% to approximately 1.58% of the total number of issued shares as at the end of the month/period, respectively. Regarding to the significant high trading volume in February 2025, we have discussed with the Directors and they are not aware of any reason for such unusual high trading volume of the Shares during the aforesaid period. Given such relatively thin liquidity of the Shares during the Review Period, it would be difficult for the Shareholders to acquire a substantial block of the Shares in the open market without exerting a significant impact on the Share price. Furthermore, the Company may face difficulties raising equity funds from third parties without offering a substantial discount to the prevailing Share price. We consider that the prices, liquidity and general price trend of the Shares during the Review Period should have reflected market evaluation on the recent business performance of the Group.

In view of the above, we consider that it is fair and reasonable for the Company to determine the Subscription Price with reference to (i) the generally stable trend of the market price of the Shares prior to and including the Last Trading Day; and (ii) low trading liquidity of the Shares during the Review Period.

### *Comparable Analysis*

In order to further assess the fairness and reasonableness of the terms of the Rights Issue, we have identified an exhaustive list of 23 rights issue transactions announced by other companies listed on the Stock Exchange (the “**Comparables**”) with relevant listing documents issued within the six months immediately prior to the Last Trading Day (the “**Comparable Review Period**”) and up to the Last Trading Date. We believe that those rights issue transactions with listing documents issued implies that they have been approved by relevant shareholders or exempt from shareholders’ approval and thus the terms and structure of these rights issue transactions are more meaningful for comparison. Shareholders should note that the subject companies in the Comparables may have different principal business activities, market capitalisations, profitability and financial positions as compared to those of the Company. Although the circumstances surrounding the Comparables may be different from those relating to the Company, we consider that the Comparable Review Period is adequate and fair and reasonable to capture the prevailing market conditions in relation to rights issue transactions which the Comparables, for illustrative purpose only, serve as a general reference for prevailing market practices in relation to rights issue transactions conducted by the companies listed in the Stock Exchange.

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Announcement date	Listing document date	Company name	Stock code	Basis of entitlement	Premium/ (Discount) of the subscription price over/to the average closing share price for the five previous consecutive trading days up to and including the last trading day		Premium/ (Discount) of the subscription price over/to the closing share price on the last trading day (%)		Premium/ (Discount) of the subscription price over/to the theoretical ex-right share price (%)		Underwriting/ placing commission, as the case may be application (%)		Fully underwritten Yes/No		Maximum dilution effect (%)		Theoretical dilution impact (%)	
					(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
17 June 2025	29 August 2025	Risecomm Group Holdings Limited	1679	5 for 1	(22.48)	(20.63)	(4.62)	(4.62)	0.50	N	N	N	N	83.33	18.73			
25 June 2025	25 September 2025	Sino Splendid Holdings Limited	8006	3 for 2	(11.10)	(12.10)	(4.80)	(5.60)	2.50	N	N	N	N	60.00	6.70			
7 July 2025	25 July 2025	Saenergy Group Limited	2459	1 for 2	(55.60)	(56.30)	(45.50)	(56.30)	3.50	N	N	N	N	33.33	18.80			
9 July 2025	13 October 2025	Alto Holdings Limited	328	4 for 1	(19.00)	(19.00)	Not disclosed	(19.00)	1.50	N	N	N	N	80.00	15.52			
10 July 2025	21 August 2025	XJ International Holdings Co., Ltd.	1765	1 for 12	(1.96)	(0.50)	(1.82)	(0.50)	0.50	N	N	N	N	7.69	0.15			
23 July 2025	12 September 2025	Future Machine Limited	1401	1 for 2	(72.28)	(72.28)	(63.48)	(72.28)	0.75	Y	N	N	N	33.33	24.09			
25 July 2025	2 October 2025	Shin Hwa World Limited	582	1 for 1	(34.21)	(33.07)	(20.63)	(34.21)	1.50	Y	N	N	N	50.00	17.11			
30 July 2025	18 August 2025	Da Yu Financial Holdings Limited	1073	1 for 2	(16.67)	(16.67)	(18.92)	(16.67)	N/A	Y	N	N	N	33.33	6.63			
4 August 2025	1 September 2025	TOMO Holdings Limited	6928	1 for 2	(62.10)	(63.20)	(52.20)	(62.10)	1.00	N	N	N	N	33.33	21.30			
6 August 2025	24 September 2025	Value Convergence Holdings Limited	821	2 for 1	(4.26)	(5.86)	(1.53)	(4.26)	2.50	Y	N	N	N	66.67	3.11			
13 August 2025	11 September 2025	China Information Technology Development Limited	8178	3 for 8	(55.05)	(55.43)	(47.11)	(55.05)	7.07	Y	Y	Y	Y	27.27	15.12			
19 September 2025	14 October 2025	Immunotech Biopharm Ltd	6978	1 for 5	(47.70)	(47.79)	(43.79)	(47.79)	1.45	Y	N	N	N	16.67	8.05			
2 October 2025	20 October 2025	China New Economy Fund Limited	80	1 for 2	(29.29)	(27.23)	(21.70)	(29.29)	N/A	Y	N	N	N	33.33	9.70			
22 September 2025	24 October 2025	Gameone Holdings Limited	8282	1 for 2	1.69	(0.99)	(1.12)	0.50	Y	N	N	N	N	33.33	0.55			
26 September 2025	14 November 2025	Perfitech International Holdings Limited	765	1 for 2	(18.06)	(20.70)	(12.72)	(18.06)	N/A	Y	N	N	N	33.33	6.99			
9 October 2025	17 November 2025	CCIAM Future Energy Limited	145	1 for 2	(18.62)	(19.05)	(13.07)	(18.62)	0.54	N	N	N	N	33.33	6.63			
5 October 2025	20 November 2025	Fire Rock Holdings Limited	1909	1 for 2	(20.20)	(27.85)	(14.59)	(20.20)	0.07	N	N	N	N	33.33	9.13			
4 September 2025	21 November 2025	Aeso Holding Limited	8341	2 for 1	(25.70)	(23.10)	(10.35)	(25.70)	2.50	N	N	N	N	66.67	17.12			
22 October 2025	21 November 2025	Crocodile Garments Limited	122	1 for 2	(22.68)	(22.44)	(16.34)	(22.68)	N/A	Y	N	N	N	33.33	7.56			
10 September 2025	27 November 2025	China Automotive Interior Decoration Holdings Limited	48	3 for 2	(29.73)	(29.27)	(14.47)	(29.73)	1.50	N	N	N	N	60.00	17.87			

