
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 **China Wacan Group Company Limited**, you should at once hand this circular together with the enclosed proxy form 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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China Wacan Group Company Limited
中國網成集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1920)

- (1) CONNECTED TRANSACTION SUBSCRIPTION OF NEW SHARES BY
CONNECTED PERSON UNDER SPECIFIC MANDATE;**
(2) GRANT OF SHARE OPTIONS;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
**(4) PROPOSED AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION
AND ARTICLES OF ASSOCIATION OF THE COMPANY;**
**(5) PROPOSED ADOPTION OF THE NEW SHARE SCHEME AND
TERMINATION OF THE 2019 SHARE OPTION SCHEME;**
AND
(6) NOTICE OF EXTRAORDINARY GENERAL MEETING

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



Capital 9 Limited

A notice convening the Extraordinary General Meeting of China Wacan Group Company Limited to be held at Unit 2102, Building 4, Tianan Yungu Industrial Park Phase II, Gangtou Community, Bantian Street, Longgang District, Shenzhen, the PRC on Thursday, 26 February 2026 at 10:00 a.m. (Hong Kong time) is set out on pages EGM-1 to EGM-5 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders from attending and voting at the meeting, or any adjourned meeting, should they so wish, and in such event, the proxy form previously submitted shall be deemed to be revoked. For the avoidance of doubt, holders of any Treasury Shares shall abstain from voting at general meetings in respect of Treasury Shares held by them, if any.

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DEFINITIONS

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

“2019 Grantee”	certain eligible participants (as defined in the rules of the 2019 Share Option Scheme)
“2019 Share Option(s)”	the share option(s) granted or to be granted under the 2019 Share Option Scheme to subscribe for Shares in accordance with the terms thereof
“2019 Share Option Scheme”	the existing share option scheme adopted by the Company pursuant to a resolution in writing passed by the then sole shareholder of the Company on 22 July 2019
“Actual Sale Proceeds”	the proceeds from the sale of the Award Shares net of brokerage, Stock Exchange trading fee, SFC transaction levy and any other applicable costs
“Adoption Date”	the date of fulfillment of the condition set out in the section headed “24. CONDITION OF THE NEW SHARE SCHEME” of Appendix II to this circular
“Announcements”	the announcements of the Company dated 2 September 2025, 10 September 2025, 10 November 2025, 20 November 2025 and 28 January 2026 respectively in relation to among others, Grant of Share Options, Connected Transaction Subscription of New Shares by Connected Person Under Specific Mandate, the Increase in Authorised Share Capital, the Proposed Amendments, the adoption of the New Share Scheme and the termination of the 2019 Share Option Scheme
“Articles of Association” or “Articles”	the existing second amended and restated articles of association of the Company as amended from time to time
“Audit Committee”	the audit committee of the Board
“Award”	an award granted under the New Share Scheme, which may be a Share Option or a Share Award
“Award Shares”	new/existing Shares underlying an Award, including Treasury Shares that are transferred out of treasury by the Company
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system

DEFINITIONS

“close associate(s)”	has the meaning as defined in the Listing Rules
“Company”	China Wacan Group Company Limited (中國網成集團股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Subscription, which shall take place within three (3) Business Days after fulfilment of the conditions precedent set out in the Subscription Agreement or any other date as agreed by the Company and the Subscriber in writing
“connected person(s)”	has the meaning as defined in the Listing Rules
“controlling shareholder(s)”	has the meaning as defined in the Listing Rules
“core connected person(s)”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM” or “Extraordinary General Meeting”	the Extraordinary General Meeting of the Company to be held at Unit 2102, Building 4, Tianan Yungu Industrial Park Phase II, Gangtou Community, Bantian Street, Longgang District, Shenzhen, the PRC on Thursday, 26 February 2026 at 10:00 a.m. (Hong Kong time)
“EGM Notice”	the notice of the EGM which is set out on pages EGM-1 to EGM-5 of this circular
“Eligible Participant(s)”	an Employee Participant, and for the purposes of the New Share Scheme, the Offer may be made to a vehicle (such as a trust or a private company) or similar arrangement for the benefit of a specified Eligible Participant subject to the fulfilment of requirements of the Listing Rules (including but not limited to a waiver from the Stock Exchange, where applicable)
“Employee Participant(s)”	the directors and employees (whether full-time, part-time or other employment arrangement) of any member of the Group (including persons who are granted Awards under the New Share Scheme as inducement to enter into employment contracts with any member of the Group)
“Exercise Award Shares”	such number of Award Shares that have been exercised by a Grantee upon vesting of an Award

DEFINITIONS

“Exercise Period”	in respect of any Award, the period to be determined and notified by the Company to the Grantee thereof at the time of making an Offer provided that such period shall not go beyond the day immediately prior to the tenth (10th) anniversary of the offer date with respect of the relevant Award
“Exercise Price”	with respect to a particular Share Option, the price per Share at which the relevant Grantee may subscribe for the Shares on the exercise of the particular Share Option
“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of the New Share Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$40,000,000 (divided into 400,000,000 Shares) to HK\$120,000,000 (divided into 1,200,000,000 Shares) by the creation of an additional 800,000,000 Shares
“Independent Board Committee”	the independent committee of the Board which comprises all the independent non-executive Directors, namely Ms. Ding Xin, Ms. Zhang Lingke and Professor Lam Sing Kwong Simon, established to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated
“Independent Financial Adviser” or “Capital 9”	Capital 9 Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription
“Independent Shareholder(s)”	Shareholder(s) other than the Subscriber and their associates who are required to abstain from voting at the EGM

DEFINITIONS

“Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue and deal with Shares (including any sale or transfer of Treasury Shares, if any) not exceeding 20% of the total number of issued Shares (excluding Treasury Shares, if any) as at the date of passing of the resolution approving the Issue Mandate
“Latest Practicable Date”	27 January 2026, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication
“Last Trading Date”	10 November 2025, being the last full trading day of the Shares on the Stock Exchange immediately prior to the signing of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the existing second amended and restated memorandum of association of the Company as amended from time to time
“Minimum Period”	with respect to an Award, the period commencing on the offer date and ending on the day immediately prior to the expiry of the twelve (12)-month period thereof
“Mr. Zhou”	Mr. Zhou Zhenlin, chairman of the Board and an executive Director
“New Share Scheme”	the share scheme proposed to be adopted by the Company at the EGM
“Nomination Committee”	the nomination committee of the Board
“Offer”	an offer to an Eligible Participant for the grant of an Award
“Offer Date”	the date on which an Offer is made to an Eligible Participant which date must be a business day
“PRC” or “China”	the People’s Republic of China
“Proposed Amendments”	the proposed amendments to the Memorandum of Association and Articles of Association, details of which are set out in the section headed “Letter from the Board – Proposed Amendments to the Memorandum of Association and Articles of Association of the Company” in this circular

DEFINITIONS

“Proposed Grant”	the conditional grant of the 2019 Share Options granted to Mr. Zhou to subscribe for 3,744,000 Shares
“Purchase Price”	with respect to a particular Share Award, the price per Share at which the relevant Grantee is required to pay (which, for the avoidance of doubt, could be nil) to purchase or receive the Shares comprising the Share Award
“Remuneration Committee”	the remuneration committee of the Board
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares not exceeding 10% of the total number of issued Shares (excluding Treasury Shares, if any) as at the date of passing of the resolution approving the Repurchase Mandate
“Returned Shares”	unvested Award Shares held by a trustee of the Trust in respect of Share Awards which have lapsed in accordance with the terms of the New Share Scheme
“Scheme Mandate Limit”	has the meaning defined in the section headed “7. SCHEME LIMITS AND ADDITIONAL APPROVALS” of Appendix II to this circular
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Share Award”	an Award which vests as a right to purchase or receive Award Shares pursuant to the New Share Scheme
“Share Option”	an Award which vests as an option carrying the right to subscribe for Award Shares pursuant to the New Share Scheme
“Shareholder(s)”	registered holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to grant the authority to the Board for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscriber”	China Alliance Venture Technology Limited, a company incorporated in Hong Kong and is directly wholly owned by Mr. Zhou
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and subject to the conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 10 November 2025 between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.3965 per Subscription Share
“Subscription Share(s)”	the 112,320,000 new and fully paid Shares to be subscribed for by the Subscriber
“Substantial Shareholder”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs, as amended, modified and supplemented from time to time
“Termination Date”	close of business of the Company on the date which falls on the date immediately prior to the tenth (10th) anniversary of the Adoption Date, or such earlier date as the New Share Scheme is terminated in accordance of the terms thereunder
“Treasury Share(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

LETTER FROM THE BOARD

China Wacan Group Company Limited 中國網成集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1920)

Executive Director:

Mr. Zhou Zhenlin (*Chairman*)
Ms. Peng Yunying (*President*)
Mr. Guo Xianjiao

Registered office:

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Independent non-executive Directors:

Ms. Ding Xin
Ms. Zhang Lingke
Professor Lam Sing Kwong Simon

*Headquarter and principal place of business
in Hong Kong registered under Part 16
of the Companies Ordinance:*

Unit 2B, 35/F, East Tower
Cheung Kong Center II
No. 10 Harcourt Road
Central
Hong Kong

30 January 2026

To the Shareholders

Dear Sir or Madam,

- (1) CONNECTED TRANSACTION SUBSCRIPTION OF NEW SHARES BY
CONNECTED PERSON UNDER SPECIFIC MANDATE;
(2) GRANT OF SHARE OPTIONS;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(4) PROPOSED AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION
AND ARTICLES OF ASSOCIATION OF THE COMPANY;
(5) PROPOSED ADOPTION OF THE NEW SHARE SCHEME AND
TERMINATION OF THE 2019 SHARE OPTION SCHEME;
AND
(6) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the Announcements in relation to among others, Grant of Share Options, Connected Transaction Subscription of New Shares by Connected Person Under Specific Mandate, the Increase in Authorised Share Capital, the Proposed Amendments, the adoption of the New Share Scheme and the termination of the 2019 Share Option Scheme.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the information, among other things (i) further details of the proposed Subscription of new Shares; (ii) information in respect of the Proposed Grant; (iii) the recommendation of the Board, including all independent non-executive Directors, in relation to the Proposed Grant; (iv) the proposed increase in Authorised Share Capital; (v) the Proposed Amendments; (vi) the adoption of the New Share Scheme and the termination of the 2019 Share Option Scheme; and (vii) notice of convening the EGM; and other information required under the Listing Rules.

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

Reference is made to the announcement made by the Company dated 10 November 2025.

On 10 November 2025 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 112,320,000 Subscription Shares at the Subscription Price of HK\$0.3965 per Subscription Share for a total consideration of HK\$44,534,880.

The salient terms of the Subscription Agreement are set out as follows:

Date

10 November 2025 (after trading hours)

Parties

- (i) the Company; and
- (ii) the Subscriber

The Subscription

Pursuant to the Subscription Agreement, the Company conditionally agreed to allot and issue (pursuant to the Specific Mandate), and the Subscriber conditionally agreed to subscribe for 112,320,000 Subscription Shares at the Subscription Price of HK\$0.3965 for each Subscription Share. The cash consideration payable by the Subscriber shall be HK\$44,534,880 (payable in full on the date of the Completion).

The Subscription Shares

The total number of the Subscription Shares is 112,320,000 Shares, which represents approximately 30% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 23.08% of the enlarged issued share capital of the Company immediately following the Completion (assuming that there are no other changes in the share capital of the Company between the date of the Subscription Agreement and the date of the Completion). The nominal value of the Subscription Shares is HK\$11,232,000. The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with Shares in issue at the time of allotment and issue of the Subscription Shares.

LETTER FROM THE BOARD

The Subscription Price

The Subscription Price of HK\$0.3965 per Subscription Share:

- (i) represents a premium of approximately 4.34% over the closing price of HK\$0.380 per Share as quoted on the Stock Exchange on the Last Trading Date and the date of the Subscription Agreement;
- (ii) represents a premium of approximately 0.38% over the average of the closing price of HK\$0.395 per Share quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date;
- (iii) equivalent to the average of the closing price of HK\$0.3965 per Share quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the Last Trading Date; and
- (iv) represent a premium of approximately 510% over the Group's unaudited net asset value per Share as at 30 June 2025 of approximately HK\$0.065 (based on a total of 374,400,000 Shares as at the Latest Practicable Date and the Group's unaudited net assets value attributable to the Shareholders of approximately HK\$24.15 million as at 30 June 2025).

The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$0.3908 per Subscription Share. The cash consideration of HK\$44,534,880 is payable in cash by the Subscriber on or before Completion. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber taking into account the prevailing market price of the Shares and the Group's historical performances as well as current market condition. The Board considers that the Subscription Price is fair and reasonable in light of the prevailing market conditions and the recent price performance of the Shares. The independent non-executive Directors will consider the advice from the Independent Financial Adviser and will include their opinions in the circular.

Conditions Precedent

Completion is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange having granted (conditionally or unconditionally) the listing of, and permission to deal in, the Subscription Shares on the main board of the Stock Exchange and such listing and permission not subsequently revoked;
- (ii) the passing of the resolution(s) at the EGM by the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Subscription Shares; and
- (iii) the passing of the resolution(s) at the EGM by the Shareholders to approve the Increase in Authorised Share Capital and the Proposed Amendments.

LETTER FROM THE BOARD

None of the Conditions Precedent can be waived by any parties to the Subscription Agreement. The Company shall use its endeavours to make the Conditions Precedent to be fulfilled on or before 31 March 2026. In the event that the Conditions Precedent are not fulfilled on or before 31 March 2026, the Subscription Agreement will lapse and become null and void forthwith and the parties thereto shall be released from all obligations thereunder.

Completion of the Subscription

Completion of the Subscription shall take place within three (3) Business Days after fulfilment of the Conditions Precedent or any other date as agreed by the parties to the Subscription Agreement in writing.

On or before the date of the Completion, the Subscriber shall pay to the Company cash consideration of HK\$44,534,880 under the Subscription Agreement for the subscription of the Subscription Shares. On the date of the Completion, the Company shall issue and deliver share certificates in relation to the Subscription Shares to the Subscriber.

Specific Mandate to Issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, shall rank *pari passu* in all respects with the existing Shares in issue at the date of allotment and issue of the Subscription Shares.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the main board of the Stock Exchange.

INFORMATION OF THE PARTIES

The Group is principally engaged in (i) the provision of wet trades works and other wet trades related ancillary works in Hong Kong; and (ii) the provision of construction information technology services. As disclosed in the announcement of the Company dated 30 December 2024, the Group intended to commence a new beauty business in addition to its existing business, to provide high quality beauty services, nutritional healthcare products and health services (the “**Beauty & Healthcare Business**”).

The Subscriber is a company incorporated in Hong Kong with limited liability on 9 January 2025 and is principally engaged in investment holding. The Subscriber is the controlling shareholder (as defined in the Listing Rules) of the Company holding approximately 53.17% issued share capital of the Company and is beneficially wholly-owned by Mr. Zhou.

LETTER FROM THE BOARD

Mr. Zhou, aged 45, was appointed as an executive Director on 6 September 2024 and the chairman of the Board on 30 October 2024. Mr. Zhou is primarily responsible for the future potential business development of the Group in the PRC. From April 2004 to December 2011, Mr. Zhou served as a deputy general manager of Shenzhen Jiameiran Technology Company Limited* (深圳市嘉美然科技有限公司), a company principally engaged in the sales of skincare products and beauty instruments and he was responsible for the company's sales and marketing management. From January 2012 to August 2017, Mr. Zhou served as a president of Shenzhen Runfei Technology Company Limited* (深圳潤妃科技有限公司), which is also principally engaged in the sales of skincare products and beauty instruments. Since September 2017 until present, Mr. Zhou has been appointed as the chairman of Tofuls International Holdings Group Co., Ltd.* (同芙國際控股集團有限公司), which is principally engaged in health and wellness management consultation. Since June 2023 until present, Mr. Zhou has been appointed as the chairman of World Chinese Business (Guangdong) Technology Co., Ltd.* (世界華商(廣東)科技 有限公司), which is principally engaged in providing digital technology services. Since November 2023 until present, Mr. Zhou has been appointed as the chairman of Shihua International Club Company Limited* (世華國際俱樂部有限公司), which is principally engaged in providing information consulting services in the areas of health and leisure activities.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

As at 30 June 2025, the Group had total bank balances of approximately HK\$23.1 million and total borrowings of the Group, consisting of bank overdrafts and bank borrowings were approximately HK\$4.9 million. Taking into account the current financial position of the Group and potential business opportunities including tenders for new projects and the financial needs for commencing and expanding the Beauty & Healthcare Business, the Group would like to further expand and contribute more funds and resources to satisfy the working capital requirements for the business development of the Group.

In response to the funding needs of the Group, the Company has considered a number of financing methods such as debt financing and other ways of equity financing (including open offer, rights issue and share placement to independent institutional and individual investors). Debt and bank financing usually require security of properties and other assets which is not feasible to the Company and will incur additional interest burden to the Group, rendering it not the optimal financing method under the prevailing market conditions. In addition, other equity financing methods, including open offer, rights issue and share placement to independent institutional and individual investors customarily involve the issue of new shares at a discount to the market price. In contrast, the Subscription Price has been set at HK\$0.3965, representing a premium over the closing price of the Share as quoted on the Stock Exchange on the Last Trading Date and the average closing price of the Share quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date. The Subscription by the Subscriber, being the controlling shareholder (as defined in the Listing Rules), reflects its confidence towards the long-term and sustainable growth of the Group, and the continuing support of the Subscriber would be beneficial to the long-term business development of the Group. Based on the aforesaid, the Board (other than the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser) is of the view that the terms of the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms agreed upon after arm's length negotiations between the parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Mr. Zhou (the chairman of the Board and an executive Director) has abstained from voting on (and has not been counted in the quorum for) the relevant Board resolutions for approving the Subscription Agreement and the transactions contemplated thereunder by virtue of his interests in the Subscription. Save as disclosed above, none of the other Directors is regarded as having a material interest in, and therefore none of them is required to abstain from voting on, the relevant Board resolutions for approving the Subscription Agreement and the transactions contemplated thereunder.

The aggregate gross proceeds of the Subscription will amount to HK\$44,534,880 and the aggregate net proceeds, after the deduction of the related expenses, will be approximately HK\$43,900,000, representing a net Subscription Price of approximately HK\$0.3908 per Subscription Share. The Company intends to use the net proceeds from the Subscription to finance the Group's businesses including its Construction Services Business and the research and development of Beauty & Healthcare Business satisfy the working capital requirements of the Group, including the working capital to maintain the Group's daily operations and funding for developing the businesses of the Group.

EQUITY FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising exercise in the past twelve months immediately preceding the Latest Practicable Date:

Date of announcement	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
24 June 2025	Completion of placing of 62,400,000 Shares by placing agent to not less than six placees at the price of HK\$0.241 per Share	HK\$14,100,000	(i) approximately HK\$8,100,000, representing approximately 57.4% of the net proceeds would be used for starting the Beauty & Healthcare Business by setting up around 8 physical beauty stores in first tier cities of the PRC	approximately HK\$8,100,000 has been used for starting the Beauty & Healthcare Business
			(ii) approximately HK\$3,000,000, representing approximately 21.3% of the net proceeds would be used for renovation of the new office leased by the Company including the purchase of new furniture and utilities for the new office	approximately HK\$3,000,000 has been used for renovation of the new office and purchase of new furniture and utilities
			(iii) approximately HK\$3,000,000, representing approximately 21.3% of the net proceeds will be used as working capital of the Group	approximately HK\$3,000,000 has been used as working capital of the Group

LETTER FROM THE BOARD

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the Completion (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date and up to the date of Completion).

	As at the Latest Practicable Date		Immediately following the Completion	
	Number of shares	Approximate % ^{Note 2}	Number of shares	Approximate % ^{Note 2}
Substantial Shareholder				
The Subscriber ^{Note 1}	199,091,000	53.17	311,411,000	63.98
Public Shareholders				
Public shareholders	<u>175,309,000</u>	<u>46.83</u>	<u>175,309,000</u>	<u>36.02</u>
Total	<u><u>374,400,000</u></u>	<u><u>100.00</u></u>	<u><u>486,720,000</u></u>	<u><u>100.00</u></u>

Note:

1. The Subscriber is beneficially wholly-owned by Mr. Zhou, the chairman of the Board and an executive Director.
2. The above percentage figures are subject to rounding adjustments.

Use of Proceeds

The net proceeds of the Subscription is approximately HK\$43.9 million. The Company intends to use the proceeds from the Subscription for the following uses:

- i) 70% of which (approximately HK\$30.73 million) to finance its Construction Services Business, including 4 existing construction projects and two new tendering projects;
- ii) 20% of which (approximately HK\$8.78 million) as for general working capital of the Group; and
- iii) 10% of which (approximately HK\$4.39 million) to finance the research and development of Beauty & Healthcare Business focusing on creating innovative health and beauty products.

The proceeds allocated to items (i) to (iii) are expected to be fully utilised by December 2026.

In relation to the Construction Services Business, the Group intends to allocate the funding to existing construction projects, which are subject to variation orders from customers and will be adjusted in line with the progress of such projects. In addition, a portion of the net proceeds will be applied to finance two new tendering projects.

LETTER FROM THE BOARD

The Group currently has four ongoing construction projects with a total contract sum of approximately HK\$269.5 million. In addition, it is actively tendering for two new projects in Kai Tak and Hung Hom, with contract sums of approximately HK\$57.3 million and HK\$51.1 million respectively. These projects are considered profitable by the Group. As is customary in the construction industry, the funding requirements of these projects are mainly attributable to costs payable to sub contractors, which are generally required to be settled by the Group prior to the receipt of payments from major contractors. Accordingly, the Group must retain sufficient internal resources and/or raise new funding from the Subscription to cater for the expected funding requirements of both the existing projects and the two new tendering projects, which are expected to commence in the first quarter of 2026.

In addition to construction projects, part of the proceeds will be allocated to general working capital purposes. The Group anticipates that approximately HK\$8.78 million will be required, comprising HK\$2.42 million for rental and management fees over a six month period, HK\$1.99 million for management salaries over the same period, HK\$1.8 million for legal and professional fees, and HK\$2.58 million for defect rectification and miscellaneous costs relating to other projects not mentioned above. The Directors believe that this allocation will strengthen the Group's liquidity position and provide flexibility to meet day to day operational needs.

The Group also intends to apply part of the proceeds to its beauty and healthcare business. It has established its proprietary brand “網成樂園” in local physical stores, which forms a consistent consumer perception across regions. The credibility of the brand helps the Group's stores gain market share, while advertising under the brand umbrella benefits all local stores collectively. The management team possesses extensive expertise in the beauty and healthcare industry. Mr. Zhou has over 21 years of management experience and more than 23 years of experience in the beauty and skincare industry, together with extensive experience in the health and leisure sector. He has built a broad network of business partners through his operational and entrepreneurial experience. Ms. Peng Yunying (“**Ms. Peng**”), executive Director, has long standing experience in product research and development, particularly in health nutrition foods, daily necessities, and skincare products. She has also accumulated nearly three decades of experience in promoting beauty projects, training beauticians, and managing salon operations, as well as more than a decade of experience in technical training, market research, and franchise promotion. Within the Group, she is responsible for training beauticians, managing daily operations, and leading product R&D and project design. Mr. Guo Xianjiao (“**Mr. Guo**”), executive Director, brings 29 years of experience in brand building, management, and development, with extensive expertise in administrative management. He is responsible for store establishment, operational policies, market positioning, and sales strategies within the Beauty segment of the Group.

In relation to the Group's Beauty & Healthcare Business, the Group has established 66 physical stores with different local partners in first- and second-tier cities across Mainland China, including Shenzhen, Beijing, Shanghai, Wuhan, Fuzhou, Chongqing, Shenyang, Xi'an, and other major cities. These physical stores provide high-quality beauty services, especially facial treatments, blemish removal, skin whitening, and anti-wrinkle services to meet the diverse needs of consumers.

LETTER FROM THE BOARD

The Group has entered into formal cooperation agreements with local partners in respect of the physical stores. The local partners are established businesses in their respective regions with relevant experience in the beauty industry. The Company has chosen to cooperate with them to leverage their industry expertise and customer networks, thereby creating synergies and facilitating an overall upgrade of the business model. Pursuant to these agreements, the Group and the respective local partners will establish a local company to operate each physical store. These companies will be generally structured with the Group holding 51% of the equity interest and the local partner holding 49%. The local partners will be responsible for sourcing customers and managing local operations, while the Group will provide technical support, brand management, platform services and overall management methodology. Under the cooperation agreements, the Group will receive management and consulting service fees at the rate of 10% of the total revenue of each physical store monthly. The Group will also share the profits of each physical store through its shareholding in each company.