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Announcement date	Listing document date	Company name	Stock code	Basis of entitlement	Premium/ (Discount) of the subscription price over/to the average closing share price for the five previous consecutive trading days up to and including the last trading day (%)	Premium/ (Discount) of the subscription price over/to the closing share price on the last trading day (%)	Underwriting/ placing theoretical ex-right share price (%)	Underwriting commission, as the case may be application (%)	Excess application (%)	Fully underwritten Yes/No	Theoretical dilution impact (%)
											(Note 1) (Note 2)
14 August 2025	2 December 2025	China Energy Development Holdings Limited	228	1 for 2	(19.90)	(19.90)	Not disclosed	N/A	Y	N	33.33
15 September 2025	3 December 2025	Zhong Jia Guo Xin Holdings Company Limited	899	2 for 1	(33.64)	(35.23)	(14.45)	5.00	N	N	66.67
4 September 2025	5 December 2025	Many Idea Cloud Holdings Limited	6696	6 for 1	(22.08)	(24.56)	(4.94)	0.20	N	N	35.71
				Min	(72.28)	(72.28)	(63.48)	0.07			7.69
				Max	1.69	(0.50)	(1.12)	7.07			85.71
				Median	(22.48)	(23.10)	(14.45)	1.48			33.33
				Mean	(27.85)	(28.50)	(20.05)	1.84			9.70
		The Company		4 for 1	(28.13)	(27.67)	(7.26)	1.00	N	N	45.10
										80	12.30
											22.5%

*Source: The Stock Exchange*

*Notes:*

1. The potential maximum dilution effect of each rights issue is calculated as number of rights shares issued or to be issued under the basis of entitlement divided by the total number of shares as enlarged by the rights issue according to their respective basis of entitlements and assuming all rights shares have been/will be allotted and issued times 100%.
2. The theoretical dilution effect is calculated in accordance to Rule 10.44A of the Rules Governing of the Listing of Securities on GEM or Rule 7.27B of the Listing Rules.

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

As set out in the table above, we noted that:

- (a) the premium/discount of Subscription Price to the closing price on the Last Trading Day of the Comparables ranged from discount of approximately 72.28% to premium of approximately 1.69%, with the average and median of discounts being approximately 27.85% and 22.48% respectively. The Subscription Price represents a discount of approximately 28.13% to the theoretical closing price per Consolidated Share (after taking into account the effect of the Share Consolidation) on the Last Trading Day, which is within the range, slightly higher than the median and broadly in line with the average discount of the Comparables;
- (b) the premium/discount of Subscription Price over the average closing share price for the five previous consecutive trading days up to and including the Last Trading Day of the Comparables ranged from discount of approximately 72.28% to discount of approximately 0.5%, with the average of discounts being approximately 28.5% and the median discount of approximately 23.1%. The Subscription Price represents 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) for the last five consecutive trading days up to and including the Last Trading Day, which is within the range, slightly higher than the median discount of the Comparables and also broadly in line with the average discount of the Comparables;
- (c) the premium/discount of Subscription Price to the theoretical ex-rights price of the Comparables ranged from discount of approximately 63.48% to discount of approximately 1.12%, with the average of discounts of approximately 20.05%. The Subscription Price represents a discount of approximately 7.26% to the theoretical ex-rights price per Consolidated Share based on the theoretical closing price per Consolidated Share (after taking into account the effect of the Share Consolidation) on the Last Trading Day which is within the range and much lower than the average discount of the Comparables;
- (d) the theoretical dilution effect of the Rights Issue Comparables ranged from 0.15% to approximately 24.78%. The theoretical dilution effect of the Rights Issue of approximately 22.50% is within the theoretical dilution range of the Comparables;

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- (e) the Rights Issue is on a non-underwritten basis, which is considered to be in line with market practice, given that 22 out of 23 Comparables were also conducted on a non-underwritten basis;
- (f) the placing commission rate of 1.00% under the Placing Agreement is within the range of the placing commission rates provided by the placing agents of the Comparables, which was ranged from 0.07% to 7.07% of the fund raised; and
- (g) majority of the Comparables had set the subscription price of their rights issue at a discount to the prevailing market price of the relevant shares before the relevant announcements in respect of the rights issue were made except one Comparable, being Gameone Holdings Limited (stock code: 8282).

It is noted that setting the subscription price at a discount to the prevailing market prices of the relevant shares is a common market practice to enhance the attractiveness of rights issue transactions and encourage shareholder participation. Among the 23 Comparables, 22 set their subscription prices at various degrees of discount to their respective closing prices on the last trading day and the average closing price over the five consecutive trading days. In line with this market practice, the Subscription Price was also set at a discount to the closing price on the Last Trading Day and the average closing price for the five previous consecutive trading days up to and including the Last Trading Day. Even though the range of the above discounts/premium of the subscription prices to the Comparables to the benchmarked prices can be wide, we are of the view that the Comparables are fair and representative samples which form a meaningful comparison to assess the fairness and reasonableness of the Subscription Price for the reasons that the above rights issues are conducted by listed companies on the Stock Exchange; and the above rights issues issued relevant prospectuses during the Comparison Review Period which is most updated. We are of the view that it is intended to identify the most recent rights issue transactions conducted by companies listed on the Stock Exchange under the market conditions and sentiment close enough to that of the Rights Issue, thus allowing reasonable comparison of their commercial terms. Therefore, we consider that the terms of the Comparables were determined under similar market conditions and sentiment and the Comparables provide a general reference for the key terms of rights issue transactions. On this basis, we consider the Comparables to be indicative in assessing the fairness and reasonableness of the terms of the Rights Issue (including the Subscription Price).