The Group has employees with relevant experience in research and development. The Group's research and development activities in beauty products will be led by its internal product management department headed by Ms. Peng. This department has extensive experience in product development and market demand analysis. The Group will collaborate with contract manufacturers and raw material suppliers to develop suitable products based on market research and customer demographics. The net proceeds of approximately HK\$4.39 million will be applied to the Group's research and development activities. The estimated funding requirements for research and development activities amount to approximately HK\$600,000 for market and customer research, HK\$3.0 million for prototype development with contract manufacturers including feasibility reports and efficacy and safety testing, and HK\$790,000 for product design, promotion, and related activities. The Directors believe that these investments will enhance the Group's product portfolio and strengthen its competitive position in the beauty and healthcare industry.

The Company considers that the proceeds from the Subscription are not sufficient to fully finance the Beauty & Healthcare Business. Any shortfall will be funded by the Group's internal resources.

The Group expected the revenue contributed from the Beauty & Healthcare Business for the year ending 31 December 2025 is approximately CNY5 million.

LISTING RULES IMPLICATIONS

The Subscriber is the controlling shareholder (as defined under the Listing Rules) of the Company, and is, therefore, a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Ding Xin, Ms. Zhang Lingke and Professor Lam Sing Kwong Simon, has been established to consider the terms of the Subscription Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the aforesaid transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In this connection, Capital 9 has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on whether to vote in favour of the resolutions to be proposed for approving the Subscription.

General

The Subscription is conditional upon, among other things, the passing of ordinary resolution(s) by the Independent Shareholders at the EGM, the passing of ordinary resolution(s) by the Shareholders at the EGM to approve the Increase Authorised Share Capital and the passing of special resolution at the EGM to approve the Proposed Amendments and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

PROPOSED GRANT OF SHARE OPTIONS

Reference are made to the announcements made by the Company dated 2 September 2025 and 10 September 2025 respectively.

On 2 September 2025, the Board has offered to grant a total of 3,744,000 share options under the 2019 Share Option Scheme to Mr. Zhou (representing 1% of issued Shares (excluding treasury Shares)), would result in the Shares to be issued in respect of all options granted to Mr. Zhou under the 2019 Share Option Scheme in the 12-month period up to and including the date of the said grant representing in aggregate over 0.1% of the total issued Shares (excluding treasury Shares) of the Company, as of the date of the grant of the said shares options.

As such, the grant of 3,744,000 shares options under the 2019 Share Option Scheme to Mr. Zhou is conditional and subject to the approval by the Shareholders (with Mr. Zhou and his associates abstaining from voting) at the EGM, in accordance with Rule 17.04(4) of the Listing Rules.

Details of the Proposed Grant are as follows:

Date of Grant : 2 September 2025

Number of share options : 3,744,000 share options to Mr. Zhou, the Chairman, executive Director and substantial Shareholder (representing 1% of issued Shares (excluding treasury Shares))

LETTER FROM THE BOARD

- Exercise price of share options granted : HK\$0.453 per Share, being the highest of: (i) closing price of HK\$0.420 per Share as quoted on the Stock Exchange of the date of grant of the 2019 Share Options; (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 trading days immediately preceding the date of grant of the 2019 Share Options of HK\$0.453 per Share; and (iii) the nominal value of HK\$0.1 per Share.
- Closing price of the Shares on the date of grant : HK\$0.420 per Share
- Exercise period of the 2019 Share Options : Subject to early termination, the 2019 Share Options shall be exercisable by the 2019 Grantees up to 1 September 2035, i.e. ten years from the date of grant of the 2019 Share Options
- Vesting period of the 2019 Share Options : 3,744,000 share options under the 2019 Share Options Scheme will be vested to Mr. Zhou on the date of approval by the Independent Shareholders at the EGM. The vesting period of the 2019 Share Options granted is less than 12 months. The Remuneration Committee considers that there is no specific requirement on the minimum vesting period under the 2019 Share Option Scheme and the purpose of the 2019 Share Option Scheme is to, among other things, enable the Company to grant 2019 Share Options to eligible participants as incentives or rewards for their contribution to the Group, enable the Company to recruit and retain high-calibre employees and attract human resources that are valuable to the Group, in this regard, the grant of the 2019 Share Options to the 2019 Grantees (including the Directors) with a shorter vesting period is appropriate and aligns with the purpose of the 2019 Share Option Scheme and acts as a recognition of the past contribution of the relevant 2019 Grantees (including the Directors) to the Group's business, which can motivate and incentivise them to continuously contribute to the operation, development and long-term growth of the Group; and is in line with the overall purpose of attracting, motivating and retaining core talents of the Group.

LETTER FROM THE BOARD

Clawback Mechanism : The 2019 Share Options granted will be subject to a clawback mechanism as set out in the 2019 Share Option Scheme, including but not limited to lapse of 2019 Share Options upon expiry of the exercise period of the 2019 Share Options and the 2019 Grantee ceasing to be an eligible participant by reason of the termination of employment on the ground that the 2019 Grantee has been guilty of misconduct or has committed an act of bankruptcy. For details, please refer to the section headed “Appendix IV Statutory and General Information – Other Information – 1. Share Option Scheme – (m) Lapse of Option” in the prospectus of the Company dated 6 August 2019.

Performance Target : There is no performance target attached to the 2019 Share Options granted.

The Remuneration Committee understands that the purpose of the 2019 Share Option Scheme is to provide incentives or rewards to the 2019 Grantees for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest.

Having considered the purpose of the 2019 Share Option Scheme above and the following factors, the Remuneration Committee is of the view that the performance target is not necessary and the grant of the 2019 Share Options is in line with the purpose of the 2019 Share Option Scheme without the performance target:

- (a) subject to the clawback mechanism and the value of the 2019 Share Options is linked to the future Share price and performance of the Group, the grant of the 2019 Share Options can align the interests of the 2019 Grantees and the Group;
- (b) as the 2019 Grantees are either Directors or employees of the Group who have made direct contributions to the operational performance and business development of the Group, and the grant of the 2019 Share Options will enable the 2019 Grantees to reap the results of the Group and be incentivised to work towards the sustainable growth of the Group and shareholder value creation; and

LETTER FROM THE BOARD

- (c) the number of the 2019 Share Options to be granted to each 2019 Grantee has been determined based on the work performance and the future potential contributions to the Group of the relevant 2019 Grantee.

Number of Shares Available for Future Grant : After the grant of the 2019 Share Options as disclosed in this circular, no more Shares are available for future grant(s) since the total number of shares available for issue under the 2019 Share Option Scheme was 26,000,000 Shares, being 10% of the total issued Shares on the adoption date of the 2019 Share Option Scheme, and following the adjustment on the coming into effect of the ten-to-one share consolidation on 15 August 2023.

Financial Assistance : The Group did not provide any financial assistance to the 2019 Grantees to facilitate their purchase of Shares under the 2019 Share Option Scheme.

The grant of the 2019 Share Options to Mr. Zhou has been approved by the independent non-executive directors of the Company in accordance with rule 17.04(1) of the Listing Rules.

China Alliance Venture Limited (“**China Alliance**”) is holding 199,091,000 Shares, representing approximately 53.18% of the entire issued share capital of the Company, as at the date of the grant of the 2019 Share Options. Since China Alliance is beneficially and wholly owned by Mr. Zhou, Mr. Zhou is deemed to be interested in the Shares held by China Alliance and thus a controlling shareholder (as defined in the Listing Rules) of the Company, by virtue of the SFO. In this regard, the grant of 3,744,000 2019 Share Options to Mr. Zhou, representing 1% of issued Shares (excluding treasury Shares), would result in the Shares to be issued in respect of all 2019 Share Options granted to Mr. Zhou in the 12-month period up to and including the date of the said grant representing in aggregate over 0.1% of the total issued Shares (excluding treasury Shares) of the Company, as of the date of the grant of the 2019 Share Options.

Reasons for the Proposed Grant

The purpose of the 2019 Share Option Scheme is to reward participants who have contributed or will contribute to the Group and to encourage participants to work towards enhancing the value of the Company and its Share for the benefit of the Company and its Shareholders as a whole.

The Proposed Grant is to (i) serve as an appreciation of the dedication and the significant efforts and contribution of the 2019 Grantee in the business development and performance of the Group in the past few years; and (ii) provide incentives for his persistent devotion to and leadership of the Group going forward by further aligning the interests of the Group with him.

LETTER FROM THE BOARD

To recognize the significant contributions of Mr. Zhou, who has served as an executive Director since his appointment, and to incentivize his continued dedication to the advancement of the Group's business operations, the Board has conditionally granted an aggregate of 3,744,000 2019 Share Options to Mr. Zhou.

In determining the number of 2019 Share Options for the Proposed Grant, the Board (excluding Mr. Zhou) carefully considered several key factors, including Mr. Zhou's extensive experience in the Group's business, length of service, and unwavering commitment to driving the Group's growth. Mr. Zhou's contributions have been instrumental in strengthening the Group's overall business performance, promoting sustainable development, and upholding high standards of corporate governance. The Proposed Grant reflects the Board's confidence in Mr. Zhou's ability to continue leading the Group toward further success and long-term value creation.

Mr. Zhou has held important management role, where he played a major part in business development and daily operations. Since Mr. Zhou joined our Group in September 2024 as chairman of the Board and executive director, the Group while continue its principal business for provision of wet trades works and its related ancillary works, has commenced a new beauty business by providing high quality beauty services, nutritional healthcare products and health services in the PRC (the "**Beauty and Healthcare Business**"). Through Mr. Zhou's contribution to the Group, the Beauty and Healthcare Business are well established with 66 physical stores with local partners across the PRC, including Shenzhen, Beijing, Shanghai, Wuhan, Fuzhou, Chongqing, Shenyang, Xi'an, and other major cities. In addition, Mr. Zhou has build-up an experienced team and sales network for the Beauty and Healthcare Business. The Group, with the continuing contribution by Mr. Zhou, intends to focus on the operation of current existing physical stores and conduct the research and development on beauty products of the Beauty & Healthcare Business. With the view on above, the Board, other than Mr. Zhou, considered the Proposed Grant is fair and reasonable and is in the interests of the Group. The Board therefore took into account his overall contributions to the Group when deciding the number of 2019 Share Options to be granted.

The 2019 Share Options do not have a minimum vesting period or specific performance requirements, the value of 2019 Share Options is directly linked to the Company's share price. Accordingly, Mr. Zhou will benefit only if the Company continues to perform well and Shareholder value increases, which aligns his interests with those of the Company and its Shareholders. The Board will continue to review and monitor its incentive arrangements to ensure ongoing alignment with the interests of Shareholders as a whole and the Company's strategic objectives.

BASIS OF DETERMINING THE TERMS AND CONDITIONS OF THE PROPOSED GRANT

The primary duties of the Remuneration Committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management of the Company, by reference to respective duties, responsibilities, experience and qualification, and make recommendations to the Board.

In determining the Proposed Grant, the Remuneration Committee considered several factors: a) the time commitment and responsibilities of Mr. Zhou as executive Director, and his leadership and contribution to the Group; b) Mr. Zhou's service duration and responsibilities; and c) Mr. Zhou's position in developing the Group's financial services.

LETTER FROM THE BOARD

After reviewing these factors, the Remuneration Committee determined that the Proposed Grant may further align his interests with the Company and its Shareholders, potentially supporting the Company's performance and growth objectives, consistent with the purpose of the 2019 Share Option Scheme. The Remuneration Committee subsequently recommended the Proposed Grant for Board's approval.

The Board considers that the 2019 Option value is tied to the Company's share price, which reflects business performance. The Proposed Grant serves as an incentive for Mr. Zhou to contribute to Group profitability and share value, potentially benefiting Shareholders.

LISTING RULES IMPLICATION

Pursuant to the Listing Rules and the terms of the 2019 Share Option Scheme, any grant of 2019 Share Options to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, under the 2019 Share Option Scheme must be approved by the independent non-executive Directors.

The Board passed the resolution on 2 September 2025 to approve the Proposed Grant. Mr. Zhou, being an executive Director, abstained from voting on the relevant resolution at the Board meeting for considering and approving the Proposed Grant. None of the other Directors has a material interest in the Board resolution approving the Proposed Grant. In addition, the Proposed Grant has been approved by the independent non-executive Directors in compliance with Rule 17.04(1) of the Listing Rules.

As the number of Shares to be issued upon exercise of the 2019 Share Options granted to Mr. Zhou exceeds 1% of all Shares in issue as at the Date of Grant exceeding the Individual Limit and 0.1% to Substantial Shareholder, the Proposed Grant is subject to approval by the Shareholders at the EGM as required under the relevant provisions in Chapter 17 of the Listing Rules. Save for 2019 Share Options, no other 2019 Share Options have been granted by the Company to Mr. Zhou since the Company's adoption of its 2019 Share Option Scheme on 22 July 2019.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Zhou and his associates, no Shareholder is required to abstain from voting on any resolution to be proposed at the EGM.

RECOMMENDATION

The Board (excluding Mr. Zhou who is required to abstain from voting but including the independent non-executive Directors regarding the resolution of the grant of 2019 Share Options) and the independent non-executive Directors believe that the Proposed Grant is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (excluding Mr. Zhou who is required to abstain from voting) and the independent non-executive Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

LETTER FROM THE BOARD

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

Reference is made to the announcement made by the Company dated 20 November 2025.

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$40,000,000 divided into 400,000,000 Shares, of which 374,400,000 Shares were in issue.

In order to provide the Company with greater flexibility in fund raising whereby promoting future business growth, the Board proposes the Increase in Authorised Share Capital. Such new Shares, upon issue, shall rank *pari passu* in all respects with the existing Shares.

Upon the Increase in Authorised Share Capital becoming effective and assuming no Shares are issued or repurchased from the Latest Practicable Date up to the date of the EGM to be convened on Thursday, 26 February 2026, the authorised share capital of the Company will become HK\$120,000,000 divided into 1,200,000,000 Shares, with 374,400,000 Shares in issue and 825,600,000 Shares authorised but unissued.

As at the Latest Practicable Date, the Board intends to issue 112,320,000 Shares for the Subscription, other than that the Board had no present intention to issue any part of the proposed increased authorised share capital of the Company.

The Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of passing an ordinary resolution at the EGM.

LETTER FROM THE BOARD

PROPOSED AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE COMPANY

Reference is made to the announcement made by the Company dated 28 January 2026.

In order to reflect the Company's Increase in Authorised Share Capital, the Proposed Amendments will be made to the Memorandum of Association and the Articles of Association, subject to the Shareholders' approval by way of a special resolution at the EGM.

Details of the Proposed Amendments are set out below:

Memorandum of Association		
No.	Current Article(s)	Article(s) after the Proposed Amendments
7.	The authorised share capital of the Company is HK\$40,000,000.00 divided into 4,000,000,000 shares of par value HK\$0.01 each with the power for the Company to increase or reduce the said capital and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions; and so that, unless the condition of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.	The authorised share capital of the Company is HK\$40,000,000.00 <u>120,000,000</u> divided into 4,000,000,000 <u>1,200,000,000</u> shares of par value HK\$0.01 <u>\$0.1</u> each with the power for the Company to increase or reduce the said capital and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions; and so that, unless the condition of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.
Articles of Association		
No.	Current Article(s)	Article(s) after the Proposed Amendments
6.	The authorised share capital of the Company on the date of the adoption of these Articles is HK\$40,000,000 divided into 4,000,000,000 Shares of par value HK\$0.01 each.	The authorised share capital of the Company on the date of the adoption of these Articles is <u>HK\$40,000,000</u> <u>120,000,000</u> divided into 4,000,000,000 <u>1,200,000,000</u> Shares of par value HK\$0.01 <u>\$0.1</u> each.

The legal advisers to the Company as to Hong Kong laws have confirmed that the Proposed Amendments comply with the requirements of the Listing Rules and the legal advisers to the Company as to the laws of the Cayman Islands have confirmed that the Proposed Amendments to the Memorandum of Association and the Articles of Association do not violate the applicable laws of the Cayman Islands. The Company confirms that there is nothing unusual about the Proposed Amendments for a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE NEW SHARE SCHEME AND TERMINATION OF THE 2019 SHARE OPTION SCHEME

Reference is made to the announcement made by the Company dated 20 November 2025.

With effect from 1 January 2023, Chapter 17 of the Listing Rules has been amended and it applies to both share option schemes and share award schemes. In this connection, there are certain changes to Chapter 17 of the Listing Rules that would eventually entail substantial revisions to the 2019 Share Option Scheme.

In view of such amendments, the Company proposes to terminate the 2019 Share Option Scheme upon the adoption of the New Share Scheme, subject to the approval by the Shareholders at the EGM.

The adoption of the New Share Scheme is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM. Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued and allotted by the Company in respect of the share options and share awards that may be granted pursuant to the New Share Scheme.

The 2019 Share Option Scheme

The 2019 Share Option Scheme was adopted by the Company pursuant to a resolution in writing passed by the then sole shareholder of the Company on 22 July 2019.

The 2019 Share Option Scheme is valid for a period of 10 years commencing from the date of adoption and ending on 7 June 2029, subject to early termination, and in such event, no further share options may be granted but in all other respects the terms of the 2019 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto. The 2019 Share Options granted prior to the termination shall continue to be valid and exercisable in accordance with the rules of the 2019 Share Option Scheme. According to the terms of the 2019 Share Option Scheme, the Company may by an ordinary resolution in general meeting terminate the operation of the 2019 Share Option Scheme, and in such event no further options can be granted under the 2019 Share Option Scheme.

LETTER FROM THE BOARD

Since the adoption of the 2019 Share Option Scheme and up to the Latest Practicable Date, the Company has granted an aggregate of 26,000,000 options to the Directors and employees of the Group as follows:

Name and category of grantee	Date of grant	Number of outstanding or unexercised share options as at the Latest Practicable Date	Exercise Period	Exercise price per share (HK\$)
Zhou Zhenlin	2 September 2025 conditional upon approval by Shareholders	3,744,000	from date or approval by Shareholders to 1 September 2035 (both dates inclusive)	HK\$0.453
Peng Yunying	2 September 2025	1,872,000	from 2 September 2025 to 1 September 2035 (both dates inclusive)	HK\$0.453
Guo Xianjiao	2 September 2025	1,684,800	from 2 September 2025 to 1 September 2035 (both dates inclusive)	HK\$0.453
18 employee participants	2 September 2025	18,699,200	from 2 September 2025 to 1 September 2035 (both dates inclusive)	HK\$0.453

There is no performance target attached to the 2019 Share Options. The vesting period of the 2019 Share Options granted is less than 12 months. For details of the grant of 2019 Share Options, please refer to the Company's announcement dated 2 September 2025.

As at the Latest Practicable Date, there were a total of 26,000,000 2019 Share Options granted by the Company but not yet exercised or lapsed under the 2019 Share Option Scheme, representing approximately 10% of the issued share capital of the Company. The Board confirms that prior to the EGM, it will not grant any further option under the 2019 Share Option Scheme.

Save for the 2019 Share Option Scheme, the Company had no other subsisting share schemes which has not expired as at the Latest Practicable Date.

A summary of the principal terms of the New Share Scheme is set out in the Appendix I to this circular.

LETTER FROM THE BOARD

2. Purpose

The purpose of the New Share Scheme is set out in the section headed “1. PURPOSE” in Appendix I to this circular.

3. Condition

The adoption of the New Share Scheme is conditional upon the passing of an ordinary resolution to approve and adopt the New Share Scheme by the Shareholders in a general meeting of the Company.

4. Eligible Participants

The Eligible Participants are the Employee Participants. Details of the Eligible Participants and the criteria for determination of their eligibility are set out in the section headed “3. ELIGIBLE PARTICIPANTS AND THE BASIS OF ELIGIBILITY” in Appendix I to this circular.

The Board (including the independent non-executive Directors) is of the view that the independent non-executive Directors should be included as Eligible Participants on the basis of the following:

- (i) the objectivity and independence of the independent non-executive Directors shall not be impaired by any potential grant of the Awards under the New Share Scheme based on the following reasons: (i) the independent non-executive Directors will be required to continue to comply with the independence requirement under Rule 3.13 of the Listing Rules; and (ii) approval by independent Shareholders will be required if any Award is to be granted to independent non-executive Directors or any of their respective associates which would result in the Shares issued and to be issued in respect of all options and awards granted to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding Treasury Shares);
- (ii) the inclusion of independent non-executive Directors as Employee Participants would provide the Group with flexibility to offer non-cash incentives to the independent non-executive Directors for their continuous contributions to the Group’s growth and development without compromising their objectivity and independence; and
- (iii) it is common to include independent non-executive Directors as eligible persons of share schemes among public companies.

When considering granting Awards to independent non-executive Directors, the Board will take note of paragraph E.1.9 of Appendix C1 to the Listing Rules, which sets out that an issuer should not normally remunerate independent non-executive directors for its shareholdings with performance-related elements. Although no performance targets have been set out in the New Share Scheme, if the Grantee is an independent non-executive Director, the Board will grant Awards only if it is satisfied that there will be no bias in decision-making or impact on the objectivity and independence of the Grantee in discharging his duties as an independent non-executive Director.

LETTER FROM THE BOARD

The Board (including the independent non-executive Directors) is of the view that the criteria of selection of the Eligible Participants and the inclusion of independent non-executive Directors as Eligible Participants are fair and reasonable and align with the purpose of the New Share Scheme to recognise contributions made and to be made to the growth and development of the Group and the long-term interests of the Company and the Shareholders.

As at the Latest Practicable Date, the Company has no plan to grant any Awards to the independent non-executive Directors.

5. Vesting Period

The vesting period of the Awards is set out in the section headed “5. VESTING PERIOD” in Appendix II to this circular. The paragraph also sets out circumstances in which the Board may grant Awards with a vesting period shorter than the Minimum Period. The section headed “18. RIGHTS ON A CORPORATE TRANSACTION” in Appendix II to this circular further sets out circumstances in which the Board may in its discretion accelerate the vesting dates of Awards, which may result in a vesting period shorter than the Minimum Period.

The Board and the Remuneration Committee are of the view that (i) there are certain limited instances (for example in circumstances set out in the section headed “5. VESTING PERIOD” and “18. RIGHTS ON A CORPORATE TRANSACTION” of Appendix II to this circular) where a strict twelve (12)-month vesting requirement would not be fair to the holder(s) of the Awards; (ii) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting period or in exceptional circumstances where justified; and (iii) the Company should be allowed to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition. It should have the flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

The Board and the Remuneration Committee are of the view that the vesting period (including the circumstances when the vesting period is shorter than the Minimum Period prescribed in the section headed “5. VESTING PERIOD” and “18. RIGHTS ON A CORPORATE TRANSACTION” of Appendix II to this circular), as detailed in this circular, enables the Company to offer competitive remuneration and reward packages to Employee Participants, on an ad hoc basis, in such circumstances that would be justified and reasonable, which is also consistent with the Listing Rules and the former practice of the Company and peer companies in the Group’s industry. Accordingly, the above vesting period is considered appropriate and aligns with the purpose of the New Share Scheme.

6. Maximum number of Shares subject to the New Share Scheme

The total number of Shares which may be issued (including any sale or transfer of Treasury Shares) in respect of all Awards which may be granted under the New Share Scheme is set out in the section headed “7. SCHEME LIMITS AND ADDITIONAL APPROVALS” in Appendix II to this circular.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the number of issued Shares is 374,400,000 Shares and the Company has no Treasury Shares. Assuming that there will be no change in the number of issued Shares and the Company will not have any Treasury Shares between the Latest Practicable Date and the Adoption Date, the total number of Shares which may be issued upon exercise of all Awards to be granted under the New Share Scheme together with all options and awards which may be granted under any other schemes for the time being of the Company would be 37,440,000 Shares, representing approximately 10% of the issued share capital of the Company (excluding Treasury Shares) on the date of approval of the New Share Scheme.

7. Performance targets and clawback mechanism

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Award, including condition(s) and/or performance target(s) that must be achieved before any of the Awards can be exercised, as well as the clawback mechanism for the Company to recover or withhold any Share Options or Share Awards granted to any Eligible Participants.

The Board (including the independent non-executive Directors) believes that this will provide the Board with more flexibility in setting out the terms and conditions of the Awards under particular circumstances of each grant and facilitate the Board to offer suitable incentives to attract and retain quality personnel that are valuable to the development of the Group. The Board (including the independent non-executive Directors) also considers that it may not always be appropriate to impose performance targets or prescribe a clawback mechanism particularly when the purpose of granting Awards is to motivate and incentivise employees, and it is impractical to expressly set out a generic set of performance targets in the New Share Scheme, as each Grantee will play different roles and contribute in diverse ways to the Group.