Having considered the above analysis, we are of the view that the Subscription Price is fair and reasonable to the Company.

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

### IV. 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:

	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				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			
	Number of Shares	Approximate		Number of Shares	Approximate		Number of Shares	Approximate		Number of Shares	Approximate					
		Consolidated	%		Consolidated	%		Consolidated	%		Consolidated	%				
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					
<b>Total</b>	<b>921,120,000</b>	<b>100.00</b>		<b>46,056,000</b>	<b>100.00</b>		<b>230,280,000</b>	<b>100.00</b>		<b>230,280,000</b>	<b>100.00</b>					

*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.

**V. Possible dilution effect to the existing public Shareholders**

The Rights Issue provides Qualifying Shareholders with the opportunity to maintain their proportional interests in the Company and to participate in its future development, should they choose to do so. However, those Qualifying Shareholders who opt not to subscribe to the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue, with their aggregate interests potentially reduced by a maximum of approximately 80%. As illustrated in the table above, the theoretical dilution effect of the Comparables ranged from approximately 0.15% to 24.78%, with an average of 12.3% and a median of 9.7%. The theoretical dilution effect of the Rights Issue, at approximately 22.5%, falls within the upper end of the range of the Comparables, although it is deeper than both the average and median dilution effects. Nonetheless, the theoretical dilution effect of the Rights Issue complies with the theoretical dilution limit as defined under the Listing Rules. Having considered (i) the theoretical dilution effect of the Rights Issue falls within the range of the Comparables and complies with the dilution limit under the Listing Rules; (ii) the proceeds from the Rights Issue will be applied toward the Group's business development; (iii) the Rights Issue will strengthen the Group's financial position; (iv) all Qualifying Shareholders are given an equal opportunity to maintain their shareholding interests and participate in the Company's development; (v) the inherent dilutive nature of rights issues in general if existing shareholders do not fully take up their entitlements; and (vi) the flexibility provided to Qualifying Shareholders who choose not to subscribe, as they may dispose of their nil-paid Rights Shares in the open market, we consider that the potential dilution effect of the Rights Issue is justifiable.

**VI. Possible Financial Effects of the Rights Issue**

In terms of the net tangible assets per Share, as set out in Appendix II to this Circular, upon completion of the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share as at 30 September 2025 immediately after the completion of the Share Consolidation and the Rights Issue would be approximately HK\$0.96 (assuming all Qualifying Shareholders have taken up the Rights Shares), representing a decrease of approximately 68% as compared to the audited consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share as at 30 September 2025 upon the completion of the Share Consolidation and before the Rights Issue of approximately HK\$3.00. Despite a reduction of approximately 68% in the consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share upon completion of the Share Consolidation and the Rights Issue, we have carefully considered (i) the reasons for the Rights Issue as outlined in the Letter from the Board, and (ii) the rights of the Qualifying Shareholders to take up their respective entitlements. This allows them to maintain their shareholdings in the Company and participate in the Group's potential growth. In our view, the overall impact on the consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share is fair and reasonable, and it serves the best interests of the Company and its Shareholders as a whole.

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

In terms of liquidity position, the Group had bank balances and cash of approximately HK\$45.8 million and the Group had current assets of approximately HK\$134.3 million and current liabilities of approximately HK\$22.2 million as at 30 September 2025, giving rise to a current ratio (being current assets divided by current liabilities) of approximately 6.0. Immediately upon completion of the Rights Issue, the cash and cash equivalents of the Group may increase by up to the maximum amount of net proceeds from the Rights Issue; that is up to approximately HK\$82.0 million. In such case, the current ratio of the Group will potentially increase from approximately 6.0 to 9.7. As such, the current ratio and the Group's liquidity position will improve following the Rights Issue.

After taking into consideration the above, particularly the improvement in liquidity position of the Group, we are of the view that the Rights Issue is in the interest of the Company and the Shareholders as a whole.

### RECOMMENDATION

Taking into consideration the above principal factors and reasons, we are of the view that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and 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, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

**First Global Corporate Finance Co., Limited**

**Wendy Liu**

*Managing Director*

*Ms. Liu is a licensed person registered with SFC and regarded as a responsible officer of Type 6 (advising on corporate finance) of First Global Corporate Finance Co., Limited. Ms. Liu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under SFO since 2014.*

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three years ended 31 March 2025 and the six months ended 30 September 2025 are disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.hy-engineering.com](http://www.hy-engineering.com)):

- (i) the audited financial information of the Group for the year ended 31 March 2023 is disclosed in the annual report of the Company for the year ended 31 March 2023 published on 31 July 2023 (pages 55 to 139)  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0731/2023073100518.pdf>);
- (ii) the audited financial information of the Group for the year ended 31 March 2024 is disclosed in the annual report of the Company for the year ended 31 March 2024 published on 29 July 2024 (pages 50 to 131)  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0729/2024072900757.pdf>);
- (iii) the audited financial information of the Group for the year ended 31 March 2025 is disclosed in the annual report of the Company for the year ended 31 March 2025 published on 30 July 2025 (pages 49 to 121)  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0730/2025073000733.pdf>); and
- (iv) the unaudited financial information of the Group for the six months ended 30 September 2025 is disclosed in the interim report of the Company for the six months ended 30 September 2025 published on 28 November 2025 (pages 11 to 24)  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/1231/2025123100593.pdf>)