Specifically, the Board may, at its discretion, require at the time of grant any particular Grantee to achieve such performance targets as the Board may then specify in the grant before any Awards granted under the New Share Scheme to such Grantee can be exercised. If performance targets are imposed on a Grantee at the grant of the relevant Award, the Board will have regard to the purpose of the New Share Scheme in assessing the reasonableness and suitability of such performance targets, with reference to factors including but not limited to, as and when appropriate, sales performance (e.g. revenue), operating performance (e.g. operation efficiency) and financial performance (e.g. profits, cash flow, earnings, market capitalisation and return on equity) of the Group, as well as corporate sustainability parameters (e.g. accuracy and timeliness in handling customer complaints and feedback and adherence to corporate culture), personal qualities (e.g. discipline, punctuality, integrity and compliance with internal procedures and controls) of the Grantee and individual performance (e.g. key performance indicator achievement) of the Grantee, the satisfaction of which shall be assessed and determined by the Board at its discretion.

LETTER FROM THE BOARD

Generally, the Company will also utilise its internal assessment system to appraise and evaluate whether the Eligible Participants will contribute to the long-term growth of the Group on a case-by-case basis. Specifically, the Eligible Participants' expected contribution will be considered with reference to factors including but not limited to their past contributions to the Group, the nature of job duties or services, position within or related to the Group and other features including geographical location, business strategy focus and corporate culture. Specific weightings will be given to the factors above in order to provide a fair and objective appraisal of the Eligible Participants before Awards will be granted, such that the grants will be on a fair and reasonable basis and in the interest of the Company and its Shareholders as a whole.

On the other hand, if a clawback mechanism is prescribed, at the Board's discretion, on a Grantee at the grant of the relevant Award, if the Grantee's employment has been terminated summarily, or if he or she has been convicted of any criminal offence involving his or her integrity or honesty, or has been involved in any wrongdoing that brings the Group into disrepute or causes damages to the Group (including but not limited to causing a material misstatement in the Company's financial statements), any outstanding Awards not yet vested shall be immediately forfeited and shall immediately lapse under the New Share Scheme, unless the Board determines otherwise at its discretion. The Board (including the independent non-executive Directors) is of the view that the above arrangements align with the purpose of the New Share Scheme as it will help motivate the Employees Participants in optimising their performance and efficiency in one hand, whilst still could sufficiently safeguard the interests of the Company.

8. Others

As at the Latest Practicable Date, the Company has no concrete plans or intention to grant Share Options and/or Share Awards to the Eligible Participants under the New Share Scheme.

The Company confirms that Employee Participants are Eligible Participants under the New Share Scheme. While the New Share Scheme is not limited solely to executives and employees of the Group, participation is restricted to Eligible Participants as defined in the New Share Scheme rules, which include the directors and employees (whether full-time, part-time or other employment arrangement) of any member of the Group (including persons who are granted Awards under the New Share Scheme as inducement to enter into employment contracts with any member of the Group). Accordingly, the New Share Scheme is not open to the general public and would not constitute an offer to public and be subject to prospectus requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

None of the Directors is and will be trustee of the New Share Scheme nor has a direct or indirect interest in the trustee.

The Company may issue new Shares and/or utilise existing Shares and/or Treasury Shares (if any) to satisfy grant(s) of the Award(s) under the New Share Scheme.

LETTER FROM THE BOARD

The New Share Scheme will constitute a share scheme under Chapter 17 of the Listing Rules. The Company will, where applicable, comply with the applicable requirements under Chapter 17 of the Listing Rules in respect of the operation of the New Share Scheme.

Save for the 2019 Share Option Scheme which will be terminated upon the adoption of the New Share Scheme, the Company has no other share schemes to provide incentives to employees or other eligible participants.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder had any material interest in the adoption of the New Share Scheme. Accordingly, no Shareholder is required to abstain from voting on the resolution approving the adoption of the New Share Scheme at the EGM.

9. Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued and allotted in respect of all share options and share awards that may be granted pursuant to the New Share Scheme.

10. Document on display

A copy of the New Share Scheme will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.wacan.com.hk for a period of not less than 14 days before the date of the EGM and will also be made available for inspection at the EGM.

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Connected Transaction Subscription of New Shares by Connected Person under Specific Mandate (including the grant of the Specific Mandate), the Proposed Grant of 2019 Share Options, the Proposed Increase in Authorised Share Capital; the Proposed Amendments, and the Proposed Adoption of the New Share Scheme and Termination of the 2019 Share Option Scheme. No Shareholders are required to abstain from voting on the resolutions in relation to the Proposed Increase in Authorised Share Capital, the Proposed Amendments and the Proposed Adoption of the New Share Scheme and Termination of the 2019 Share Option Scheme. Mr. Zhou and his associates holding 199,091,000 Shares, shall abstain from voting in respect of the resolution approving the Subscription Agreement and the transactions contemplated thereunder and the Proposed Grant of 2019 Share Options. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no other Shareholders are required to abstain from voting at the EGM in respect of the Subscription Agreement and the transactions contemplated thereunder and the Proposed Grant of 2019 Share Options.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders regarding, among other things, the terms of the Subscription Agreement and transactions contemplated thereunder (including the grant of the Specific Mandate). The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

EGM

A notice convening the EGM to be held at Unit 2102, Building 4, Tianan Yungu Industrial Park Phase II, Gangtou Community, Bantian Street, Longgang District, Shenzhen, the PRC on Thursday, 26 February 2026 at 10:00 a.m., is set out on pages EGM-1 to EGM-5 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolutions approving the Connected Transaction Subscription of New Shares by Connected Person under Specific Mandate (including the grant of the Specific Mandate), the Proposed Grant of 2019 Share Options, the Proposed Increase in Authorised Share Capital, the Proposed Adoption of the New Share Scheme and Termination of the 2019 Share Option Scheme, and passing the special resolution approving the Proposed Amendments.

A form of proxy for use at the EGM (or any adjournment thereof) is enclosed with this circular. Whether or not you are able to attend the EGM (or any adjournment thereof), you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible and in any event, no later than 48 hours before the time fixed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so desire.

The voting in respect of the Connected Transaction Subscription of New Shares by Connected Person under Specific Mandate (including the grant of the Specific Mandate), the Proposed Grant of 2019 Share Options, the Proposed Increase in Authorised Share Capital; the Proposed Amendments, and the Proposed Adoption of the New Share Scheme and Termination of the 2019 Share Option Scheme at the EGM will be conducted by way of poll.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23 February 2026 to Thursday, 26 February 2026 (both dates inclusive) for determining the identity of the Shareholders who are entitled to attend and vote at the EGM. No transfer of Shares will be registered during this period. Shareholders whose name appears on the register of members of the Company on Thursday, 26 February 2026 shall be entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, unregistered holders of the Shares should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Friday, 20 February 2026.

LETTER FROM THE BOARD

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the Connected Transaction Subscription of New Shares by Connected Person under Specific Mandate (including the grant of the Specific Mandate), the Proposed Grant of 2019 Share Options, the Proposed Increase in Authorised Share Capital, the Proposed Amendments, and the Proposed Adoption of the New Share Scheme and Termination of the 2019 Share Option Scheme are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board recommends the Shareholders or the Independent Shareholders (as the case may be) to vote in favour of the resolutions to approve the Connected Transaction Subscription of New Shares by Connected Person under Specific Mandate (including the grant of the Specific Mandate), the Proposed Grant of 2019 Share Options, the Proposed Increase in Authorised Share Capital, the Proposed Amendments, and the Proposed Adoption of the New Share Scheme and Termination of the 2019 Share Option Scheme.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the EGM.

The text of the letter from the Independent Board Committee is set out on page 33 of this circular. The text of the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders and the principal factors and reasons which it has taken into account in arriving at its advice is set out on pages 34 to 50 of this circular. Independent Shareholders are strongly recommended to read carefully these two letters for details of the advice.

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.

Yours faithfully

For and on behalf of the Board of

China Wacan Group Company Limited

Zhou Zhenlin

Chairman of the Board and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

China Wacan Group Company Limited 中國網成集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1920)

30 January 2026

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR SUBSCRIPTION

We refer to the circular of the Company dated 30 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 terms of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Capital 9 Limited has been appointed to act as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. We wish to draw your attention to (i) the letter of advice from the Independent Financial Adviser, the details of which (including the principal factors and reasons the Independent Financial Adviser has taken into consideration) are set out on pages 34 to 50 of the Circular; and (ii) the letter from the Board as set out on pages 7 to 32 of the Circular.

Having taken into account the terms of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate), and the advice from the Independent Financial Adviser, the terms of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms which is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Yours faithfully,
the Independent Board Committee of
China Wacan Group Company Limited

Ms. Ding Xin
*Independent non-executive
Director*

Ms. Zhang Lingke
*Independent non-executive
Director*

Professor Lam Sing Kwong Simon
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription for the purpose of incorporation into this Circular.



Capital 9 Limited

30 January 2026

*To the Independent Board Committee and the Independent Shareholders of
China Wacan Group Company Limited*

Dear Sir/Madam,

CONNECTED TRANSACTION SUBSCRIPTION OF NEW SHARES BY CONNECTED PERSON UNDER SPECIFIC MANDATE

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 Subscription Agreement, particulars of which are set out in the section headed “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company dated 30 January 2026 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement issued by the Company dated 10 November 2025 (the “**Announcement**”) in relation to, among others, the Subscription. On 10 November 2025 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 112,320,000 Subscription Shares at the Subscription Price of HK\$0.3965 per Subscription Share for a total consideration of HK\$44,534,880.

The Subscriber is the controlling shareholder of the Company and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To the best knowledge of the Directors after making all reasonable enquiries, other than the Subscriber and its associates, no Shareholder will be required to abstain from voting in respect of the resolution(s) that would be proposed to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM. The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Ding Xin, Ms. Zhang Lingke and Professor Lam Sing Kwong Simon, has been established to consider the terms of the Subscription Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the aforesaid transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee for it to advise the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, among other things, (i) the annual and interim report of the Company for the year ended 31 December 2024 (the “**2024 AR**”) and the six months ended 30 June 2025 (the “**2025 IR**”) respectively; (ii) the Announcement; (iii) the Subscription Agreement; and (iv) other information contained in the Circular.

We have also relied on (i) the information, facts and representations provided, and the opinions and views expressed, to us by the Company, the Directors and/or the management of the Group, and (ii) the information, facts, representations, opinions and views of the Company, the Directors and/or the management of the Group contained or referred to in the Circular, including but not limited to the Letter from the Board contained therein, all of which have been assumed to be true, accurate and complete at the time they were made and to continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, view and intention made by the Company, the Directors and/or the management of the Group in the Circular, including but not limited to the Letter from the Board contained therein, were reasonably made after due and careful enquiry and the expectations and intentions of the Company, the Directors and/or the management of the Group will be met or carried out as the case may be. We consider that we have received and reviewed sufficient information to form an informed view and have no reason to believe that any material information has been omitted or withheld, or to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, the Directors and/or the management of the Group. We have been confirmed by the Company that no material facts which would have material impact in formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders have been withheld or omitted from the information provided to us, the opinion expressed to us, and/or information or opinion contained or referred to in the Circular.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have not, however, carried out any independent verification of the information provided by the Company, the Directors and/or the management of the Group, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or any of its subsidiaries, controlled entities, jointly controlled entities or associates. We consider that we have performed our duties with impartiality and independence from the Company.

As at the Latest Practicable Date, we were not aware of any relationships between us and, or any interests held by us in, the Company that could reasonably be regarded as a hindrance to our independence for the purpose of the Listing Rules to act as the Independent Financial Adviser. Capital 9 Limited has acted as the independent financial adviser to the independent board committee and the independent shareholders of Affluent Foundation Holdings Limited (stock code: 1757) regarding a mandatory unconditional cash offer in which Mr. Zhou is one of the controlling shareholders of the offeror as jointly announced by the company and the offeror on 23 October 2025. The aforesaid engagement should not be regarded as a hindrance to our independence to act as the Independent Financial adviser as we were engaged by Affluent Foundation Holdings Limited instead of Mr. Zhou. In the past two years preceding the Latest Practicable Date, there was no engagement between the Company and us other than this engagement and we did not have any relationship with or interest in the Company that could reasonably be regarded as relevant to our independence. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company. Accordingly, we are independent from the Company pursuant to Rule 13.84 of the Listing Rules and are qualified to give independent advice in relation to the Subscription.