## 2. INDEBTEDNESS STATEMENT

As at 30 November 2025, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group's indebtedness are set out below:

	HK\$'000
<b>Current liabilities</b>	
Lease liabilities — unsecured and unguaranteed ( <i>note (a)</i> )	550
Other borrowing — unsecured and unguaranteed ( <i>note (b)</i> )	<u>1,000</u>
	<u>1,550</u>
<b>Non-current liabilities</b>	
Lease liabilities — unsecured and unguaranteed ( <i>note (a)</i> )	<u>1,074</u>
	<u>2,624</u>

*Notes:*

- (a) The Group entered into one lease agreement for leasing warehouse located in Hong Kong, which are recognized as right-of-use assets and lease liabilities for this lease.
- (b) Other borrowing was unsecured, interest bearing at 18% per annum and repayable in April 2026.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables and contract liabilities, as at 30 November 2025, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Circular, the Group did not have any loan capital or debt securities issued and outstanding or agreed to be issued, or authorized or otherwise created but unissued, bank overdrafts, loans, term loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages and charges, hire purchase commitments, material contingent liabilities or guarantees outstanding.

To the best knowledge of the Directors, having made all reasonable enquiries, (i) there has been no material change in indebtedness or contingent liabilities of the Group since indebtedness statement; (ii) there has not been any default on repayments or other obligations in any material respect under the loan agreements; (iii) the Group does not have material covenants relating to the outstanding debts; (iv) the Group has complied with all of the finance covenants up to the Latest Practicable Date; and (v) the Group does not have any material external debt financing plans as at the Latest Practicable Date.

### 3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources presently available to the Group including the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for at least the next twelve months from the date of the publication of this circular.

### 4. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group subsequent to 31 March 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

### 5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

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.

For FY2025, the Group's total revenue amounted to approximately HK\$187.5 million, representing an increase of approximately 19.3% from approximately HK\$157.2 million for FY2024, 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. The Group's net loss increased by approximately 483.1% from approximately HK\$4.1 million for FY2024 to approximately HK\$24.0 million for FY2025, primarily attributable to (i) the decrease in gross profit as mentioned above; and (ii) the change from net other income and other gains of approximately HK\$593,000 for FY2024 to net other losses of approximately HK\$5.8 million for FY2025, mainly due to the increase in the net impairment loss under expected credit loss model on trade receivables and contract assets by approximately HK\$2.1 million and the recognition of a one-off income gain of HK\$6.3 million in FY2024.

For 6M2025, the Group's total revenue amounted to approximately HK\$90.2 million, representing an increase of 14.4% from approximately HK\$78.8 million for 6M2024, 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.

In view of the Hong Kong Government's stimulus plans in housing and infrastructure, the Group will focus on its construction business in Hong Kong in the coming years. As stated in the Chief Executive's 2022 Policy Address (the "**Policy Address**"), the Hong Kong Government is determined to resolve the housing issue with 330,000 public housing units to be built in coming ten-year period (i.e. from 2022–23 to 2031–32) which is two times the amount built in the last ten-year period (actual production was 156,000 from 2012–13 to 2022–23). The then Chief Executive was committed to further boosting public housing supply partly by invoking land resumption to resume certain private land. The Hong Kong Government has also been formulating policies to ensure the effective use of land resources, in particular, the construction of New Development Areas such as Kwu Tung North and Fanling North New Development Area providing approximately 350,000 housing units upon its full development, and the inclusion of land in Lau Fau Shan and Tsim Bei Tsui into the Hung Shui Kiu/Ha Tsuen New Development Area providing more than 47,000 residential units. Other growth opportunities are presented by policies including the development of Kau Yi Chau Artificial Islands as part of the Lantau Tomorrow Vision, the Tung Chung new town extension, the public housing development at Cha Kwo Ling Village and redevelopment of Yau Tong and Lei Yue Mun. All such government policies and strategies are positive signals to the construction industry. Accordingly, the demand for steel and metal products, metal gates, shutters and fire rated doors is expected to increase as they are essential components of new buildings.

As the Group mainly focus on the steel and metal engineering services for the public rental housing sector, such policy and determination of the Hong Kong Government would benefit the Group and be a strong incentive for the Group to focus on its core business. Further, the constant need for renovation and refurbishment of public housing and facilities and renovation and fitting out works for commercial properties has also created stable demand for steel and metal engineering services, particularly metal gates, shutters and doors, staircase handrails, structural frames, louvre frames, brackets, fencing and ceiling tiles.

Overall, the Board remain confident of the Group's future as it is expected that the Hong Kong Government will continue strong commitment on public housing and the recovery of property market will enhance the Group's business and profitability.

*For illustrative purposes, the financial information prepared in accordance with Paragraph 13 of Appendix D1B and Rule 4.29 of the Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by completion of the Rights Issue as if the Rights Issue had been completed on 30 September 2025. The statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the Group's financial condition on the completion of the Rights Issue.*

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

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared by the Directors in accordance with Paragraph 13 of Appendix D1B and Rule 4.29 of the Listing Rules is set out to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had been completed on 30 September 2025.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared for illustrative purpose only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at the date to which it is made up or at any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2025, as extracted from the published interim report of the Company for the six months ended 30 September 2025, with adjustments described below.

Unaudited consolidated net tangible assets of the Group as at 30 September 2025	Unaudited estimated net proceeds from the Rights Issue HK\$'000 (Note 1)	Unaudited net tangible assets of the Group as at 30 September 2025	Unaudited consolidated net tangible assets of the Group per share before the Share Consolidation HK\$ (Note 2)	Unaudited consolidated net tangible assets of the Group per share upon the completion of the Share Consolidation HK\$ (Note 3)	Unaudited adjusted net tangible assets of the Group per share upon the completion of the Share Consolidation HK\$ (Note 4)	Unaudited adjusted net tangible assets of the Group per share HK\$ (Note 5)
Based on maximum number of 184,224,000 Rights Shares to be issued						
	<u>138,075</u>	<u>82,043</u>	<u>220,118</u>	<u>0.15</u>	<u>3.00</u>	<u>0.96</u>

Notes:

- (1) The unaudited consolidated net tangible assets of the Group as at 30 September 2025 of approximately HK\$138,075,000 is based on the unaudited consolidated net assets of the Group as at 30 September 2025 as show on unaudited condensed consolidated statement of financial position of the Group as at 30 September 2025 which no audit nor review report has been issued for the interim report of the Company published on 31 December 2025.
- (2) The Company proposed to implement the share consolidation on the basis that every twenty issued and unissued shares be consolidated into one (the “**Share Consolidation**”). Upon the Share Consolidation becoming effective but before the completion of the Right Issue, the authorized share capital of the Company will become HK\$38,000,000 divided into 190,000,000 consolidated shares of HK\$0.20 each (the “**Consolidated Shares**”), of which 46,056,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue. The estimated net proceeds from the Rights Issue is approximately HK\$82,043,000 which is based on 184,224,000 Rights Shares to be issued, on the basis of four Rights Shares for every one Consolidated Share at the Subscription Price of HK\$0.46 per Rights Share and after deducting estimated related expenses, including among others, legal and professional fees, which are directly attributable to the Rights Issue, of approximately HK\$2,700,000.
- (3) The unaudited consolidated net tangible assets of the Group per Share before the completion of the Share Consolidation and the Rights Issue is determined based on the unaudited consolidated net tangible assets of the Group as at 30 September 2025 of approximately HK\$138,075,000 as disclosed in Note 1 above, divided by 921,120,000 shares in issue.

- (4) The unaudited consolidated net tangible assets of the Group per Share upon completion of the Share Consolidation and before the completion of the Rights Issue is determined based on the unaudited consolidated net tangible assets of the Group as at 30 September 2025 of approximately HK\$138,075,000 as disclosed in Note 1 above, divided by 46,056,000 Consolidated Shares in issue as disclosed in Note 2 above.
- (5) The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share immediately after completion of the Rights Issue is determined based on the unaudited consolidated net tangible assets of the Group as at 30 September 2025 of approximately HK\$138,075,000 as disclosed in Note 1 above and the estimated net proceeds after completion of the Rights Issue of approximately HK\$82,043,000 as set out in Note 2 above, divided by 230,280,000 Shares which represents the sum of 46,056,000 Consolidated Shares in issue and 184,224,000 Rights Shares to be issued.
- (6) Save as disclosed above, no other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2025.

**B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE  
COMPIRATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the reporting accountant, Moore CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose in this circular.*



**Moore CPA Limited**

1001-1010, North Tower, World Finance Centre,  
Harbour City, 19 Canton Road,  
Tsim Sha Tsui, Kowloon, Hong Kong

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE  
COMPIRATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

**TO THE DIRECTORS OF HANG YICK HOLDINGS COMPANY LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hang Yick Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) consists of the unaudited pro forma statement of consolidated net tangible assets of the Group as at 30 September 2025 and related notes as set out in Part A of Appendix II to the circular dated 13 January 2026 (the “**Circular**”) issued by the Company in connection with the proposed rights issue on the basis of four rights shares for every one consolidated share of the Company (the “**Rights Issue**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Part A of Appendix II to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group’s consolidated net tangible assets as at 30 September 2025 as if the Rights Issue had taken place on 30 September 2025. As part of this process, information about the Group’s consolidated financial position as at 30 September 2025 has been extracted by the Directors from interim report of the Company for the six months ended 30 September 2025, dated 31 December 2025, on which no audit nor review report has been issued.

**Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 13 of Appendix D1B and Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

**Our Independence and Quality Management**

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

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

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 September 2025 would have been as presented.

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

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

**Opinion**

In our opinion:

- a. the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

**Moore CPA Limited**  
*Certified Public Accountants*

**Mo Wing Sze Regina**  
*Practising Certificate Number: P06709*

Hong Kong, 13 January 2026

## 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. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after the completion of the Increase in Authorised Share Capital becoming effective but before the completion of the Share Consolidation and the Rights Issue; (iii) immediately after the completion of the Share Consolidation becoming effective but before the completion of the Increase in Authorised Share Capital and the Rights Issue; (iv) immediately after the completion of the Increase in Authorised Share Capital and the Share Consolidation becoming effective but before the completion of the Rights Issue; and (v) immediately after the completion of the Rights Issue (assuming full acceptance of the Rights Issue and no change in the issued share capital of the Company from the Latest Practicable Date up to the completion of the Rights Issue other than as a result of the Increase in Authorised Share Capital and the Share Consolidation) are set out as follows:

### (i) As at the Latest Practicable Date

<i>Authorised:</i>	<i>HK\$</i>
3,800,000,000 Shares of HK\$0.01 each	38,000,000

#### *Issued and paid-up share capital:*

921,120,000 Shares of HK\$0.01 each	9,211,200
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### (ii) Immediately after the completion of the Increase in Authorised Share Capital becoming effective but before the completion of the Share Consolidation and the Rights Issue

<i>Authorised:</i>	<i>HK\$</i>
7,600,000,000 Shares of HK\$0.01 each	76,000,000

#### *Issued and paid-up share capital:*

921,120,000 Shares of HK\$0.01 each	9,211,200
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**(iii) Immediately after the completion of the Share Consolidation becoming effective but before the completion of the Increase in Authorised Share Capital and the Rights Issue**