PRINCIPAL REASONS AND FACTORS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Subscription, we have taken into consideration the following principal reasons and factors:

(1) Financial performance of the Group

The Group is principally engaged in (i) the provision of wet trades works and other wet trades related ancillary works in Hong Kong; and (ii) the provision of construction information technology services, and has commenced a new beauty business by providing high quality beauty services, nutritional healthcare products and health services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the summarised financial information of the Group for the two years ended 31 December 2023 (“**FY2023**”) and 2024 (“**FY2024**”) and the six months ended 30 June 2024 (“**1H2024**”) and 2025 (“**1H2025**”), as extracted from the 2024 AR and 2025 IR respectively, and further confirmed by the Company:

	FY2023	FY2024	1H2024	1H2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue, comprising	86,702	109,950	38,368	65,056
<i>(i) construction services</i>	86,336	109,584	38,368	65,056
<i>(ii) construction IT services</i>	366	366	–	–
Cost of services	(108,191)	(122,833)	(52,067)	(56,790)
Gross profit/ (loss)	(21,489)	(12,883)	(13,699)	8,266
<i>Gross profit/ (loss) margin</i>	(24.8%)	(11.7%)	(35.7%)	12.7%
Other income	218	96	93	19
Other gains	3,420	93	–	–
Fair value gain on financial assets at fair value through profit or loss	–	–	–	87
Impairment losses under expected credit loss model, net of reversal	(24,329)	(21,510)	(7,839)	3
Administrative expenses	(9,102)	(8,920)	(3,767)	(8,069)
Finance costs	(336)	(214)	(255)	(182)
Profit/ (Loss) and total comprehensive income/ (expense) for the year attributable to equity holders of the Company	(51,618)	(43,338)	(25,467)	124

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For FY2024, the Group's revenue increased by approximately HK\$23.2 million or 26.8% to approximately HK\$110.0 million from approximately HK\$86.7 million for FY2023. As shown in the table above and stated in 2024 AR, such increase was primarily attributable to the increase in number of successful tenders awarded under the provision of wet trades works and the net trades related ancillary works in the construction services segment. Notwithstanding the aforesaid revenue increase, a gross loss of approximately HK\$12.9 million was recorded for FY2024, a decrease by approximately HK\$8.6 million from the gross loss of approximately HK\$21.5 million for FY2023. As stated in the 2024 AR, the gross loss for FY2024 was mainly due to (i) competitive project pricing arising from intense market competition; (ii) delay in certification of works performed of certain projects; and (iii) increase in direct costs from (a) additional subcontractors, resources and other costs due to unexpected changes to the on-site arrangements initiated by customers; and (b) delays in certain projects (mainly for projects at Tai Tam). Loss and total comprehensive expense for the year amounted to approximately HK\$43.3 million for FY2024, a decrease by approximately HK\$8.3 million from that of approximately HK\$51.6 million for FY2023, mainly due to the decrease in gross loss as discussed above and decrease in allowance for impairment losses for the year.

For 1H2025, the Group's revenue increased by approximately HK\$26.7 million or 69.6% to approximately HK\$65.1 million from approximately HK\$38.4 million for 1H2024. As shown in the table above and stated in 2025 IR, such revenue increase was attributable to the increase in revenue from construction services segment mainly due to the amount of the projects won through bidding is relatively large. Gross profit of approximately HK\$8.3 million was recorded for 1H2025, compared to the gross loss of HK\$13.7 million for 1H2024, mainly due to improvement of cost control. Profit and total comprehensive income for the period amounted to approximately HK\$0.1 million for 1H2025 was made, compared to the loss of approximately HK\$25.5 million for 1H2024. Such improvement was mainly due to (i) the gross profit made for the period as mentioned above; and (ii) the expected credit loss model for the period amounting to a reversal of approximately HK\$3,000, compared to the impairment loss of approximately HK\$7.8 million incurred for 1H2024 mainly due to a construction project in Chai Wan. The aforesaid reversal of HK\$3,000 for 1H2025 was attributable to the impairment loss of approximately HK\$1.1 million relating to a construction project in Sha Tau Kok and a reversal of the impairment loss of trade receivables of approximately HK\$1.3 million relating to a construction project in Tai Wai.

As advised by the Group, the Group's construction works business is project based in nature. The movement in the financial performance of the Group as shown above was attributable to a variety of factors, in particular, the number and value of contracts won by the Group and construction progress of the projects on hand which affects the amount of revenue to be recognised during the year/period and whether there is any unexpected change in schedule of construction work.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(2) Outlook of the Group

The Group provides wet trades works covering finishing wet trades, marble, granite and stone work with a wide range of specialties including brick work, plastering and tiling, spray plaster and screeding, marble and granite works.

As stated in the 2024 AR, the Directors are confident that with the Group's reputation in the wet trades works industry and its experienced management team, the Group is in a good position to compete with its competitors. The Group will continue to improve its competitiveness in the market by continuing to provide quality works to its customers.

As stated in the 2025 IR and further advised by the Directors, it is expected that the Government of Hong Kong will continue to invest in the infrastructure and create more lands through site formation and reclamation, thus will provide potential business opportunities to the Group as one of the construction service providers. Nevertheless, whether the Group can win tenders being rolled out in the market with a reasonable project margin is uncertain. Meanwhile, given the tight liquidity position of the Group, the Group may or may not have sufficient financial resources to meet the guarantee deposit requirement in tenders. Also, the business environment in the construction industry of Hong Kong is now facing challenge as more Mainland China construction companies are participating in the construction market, there will be a huge pressure on the tender price and profit margin.

Taking into account (i) the Group's construction works business is project based in nature and its financial performance depends on the number and value of contracts on hand and construction progress, (ii) the Group's intention to continue to undertake more wet trades and wet trades related trade divisions projects to enhance value to the Shareholders; and (iii) the challenging operating environment, the strengthening of the Group's liquidity position by way of the Subscription is considered in the interests of the Company and the Shareholders as a whole.

(3) Reason for and benefits of the Subscription

(a) Funding needs

As stated in the Announcement, the Group has financial needs for business opportunities and to cater for the working capital requirements for the business development of the Group, including (i) tenders for new projects and (ii) commencement and expansion of the Beauty & Healthcare Business.

We have discussed and understood from the Company that deposit will generally be required to be placed by the Group in participating into tenders for new projects. Also, stage payment is settled by customers only after completion of relevant stage of works and certification of relevant works by relevant customers. Hence, internal resources have to be retained by the Group for bidding projects and construction cost.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Further, as disclosed in the announcement of the Company dated 8 August 2025 and stated in the 2025 IR, in addition to the existing business of the Group, the Company has commenced the Beauty & Healthcare Business, being a new business of the Group which provides high quality beauty services, nutritional healthcare products and health services, in order to achieve diversification in the Group's business and sources of income. As of the date of the 2025 IR and the Latest Practicable Date, the Group has established physical stores in major cities in mainland China, including Shenzhen, Beijing, Shanghai, Wuhan, Fuzhou, Chongqing, Shenyang and Xi'an to provide services and products.

According to the construction expenditure forecast for public and private sectors for the ten years from 2022/23 to 2031/32 updated in July 2023 by the Construction Industry Council (the "CIC") in Hong Kong, the construction expenditure in Hong Kong is forecasted to reach HK\$295 million to HK\$375 million up to 2031/32. These industry figures support the expected increase in housing construction and thus potential demand for construction services in Hong Kong in the near future, and indicate business opportunities for the Group as one of the construction services providers in Hong Kong. On the other hand, as released by Statista, a German online platform that specializes in providing statistics, reports, and insights of different industries, the beauty and personal care market, covering various categories such as cosmetics, skin care, personal care, fragrances and beauty tech, in China is forecasted to reach a substantial revenue of US\$73.66 billion in 2025, with a projected compound annual growth rate of 3.71 percent between 2025 and 2030. Taking into account the above, we concur with the Directors' view that the outlook of the construction services and beauty and healthcare business to which the Group intends to utilise the proceeds from the Subscription is considered favourable to the Group.

Net proceeds from the Subscription is expected to be approximately HK\$43.9 million, of which 70% (approximately HK\$30.73 million), 20% (approximately HK\$8.78 million) and 10% (approximately HK\$4.39 million) is intended to be allocated to finance the Group's businesses including its construction services business, work capital of the Group and the research and development of the Beauty & Healthcare Business respectively. We have reviewed the list of existing and new tendering construction projects with cost estimation, and noted that the aforesaid portion of net proceeds of approximately HK\$30.73 million to be allocated to construction projects could only cover around one-third of the aggregate estimated cost of the two new tendering projects. We further understood from the Company that the funding requirement of the aforesaid projects mainly attributable to cost, sub-contracting cost particularly, required to be paid by the Group generally before the bills of relevant construction work issued by the Group be settled by relevant major contractors as a normal industry practice. Hence, the Group has to retain existing internal resources and/or raise new funding from the Subscription to cater for the expected funding requirements of the existing projects as well as two new tendering projects, if won by the Group, which are expected to commence in the first quarter of 2026.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the 2025 IR, the cash and cash equivalents of the Group amounted to approximately HK\$23.1 million as at 30 June 2025. As advised by the Group, a major portion of such cash resources have already been utilised by its existing construction projects and operation needs. Hence, as stated in the Letter from the Board, the Company intends to allocate approximately HK\$8.78 million from the net proceeds of the Subscription as working capital to cater for its operation needs, comprising approximately HK\$2.42 million for rental and management fees, HK\$1.99 million for management salaries, HK\$1.80 million for legal and professional fees and HK\$2.57 million for defect rectification and miscellaneous costs relating to other projects.

Further, as stated in the Letter from the Board, in order to enhance the Group's product portfolio and strengthen its competitive position in the beauty and healthcare industry, the Company intends to allocate approximately HK\$4.39 million from the net proceeds of the Subscription for the research and development of the business, comprising HK\$600,000 for market and customer research, HK\$3.0 million for prototype development with contract manufacturers including feasibility reports and efficacy and safety testing, and HK\$790,000 for product design, promotion, and related activities.

Taking into account the above, we concur with the Directors' view that the Subscription is necessary for the Group to accommodate its expected funding needs.

(b) Financial resources available to the Group

As at 30 June 2025, the Group had total cash and cash equivalents of approximately HK\$23.1 million. Its total borrowings, comprising bank overdrafts and bank borrowings repayable by instalment, amounted to approximately HK\$4.9 million. As advised by the Company, it is considered in the interest of the Group to retain the cash resources currently available to the Group for the operation of the existing business, particularly, wet trade.

On 24 June 2025, the Company completed a placing of 62,400,000 Shares at HK\$0.241 per Share through a placing agent. The placing shares represented approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of those placing shares. The placing price represented (a) a discount of approximately 15.44% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the date of the placing agreement; and (b) a discount of approximately 19.93% to the average closing price of approximately HK\$0.301 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the placing agreement. A placing commission of 5% of the gross proceeds was paid by the Company to the placing agent. As stated in the announcement dated 24 June 2025 and further set out in the Letter from the Board, net placing proceeds of approximately HK\$14.1 million has been raised and has been fully utilised as of the Latest Practicable Date, including (i) HK\$8.1 million for the setting up around 8 physical beauty stores in first tier cities of China, (ii) HK\$3 million for renovation of new office and (iii) HK\$3 million as working capital.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account the current financial position and funding needs of the Group above, we concur with the Board's view that the Subscription represents a good opportunity for the Company to provide immediate funding to strengthen the Company's financial position and replenish the Company's cash reserves for business opportunities.

(4) Alternative fund-raising methods

As stated in the Letter from the Board, apart from the Subscription, the Company has considered a number of financing methods such as debt financing and other ways of equity financing (including open offer, rights issue and share placement to independent institutional and individual investors).

The Directors considered that debt and bank financing usually require security of properties and other assets which is not feasible to the Company and will incur additional interest burden to the Group, rendering it not the optimal financing method under the prevailing market conditions. We noted from the 2025 IR that the Group did not have any material assets which can be used as security for a bank borrowing. As at 30 June 2025, the non-current assets of the Group mainly comprised rights-of-use assets, being the 3-year lease of a new office in Hong Kong, and financial assets at fair value through profit or loss, being key management personnel life insurance policy. We have discussed and understood from the Company that they have approached bank for new loan facilities but negative response was received.

Other equity financing methods, including open offer, rights issue and share placement to independent institutional and individual investors, are also considered by the Directors to be not suitable for the Group as those methods customarily involve the issue of new shares at a discount to the market price. We noted from recent announcements of open offer, rights issue and share placement to independent investors by the other listed companies that it is common for those listed companies to set the price of open offer, rights issue or share placement at a discount to the market price of their shares. If an underwriter or a placing agent is appointed to facilitate the fund raising exercised, a commission cost is inevitable. Moreover, whether the Company can raise fund successfully and the amount of proceeds is uncertain as it depends on results of the open offer, rights issue or share placement, that is, response from the Shareholders and/or investors. We have discussed and understood from the Company that they have approached securities firms for possibility of their acting as placing agent or underwriter but negative response was received.

Taking into account the above, we concur with the Directors and are of the view that the Subscription pursuant to which the Subscription Price represents a premium over the closing price of the Shares on the Last Trading Date is considered the most suitable fund raising method to the Group under the current circumstances.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(5) Principal terms of the Subscription Agreement

Pursuant to the Subscription Agreement, the Company conditionally agreed to allot and issue (pursuant to the Specific Mandate), and the Subscriber conditionally agreed to subscribe for 112,320,000 Subscription Shares at the Subscription Price of HK\$0.3965 for each Subscription Share. The cash consideration payable by the Subscriber shall be HK\$44,534,880, which is payable in full on the date of the Completion.

The Subscription Price

The Subscription Price of HK\$0.3965 per Subscription Share:

- (i) represents a premium of approximately 0.38% over the closing price of HK\$0.395 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) represents a premium of approximately 4.34% over the closing price of HK\$0.380 per Share as quoted on the Stock Exchange on the Last Trading Date and the date of the Subscription Agreement;
- (iii) represents a premium of approximately 0.38% over the average of the closing price of HK\$0.395 per Share quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date;
- (iv) equivalent to the average of the closing price of HK\$0.3965 per Share quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the Last Trading Date; and
- (v) represent a premium of approximately 510% over the Group's unaudited net asset value per Share as at 30 June 2025 of approximately HK\$0.065 (based on a total of 374,400,000 Shares as at the Latest Practicable Date and the Group's unaudited net assets value attributable to the Shareholders of approximately HK\$24.15 million as at 30 June 2025).

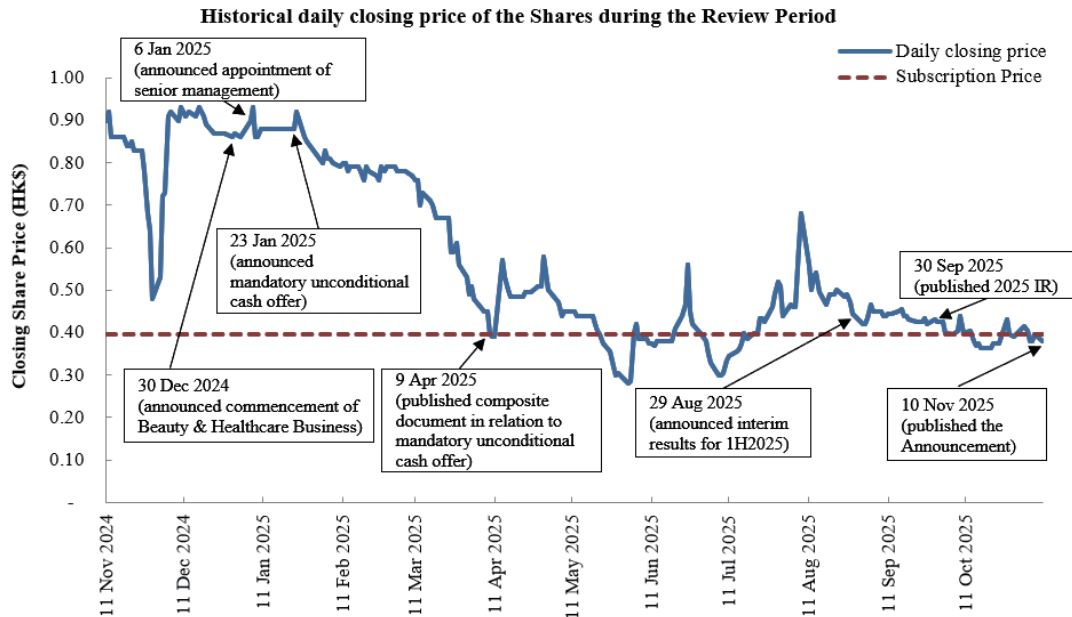
The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$0.3908 per Subscription Share. The cash consideration of HK\$44,534,880 is payable in cash by the Subscriber on or before Completion.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber taking into account the prevailing market price of the Shares and the Group's historical performances as well as current market condition. The Board considers that the Subscription Price is fair and reasonable in light of the prevailing market conditions and the recent price performance of the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical price performance of the Share

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the movements of the closing price of the Shares for the 12-month period from 11 November 2024, up to and including 10 November 2025, the Last Trading Date (the “**Review Period**”), which is commonly adopted timeframe for similar share price analysis in the market and is considered to be adequately lengthy to illustrate the recent trend of the closing prices of the Shares for our analysis on the Subscription Price.



Source: Website of the Stock Exchange (www.hkex.com.hk)

As shown in the price chart above, there was a downward trend of the closing price per Share from HK\$0.9 on 11 November 2024 to HK\$0.48 on 29 November 2024. Then, the closing price when up and hit HK\$0.93 on 10 December 2024 and moved around HK\$0.90 in December 2025 and early January 2026 when the proposed commencement of the Beauty & Healthcare Business and appointment of senior management for the development of such new business was announced by the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In late January 2025, a mandatory unconditional cash offer was jointly announced by the Company and the then offeror. Composite document was published in April 2025 and such cash offer was closed on 30 April 2025. We noted that there was a downward trend of the closing price per Share from late January 2025 which hit HK\$0.28 on 2 June 2025. Afterwards, the closing price per Share once reached HK\$0.68 on 8 August 2025, then went downward again and closed at HK\$0.38 on 10 November 2025, being the Last Trading Date and the date of the Subscription Agreement. Notwithstanding interim results announcement and report for 1H2025, showing substantial increase in revenue and net loss turned profit for the period compared to the same period last year, was published by the Company in late August and September 2025 respectively, the closing price of the Shares slightly declined or remained steady immediately after such publication.

As confirmed by the Directors, other than the aforesaid announcements, they are not aware of the reasons leading to the price movement in the Review Period.

Given the movement of the closing price of the Shares depends on the market and may fluctuate due to reason unaware by the Directors as discussed above, we concur with the Directors' view that it is considered reasonable to determine the Subscription Price taking into account, among others, the prevailing market price of the Shares such as the closing price on the Last Trading Date and the five-day or ten-day average of the closing price Shares prior to the Last Trading Date, rather than the average price of the Shares over a long period of time such as a year prior to the Last Trading Date, to justify the fairness and reasonableness of the Subscription Price.

Market comparable analysis

To further assess the fairness and reasonableness of the Subscription Price, we have conducted market research on fund raising activities by companies listed on the main board of the Stock Exchange by way of subscription of new shares for cash (excluding transactions involving (i) acquisition, restructuring, loan capitalisation and set-off of debt in whole or in part; and (ii) issuance of A shares or domestic shares) during the period from 11 October 2025 up to the Last Trading Date, being the one-month period prior to Last Trading Date, which are believed to have reflected the market practices at around the time of the Subscription Agreement for analysis. Hence, it is considered not appropriate to exclude any comparable transaction identified based on the search criteria above unless any exceptional occasion was noticed from the information released by any of those companies which may affect the determination of subscription price and thus distort the results of findings.

We have identified, to the best of our knowledge and effort, an exhaustive list of 13 comparable transactions (the “**Comparable Transactions**”) as stated in the table below. Taking into account (i) the number of Comparable Transactions covered in the review period; (ii) they were conducted at the time close to the date of the Subscription Agreement and thus were under similar and recent market conditions and sentiments; and (iii) the average figures calculated are not likely to be significantly affected by any individual comparable transaction, we consider the Comparable Transactions to be sufficient, fair and representative.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Although the companies involved in the Comparable Transactions are not identical to the Company in terms of principal business, operating scale and financial position, prospects and/or market capitalisation, we consider that the Comparable Transactions could provide a general understanding on the market practices of share subscription in the Hong Kong stock market at around the time of the Subscription Agreement.

Date of announcement	Company	Stock code	Was/is the subscriber a connected person?	General or specific mandate	Premium/(discount)	Premium/(discount) of subscription	Premium/(discount) of subscription	Dilution to the existing public shareholding (as at the date of announcement)
					of subscription price over/to closing price on the last trading day prior to/ on the date of the agreement in relation to the respective subscription of shares	price over/to average closing price of the last five trading days prior to/ up to and including the date of the agreement in relation to the respective subscription of shares	price over/to average closing price of the last ten trading days prior to/ up to and including the date of the agreement in relation to the respective subscription of shares	
					<i>Approximate %</i>	<i>Approximate %</i>	<i>Approximate %</i>	<i>Approximate %</i>
13 Oct 2025	JX Energy Ltd.	3395	No	General	(7.46)	(9.09)	(12.68)	0.76
15 Oct 2025	Scholar Education Group	1769	No	General	(13.04)	(15.38)	(14.10)	9.59
17 Oct 2025	Envision Greenwise Holdings Limited	1783	No	General	1.31	(3.19)	(13.98)	0.83
21 Oct 2025	DL Holdings Group Limited	1709	No	General	(11.34)	(4.98)	(5.72)	8.70
22 Oct 2025	Innovent Biologics, Inc. (“1801”)	1801	No	General	29.53	29.62	24.82	0.38
24 Oct 2025	Chuanglian Holdings Limited (“2371”)	2371	No	Specific	8.57	8.57	7.65	8.52
30 Oct 2025	C.banner International Holdings Limited (“1028”)	1028	No	General	(16.67)	(19.61)	(16.12)	9.65
30 Oct 2025	Wealthink AI-Innovation Capital Limited	1140	No	General	(2.95)	(2.13)	(1.67)	5.81

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company	Stock code	Was/is the subscriber a connected person?	General or specific mandate	Premium/(discount)	Premium/(discount) of subscription	Premium/(discount) of subscription	Dilution to the existing public shareholding (as at the date of announcement of subscription)
					of subscription price over/to closing price on the last trading day prior to/ on the date of the agreement in relation to the respective subscription of shares	price over/to average closing price of the last five trading days prior to/ up to and including the date of the agreement in relation to the respective subscription of shares	price over/to average closing price of the last ten trading days prior to/ up to and including the date of the agreement in relation to the respective subscription of shares	
					<i>Approximate %</i>	<i>Approximate %</i>	<i>Approximate %</i>	<i>Approximate %</i>
31 Oct 2025	Daido Group Limited (“544”)	544	No	Specific	(2.44)	(2.44)	(1.96)	19.31
31 Oct 2025	Bank of Jiujiang Co., Ltd.	6190	No	Specific	Not disclosed	Not disclosed	Not disclosed	No dilution as all H shares of the bank are held by the public
6 Nov 2025	China Ruyi Holdings Limited	136	No	General	(1.89)	(4.62)	(3.63)	3.06
6 Nov 2025	Hony Media Group	419	No	General	(2.5)	(14.47)	(18.24)	2.98
6 Nov 2025	China In-Tech Limited (“464”)	464	No	General	(19.64)	(12.28)	(15.09)	8.07
Maximum					29.5	29.6	24.8	19.31
Minimum					(19.6)	(19.61)	(18.24)	–
Average					(3.21)	(4.17)	(5.89)	5.97
Median					(2.73)	(4.80)	(9.20)	5.81
10 Nov 2025	The Company	1920	Yes	Specific	4.34	0.38	–	10.81

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above table, we noted that the subscription prices to the closing price per share on the last trading day, being the date of the corresponding agreement of the Comparable Transactions (the “**Market Range**”) ranged from a premium of approximately 29.5% to a discount of approximately 19.6%, with the average and median at discount of approximately 3.21% and 2.73% respectively to the respective closing prices per share on the dates of relevant announcements of the Comparable Transactions. Also, the subscription prices of the Comparable Transactions ranged from a premium of approximately 29.6% to a discount of approximately 19.61%, with an average and median at discount of approximately 4.17% and 4.80% respectively to the respective average closing prices per share for the five consecutive trading days prior to (and including) the dates of relevant announcements of the Comparable Transactions (the “**5-Day Range**”). For the ten consecutive trading days prior to (and including) the dates of relevant announcements of the Comparable Transactions (the “**10-Day Range**”), the corresponding subscription prices of the Comparables ranged from a premium of approximately 24.8% to a discount of approximately 18.24%, with the average and median at discount of approximately 5.89% and 9.20% respectively to the respective closing prices per share on the dates of relevant announcements of the Comparable Transactions.