*Authorised:* HK\$

190,000,000 Consolidated Shares of HK\$0.20 each	38,000,000
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*Issued and paid-up share capital:*

46,056,000 Consolidated Shares of HK\$0.20 each	9,211,200
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**(iv) Immediately after the completion of the Increase in Authorised Share Capital and the Share Consolidation becoming effective but before the completion of the Rights Issue**

*Authorised:* HK\$

380,000,000 Consolidated Shares of HK\$0.20 each	76,000,000
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*Issued and paid-up share capital:*

46,056,000 Consolidated Shares of HK\$0.20 each	9,211,200
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**(v) Immediately after the completion of the Rights Issue (assuming full acceptance of the Rights Issue and no change in the issued share capital of the Company from the Latest Practicable Date up to the completion of the Rights Issue other than as a result of the Increase in Authorised Share Capital and the Share Consolidation)**

*Authorised:* HK\$

380,000,000 Consolidated Shares of HK\$0.20 each	76,000,000
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*Issued and paid-up share capital:*

46,056,000 Consolidated Shares of HK\$0.20 each	9,211,200
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184,224,000 Rights Shares to be allotted and issued upon completion of the Rights Issue	<u>36,844,800</u>
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230,280,000 Consolidated Shares in issue immediately after completion of the Rights Issue	<u>46,056,000</u>
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All of the Shares in issue are fully-paid and rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

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

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

### **3. SHARE OPTION SCHEME**

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.

### **4. DISCLOSURE OF INTERESTS**

#### **Directors' and chief executive's interests and short positions in Shares, underlying shares and debentures**

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (i) 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 the interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

**Substantial shareholders' interest in Shares and underlying shares**

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

**5. DIRECTORS' INTERESTS IN COMPETING INTERESTS**

As at the Latest Practicable Date, the Directors confirm that none of them or his/her/its respective close associates had interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosable under the Listing Rules.

**6. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENT**

As at the Latest Practicable Date, none of the Directors (i) had any interest in any assets which have been, since 31 March 2025 (being the date up to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting and significant in relation to the business of the Group.

**7. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

**8. LITIGATION**

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

## 9. EXPERTS AND CONSENTS

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

Name	Qualifications
Moore CPA Limited	Certified Public Accountants
First Global Corporate Finance Co., Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

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

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

As at the Latest Practicable Date, none of the experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2025, being the date to which the latest published audited accounts of the Company were made up.

## 10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by members of the Group within the two years immediately preceding the date of this circular and which are or may be material to the Group:

- (i) the placing agreement dated 23 May 2024 entered into between the Company and Space Securities Limited in relation to the procurement of not less than six placees to subscribe up to 153,520,000 placing shares at a price of HK\$0.054 per placing share on a best effort basis for net proceeds of approximately HK\$7.8 million; and
- (ii) the Placing Agreement.

## 11. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

<b>Board of Directors</b>	<p><i>Executive Directors</i></p> <p>Mr. Sin Kwok Chi Stephen (<i>Chief Executive Officer</i>)</p> <p>Mr. Law Hok Yu</p> <p>Mr. Lin Ruzhou</p>
	<p><i>Independent non-executive Directors</i></p> <p>Mr. Shi Jianwen</p> <p>Mr. Chan Man Kit</p> <p>Ms. Zhao Aiyin</p> <p>Mr. Han Fei</p> <p>Mr. Huang Xinwen</p>
<b>Registered office</b>	<p>Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands</p>
<b>Headquarters and principal place of business in Hong Kong</b>	<p>Flat 606, 6/F Sunray Industrial Centre 610 Cha Kwo Ling Road Yau Tong, Kowloon, Hong Kong</p>
<b>Company secretary</b>	Mr. Law Hok Yu
<b>Auditor</b>	<p>Global Link CPA Limited Registered Public Interest Entity Auditor</p> <p>Suite 1604, 16/F, Shun Tak Centre West Tower, No. 168–200 Connaught Road Central, Sheung Wan, Hong Kong</p>
<b>Principal bankers</b>	<p>DBS Bank (Hong Kong) Limited G/F, The Center, 99 Queen's Road Central, Central, Hong Kong</p> <p>Bank of China Huizhou Lilin Branch No. 22, Madi Road, Huizhou City, Guangdong Province</p> <p>Agricultural Bank of China Huizhou Lilin Branch No. 466, Zhongkai 8th Road, Lilin Town, Huicheng District, Huizhou City, Guangdong Province</p>

<b>Hong Kong branch share registrar and transfer office</b>	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
<b>Financial adviser</b>	Rainbow Capital (HK) Limited Office No. 710, 7/F Wing On House No. 71 Des Voeux Road Central Hong Kong
<b>Independent Financial Adviser</b>	First Global Corporate Finance Co., Limited Room 1706–07, 17/F China Insurance Group Building 141 Des Voeux Road Central Central, Hong Kong
<b>Placing Agent</b>	DaoKou Securities Limited Suite 1406, 14/F Great Eagle Centre 23 Harbour Road Wanchai, Hong Kong

## 12. EXPENSES

The expenses in connection with the Rights Issue, including but not limited to the financial advisory fees, printing, registration, translation, legal and accounting fees are estimated to be approximately HK\$2.7 million, which are payable by the Company.

## 13. PARTICULARS OF DIRECTORS OF THE COMPANY

### Executive Directors

**Mr. Sin Kwok Chi Stephen** (“**Mr. Sin**”), aged 55, joined the Group in February 2004 and was appointed as an executive Director and chief executive officer of the Group with effect from 9 June 2021, and authorised representative with effect from 21 July 2021. He oversees the strategic direction and supervision of the engineering department. Mr. Sin obtained a diploma in mechanical engineering from Haking Wong Technical Institute (currently known as The Hong Kong Institute of Vocational Education (Haking Wong)) in August 1991. He also obtained a higher certificate in mechanical engineering and a bachelor’s degree in building services engineering, from Hong Kong Polytechnic (currently known as Hong Kong Polytechnic University) and Hong Kong Polytechnic University in November 1993 and November 2002, respectively. Mr. Sin has more than 20 years’ experience in the gate engineering industry. Prior to joining the Group, Mr. Sin was employed by Sanwa Shutter (HK) Limited from November 1993 to June 2003 with his last position as senior engineer manager.

**Mr. Law Hok Yu** (“**Mr. Law**”), aged 35, was appointed as executive Director with effect from 20 May 2024. He obtained his bachelor degree of Business Administration in Accountancy from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Law has over 10 years of experience in auditing, accounting and corporate finance. Mr. Law is currently an executive Director of the Company and an executive director, company secretary and authorised representative of China New Holdings limited (formerly known as Royal Century Resources Holdings Limited) (stock code: 8125), since May 2024, a company secretary of Dreameast Group Limited (stock code: 593), since October 2025, and an independent non-executive director of OneConstruction Group Limited (Nasdaq stock code: ONEG) since the listing in December 2024.

**Mr. Lin Ruzhou** (“**Mr. Lin**”), aged 43, was appointed as executive Director with effect from 15 July 2025. Mr. Lin has over 15 years of practical experience in corporate strategic management, operational optimization and industrial integration, and many years of experience in the field of metal processing and trading business in the People’s Republic of China.

#### **Independent non-executive Directors**

**Mr. Shi Jianwen** (“**Mr. Shi**”), aged 31, was appointed as an independent non-executive Director with effect from 20 May 2024. Mr. Shi has over 8 years of experience in corporate operation and management in the financial leasing industry. Since 2020, he has worked in Shenzhen Zhongzhu Kaixuan Supply Chain Management Co., Ltd. and is currently the general manager. Mr. Shi is an executive director of Xinming China Holdings Limited (stock code: 2699), since August 2025. Mr. Shi obtained a bachelor’s degree in Economics from Zhuhai College of Beijing Institute of Technology in 2017.

**Mr. Chan Man Kit** (“**Mr. Chan**”), aged 37, was appointed as an independent non-executive director with effective from 25 November 2024. Mr. Chan has over 14 years of experience in auditing and accounting. Mr. Chan has served as the independent non-executive director of New Sparkle Roll International Group Limited (stock code: 970) since April 2024. Mr. Chan has been a Partner at Nortik Partners & Co. since 2019 and the sole proprietor of Chan Man Kit CPA since 2018, where he is responsible for audit and accounting services. Mr. Chan received his Bachelor of Science (Accounting) from the University of Hull. Mr. Chan is a practicing certified public accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants.

**Ms. Zhao Aiyin** (“**Ms. Zhao**”), aged 39, was appointed as an independent non-executive director with effective from 6 December 2024. Ms. Zhao has over 17 years of experience in accounting and finance, logistics and marketing. She has been working in Chuzhou Xuefeng Automobile Sales & Service Company Limited since 2018 and is currently the head of accounting. Ms. Zhao graduated from Chuzhou Vocational and Technical College in 2007, majoring in computerised accounting.

**Mr. Han Fei** (“**Mr. Han**”), aged 43, was appointed as an independent non-executive director with effect from 15 July 2025. Mr. Han has over 20 years of experience in banking, corporate finance, corporate accounting and operations management, which he gained from his previous work experience in various banks in the PRC and a Hong Kong company listed on the Main Board. Mr. Han obtained a bachelor’s degree in Management from Inner Mongolia Agricultural University in 2008 and a Master’s degree in Economic Management from the Party School of the Communist Party of China in Inner Mongolia Autonomous Region in 2024.

**Mr. Huang Xinwen** (“**Mr. Huang**”), aged 53, has been appointed as an independent non-executive director with effect from 22 October 2025. Mr. Huang Xinwen graduated from the Department of Mathematics of Gannan Normal University, majoring in mathematics in July 1992. He has over 30 years of work experience in company operations and enterprise management. From 2010 to 2016, he served as the deputy general manager of Shenzhen Dongfang Xinsheng Display Technology Co., Ltd.\* (深圳市東方鑫盛顯示科技有限公司), and from 2017 to 2025, he served as the general manager of Shenzhen Jiachengxin Display Technology Co., Ltd\* (深圳市佳成鑫顯示科技有限公司).

#### **Business address of the Directors**

The business address of the Directors is the same as the Company’s principal place of business in Hong Kong at Flat 606, 6/F, Sunray Industrial Centre, 610 Cha Kwo Ling Road, Yau Tong, Kowloon, Hong Kong

#### **14. AUDIT COMMITTEE**

As at the Latest Practicable Date, the audit committee of the Board comprises all the independent non-executive Directors, namely Mr. Shi Jianwen, Mr. Chan Man Kit, Ms. Zhao Aiying, Mr. Han Fei and Mr. Huang Xinwen. The primary duties of the audit committee include the review of the Group’s financial reporting process and the internal control systems as well as risk management of the Group.

#### **15. MISCELLANEOUS**

- (i) The company secretary of the Company is Mr. Law Hok Yu. He obtained his bachelor degree of Business Administration in Accountancy from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants.
- (ii) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

- (iii) The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.
- (iv) The English text of this circular and the accompanying form of proxy shall prevail over the respective Chinese text in case of inconsistency.

## 16. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hy-engineering.com) from the date of this circular up to and including the date of EGM:

- (i) the Letter from the Board, the text of which is set out on pages 11 to 36 of this circular;
- (ii) the letter from Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-29 of this circular;
- (iii) the accountants' report on the unaudited pro forma financial information of the Group set out in Appendix II to this circular;
- (iv) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and
- (v) the written consents of the experts referred to in the paragraph headed "Experts and Consents" in this appendix.

## NOTICE OF EGM

# HANG YICK HOLDINGS COMPANY LIMITED

## 恒益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1894)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Hang Yick Holdings Company Limited (the “Company”) will be held at 10:00 a.m. on Monday, 2 February 2026 on Room 1102, 11/F, Woon Lee Commercial Building, 7–9 Austin Avenue, Tsim Sha Tsui, Hong Kong for the purpose of considering and, if though fit, passing the following resolutions as ordinary resolutions of the Company. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated Tuesday, 13 January 2026 (the “Circular”):

#### ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon (i) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the Listing Rules to effect the Share Consolidation (as defined below) and the Increase in Authorised Share Capital (as defined below), and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares (as defined below) arising from the Share Consolidation, with effect from the second business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on the business day the aforesaid conditions are fulfilled (whichever is later):
  - (a) every twenty (20) existing issued and unissued ordinary shares of par value of HK\$0.01 each in the authorised share capital of the Company (the “**Share(s)**”) be consolidated into one (1) ordinary share of par value of HK\$0.20 each (the “**Consolidated Share(s)**”) so that the authorised share capital of the Company shall be changed from HK\$38,000,000 divided into 3,800,000,000 Shares to HK\$38,000,000 divided into 190,000,000 Consolidated Shares immediately following the Share Consolidation but before the Increase in Authorised Share Capital (as defined below) and such Consolidated Share(s) shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the second amended and restated memorandum and articles of association of the Company (the “**Share Consolidation**”);

## NOTICE OF EGM

- (b) immediately following the Share Consolidation, the authorised share capital of the Company be increased from HK\$38,000,000 divided into 190,000,000 Consolidated Shares to HK\$76,000,000 divided into 380,000,000 Consolidated Shares by the creation of an additional 190,000,000 Consolidated Shares (the “**Increase in Authorised Share Capital**”) with the overall effect that the authorised share capital of the Company shall change from initially HK\$38,000,000 divided into 3,800,000,000 Shares before the Share Consolidation and the Increase in Authorised Share Capital to HK\$76,000,000 divided into 380,000,000 Consolidated Shares after the Share Consolidation and the Increase in Authorised Share Capital;
- (c) no fractional Consolidated Shares will be issued by the Company and any fractional entitlements to the Consolidated Shares will be aggregated and sold for the benefit of the Company; and
- (d) any one or more directors of the Company (the “**Directors**”) be and is/are hereby authorised to approve, sign and execute such documents and do and/or procure to be done any and all acts, deeds and things which in his/her/their opinion may be necessary, desirable or expedient to effect and implement this resolution.”

2. “**THAT** conditional upon (i) the passing of resolution number 1 as set out above; (ii) 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; (iii) the delivery to the Stock Exchange, and filing and registration with Companies Registry in Hong Kong of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and in compliance with the Listing Rules, the Companies (WUMP) Ordinance and the Companies Ordinance; and (iv) the Placing Agreement not having been terminated in accordance with its provisions thereof, and remaining in full force and effect:

- (a) the allotment and issue of 184,224,000 Rights Shares by way of Rights Issue at the Subscription Price of HK\$0.46 per Rights Share on the basis of four (4) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date other than those Non-Qualifying Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong, whom the Directors, after making enquiry regarding the legal restrictions under the laws of relevant place and requirements of the relevant regulatory body or stock exchange, consider it necessary or expedient to exclude from Rights Issue, based on legal advice provided by legal advisers in the relevant jurisdictions, and the transactions contemplated thereunder, be and are hereby approved;

## NOTICE OF EGM

- (b) the Placing Agreement dated 11 December 2025 entered into between the Company and the Placing Agent and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) the Board or a committee thereof be and is/are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Board may make such exclusions or other arrangements in relation to the Non-Qualifying Shareholders as it may deem necessary or expedient having regard to the legal restrictions under the laws of the place and requirements of the relevant regulatory body or stock exchange; and
- (d) any Director be and is hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.”

Yours faithfully  
By order of the Board  
**Hang Yick Holdings Company Limited**  
**Law Hok Yu**  
*Executive Director and Company Secretary*

Hong Kong, 13 January 2026

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

*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

*As at the date of this notice, the Board comprises Mr. Sin Kwok Chi Stephen, Mr. Law Hok Yu and Mr. Lin Ruzhou as executive directors, and Mr. Shi Jianwen, Mr. Chan Man Kit, Ms. Zhao Aiying, Mr. Han Fei and Mr. Huang Xinwen as independent non-executive directors.*

## NOTICE OF EGM

*Notes:*

1. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint a proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A member holding two or more shares entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, at the office of the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong at least 48 hours before the time appointed for the holding of the EGM (i.e. at 10:00 a.m. on Monday, 2 February 2026) or any adjournment or postponement thereof.
3. The register of members of the Company will be closed from Tuesday, 27 January 2026 to Monday, 2 February 2026 (both days inclusive), during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong no later than 4:30 p.m. on Monday, 26 January 2026.
4. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. If Typhoon Signal No. 8 or above, or extreme conditions caused by super typhoons or a “black” rainstorm warning is in effect in Hong Kong any time after 7:00 a.m. on the date of the EGM, the EGM will be adjourned or postponed. The Company will post an announcement on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hy-engineering.com](http://www.hy-engineering.com)) to notify Shareholders of the date, time and place of the rescheduled meeting.
6. Any voting at the EGM shall be taken by poll.