Based on the information of the Comparable Transactions stated in the table above, it is noted that

- (i) no matter the subscription was under general or specific mandate, the subscription price could represent a premium (for example, 2371, 1801) or discount (for example, 1028, 544) over/to the closing price as at its last trading day prior to/on the date of subscription agreement; and
- (ii) while the subscriber in each of the Comparable Transactions was not a connected person to the relevant listed company, the subscription price could represent a premium of up to 29.5% (that is, 1801) or a discount of up to 19.6% (that is, 464) over/to the closing price as at its last trading day prior to/on the date of subscription agreement.

The aforesaid findings (the “**Findings**”) are considered indicating that there is no direct correlation between (a1) whether the subscription of new shares is under general or specific mandate, or (a2) whether the subscriber is a connected person, and (b) premium or discount of the subscription price to the closing price on the last trading day prior to/on the date of subscription agreement. Hence, it is considered that the fairness and reasonableness of the Subscription Price would not be affected by whether the Subscription is under general or specific mandate, or whether the Subscriber is a connected person.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account the Subscription Price (i) represents a premium of approximately 4.34% and 0.38% respectively over the closing price of the Shares on the Last Trading Date and five-day average closing price prior to the Last Trading Date, and equivalent to the ten-day average closing price prior to the Last Trading Date; and (ii) falls within the Market Range, 5-Day Range and 10-Day Range among the Comparable Transactions, and the Findings, we consider that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned and that the terms of the agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

(6) Potential dilution effects of the Subscription

As stated in the section headed “Effect on the Shareholdings Structure of the Company” in the Letter from the Board, the Subscription will incur a dilution effect on the shareholding of the existing public Shareholders by approximately 10.81% (i.e. from approximately 46.83% to approximately 36.02% immediately following the Completion). Having taken into account the reasons for and benefits of the Subscription, in particular (i) the funding needs of and financial resources available to the Group; (ii) the Subscription can immediately improve the financial position of the Group; (iii) the other alternative means of financings is not suitable as discussed above; and (iv) the dilution as a result of the Subscription falls within the range among the Comparables Transactions, we are of the view that the potential dilution effect on the shareholding interests of the public Shareholders is acceptable and would not affect the fairness and reasonableness of the Subscription Price.

(7) Financial impacts of the Subscription

As stated in the Letter from the Board and confirmed by the Company, upon Completion, the Subscription Shares will be recognised entirely as equity of the Company which in turn will enlarge the capital base. Based on the Subscription Price, gross and net proceeds of approximately HK\$44.5 million and HK\$43.9 million in cash will be raised by the Company. Hence, the Subscription is expected to have a positive impact on the liquidity and net asset position of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Notwithstanding the entering into the Subscription Agreement is not in the ordinary and usual course of business of the Company, having considered the aforementioned principal factors and reasons, we are of the view that (i) the Subscription is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Capital 9 Limited
Chan Man Yee
Director

Chan Man Yee is a licensed person and responsible officer of Capital 9 Limited registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and has over 15 years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, save as disclosed below, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(i) Long position in Shares and underlying Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares	Percentage of shareholding
Mr. Zhou Zhenlin ("Mr. Zhou") (Note)	Interest in a controlled corporation	311,411,000	63.98%

Note: 311,411,000 Shares are held by China Alliance Venture Limited ("China Alliance") which is beneficially owned as to 100% by Mr. Zhou. By virtue of the SFO, Mr. Zhou is deemed to be interested in all the Shares held by China Alliance.

(ii) Long position in the ordinary shares of China Alliance

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of share(s) held/interested	Percentage of interest
Mr. Zhou (<i>Note</i>)	China Alliance	Beneficial owner	1	100%

Note: China Alliance is the direct shareholder of the Company and is an associated corporation within the meaning of Part XV of the SFO.

As at the Latest Practicable Date, save as disclosed below, none of the Directors was a director or employee of a company which had an interest or short position 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.

(iii) Long position in shares and underlying shares of China Alliance, an associated corporation of the Company

Name of Shareholder	Capacity/Nature of interest	Number of Shares held/interested (long position)	Percentage of shareholding
China Alliance	Beneficial Owner (<i>Note 1</i>)	311,411,000	63.98%

Note:

- China Alliance is a direct shareholder of the Company. China Alliance is owned as to 100% by Mr. Zhou. By virtue of the SFO, Mr. Zhou is deemed to be interested in all the Shares held by China Alliance.

(b) Directors' service contracts

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

(c) Directors' interest in contracts and assets of the Group and other interests

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2024, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries.

(d) Directors' interests in competing business

As at the Latest Practicable Date, in so far as the Directors were aware of, none of the Directors and their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

3. MATERIAL ADVERSE CHANGE

The Directors confirm there is no material adverse change in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

4. QUALIFICATION AND CONSENT OF EXPERT

The following sets out the qualifications of the expert who has given its opinions or advice as contained in this circular:

Name	Qualification
Capital 9 Limited	a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or any 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, the above expert did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2024, being the date to which the latest audited financial statements of the Group was made up.

5. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.wacan.com.hk>) for a period of 14 days from the date of this circular:

- (a) the Subscription Agreement;
- (b) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out page 33 of this circular;
- (c) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 34 to 50 of this circular;
- (d) the written consent of the expert referred to in the section headed “4. Qualification and Consent of Expert” in this appendix; and
- (e) the New Share Scheme.

6. MISCELLANEOUS

- (a) The Hong Kong share registrar and transfer office of the Company is Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (b) In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

The following is a summary of the principal terms of the New Share Scheme to be approved and adopted by ordinary resolution at the EGM, but such summary does not form part of, nor was it intended to be, part of the New Share Scheme, nor should it be taken as affecting the interpretation of the terms of the New Share Scheme:

1. PURPOSE

The purpose of the New Share Scheme is to provide incentive to the Eligible Participants in order to promote the development and success of the business of the Group. The New Share Scheme will give the Eligible Participants an opportunity to have a personal stake in the Company and will help motivate the Eligible Participants in optimising their performance and efficiency and attract and retain the Eligible Participants whose contributions are important to the long-term growth of the Group.

2. ADMINISTRATION OF THE NEW SHARE SCHEME

Awards can be in the form of Share Options and/or Share Awards. The New Share Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Scheme or its interpretation or application or effect shall (save as otherwise provided in the New Share Scheme and in the absence of manifest error) be final and binding. The Board shall exercise its administrative power in accordance with the Listing Rules requirement. For the avoidance of doubt, subject to compliance with the requirements of the Listing Rules and the terms of the New Share Scheme, the Board shall have the right to (i) interpret and construe the terms of the New Share Scheme; (ii) determine the persons who will be offered Awards under the New Share Scheme, and the number of Shares and the Exercise Price or Purchase Price in relation to such Awards; (iii) make such appropriate and equitable adjustments to the terms of Awards granted under the New Share Scheme as it may deem necessary; and (iv) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of the New Share Scheme.

Subject to compliance with the Listing Rules, the authority to administer the New Share Scheme may be delegated by the Board to a committee of the Board or to any other person(s) deemed appropriate at the sole discretion of the Board.

The Company may issue new Shares and/or utilise existing Shares and/or Treasury Shares (if any) to satisfy grant(s) of the Award(s) under the New Share Scheme.

The Company may establish one or more trusts (“**Trust(s)**”) which will be independent of the Company and appoint one or more trustee(s) to hold Shares for the purposes of: (i) holding Award Shares upon Trust(s) which are reserved for specified Eligible Participants; (ii) subscribing for new Shares to be allotted and issued by the Company, purchasing existing Shares from the open market, holding Treasury Shares that are transferred out of treasury by the Company, and/or holding Returned Shares, in each case to serve as a pool of Shares upon Trust(s) which may be used to grant and/or satisfy Awards; (iii) settling Awards; and (iv) taking other actions for the purposes of administering and implementing the New Share Scheme. The trustee(s) of the Trust(s) shall be instructed by the Company. No Director will act as trustee(s) or have any direct or indirect interest in any trustee(s) of the Trust(s).

The Company shall not give instruction to any trustee of the Trust(s) to subscribe for or purchase any Shares for the purpose of the New Share Scheme under any of the following circumstances: (i) if the subscription or purchase will result in the Company failing to comply with the public float requirement with respect to the Shares as applicable under the Listing Rules from time to time; or (ii) after inside information (having the meaning as defined in the SFO) has come to its knowledge, until (and including) the Business Day after such inside information has been announced by the Company pursuant to the requirements of the Listing Rules; or (iii) at a time when any Director would be prohibited from dealing in the Shares by the Listing Rules (including the Model Code for Securities Transactions by Directors of Listed Issuers, set out in Appendix C3 to the Listing Rules).

The trustee of the Trust holding unvested Award Shares, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such direction is given.

3. ELIGIBLE PARTICIPANTS AND THE BASIS OF ELIGIBILITY

The Eligible Participants are the Employee Participants.

In determining the basis of eligibility for Employee Participants, the factors in assessing whether any person is eligible to participate in the New Share Scheme include: (1) the performance; (2) the skill, knowledge, experience, expertise and other personal qualities; (3) time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (4) the length of employment with the Group; and (5) the contribution or potential contribution to the development and growth of the Group.

4. OFFER AND ACCEPTANCE

Subject to and in accordance with the provisions of the New Share Scheme and the Listing Rules, the Board shall be entitled (but shall not be bound), at any time and from time to time and within a period commencing on the Adoption Date and ending on the Termination Date (both dates inclusive), to make an Offer to such Eligible Participant as it may, in its absolute discretion, select, and subject to such conditions as the Board may think fit, provided that no such Offer shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or any of the Directors of any applicable securities laws and regulations in any jurisdiction.

An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine specifying the terms of the Award which may include number of Award Shares, the Purchase Price or Exercise Price (as applicable), the vesting criteria and conditions, the Exercise Period, and if any, minimum performance targets that must be achieved and, if applicable, the clawback mechanism for the Company to recover or withhold any Share Options or Share Awards granted to any Eligible Participants, and any such other details as the Company may consider necessary (an “**Offer Letter**”), and requiring the Grantee to undertake to hold the Award on the terms of the Offer Letter and be bound by the terms of the New Share Scheme. An Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including the Eligible Participant’s personal representative) for a period of twenty-one (21) days from the Offer Date. The Offer shall lapse if the Eligible Participant does not accept the offer within twenty-one (21) days from the Offer Date. For the avoidance of doubt, the Board may at its discretion specify any condition in the Offer Letter at the grant of the relevant Award, including conditions and/or performance target(s) that must be achieved before any of the Awards can be exercised, as well as the clawback mechanism for the Company to recover or withhold any Share Options or Share Awards granted to any Eligible Participants.

An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all the Award Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant, together with a payment in favour of the Company of HK\$1.00 or such other amount (if any) that may be determined by the Board as consideration for the grant thereof, is received by the Company.

Any Offer may be accepted by an Eligible Participant in respect of less than the number of Award Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant, and such letter, together with a payment (if any) in favour of the Company as consideration for the grant thereof, is received by the Company.

5. VESTING PERIOD

Save for the circumstances prescribed in this section and section 18, an Award must be held by the Grantee for a period that is not shorter than the Minimum Period before the Award can be exercised.

For the grant of Awards to Employee Participants, the Board may at its absolute discretion determine a vesting period shorter than the Minimum Period in the following specific circumstances:

- (1) grants of “make-whole” Awards to new joiners to replace the award shares they forfeited when leaving the previous employers;
- (2) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;

- (3) grants that are made in batches during a year for administrative and compliance reasons (such as to save administrative time and compliance costs, to coincide with the regular or scheduled meetings of the Board and/or the Remuneration Committee, etc.), which include Awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch;
- (4) grants of Awards with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of twelve (12) months; or
- (5) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

Each of which are considered appropriate to provide flexibility to grant Awards (a) as part of competitive terms and conditions to induce valuable talent to join the Group (sub-paragraphs (1) and (4)); (b) reward past contribution which may otherwise be neglected due to administrative or technical reasons (sub-paragraphs (2) and (3)); (c) reward exceptional performers with accelerated vesting (sub-paragraph (4)); (d) to motivate exceptional performers based on performance metrics rather than time (sub-paragraph (5)); and (e) in exceptional circumstances where justified (sub-paragraphs (1) to (5)), which is consistent with the purpose of the New Share Scheme.

6. EXERCISE PRICE AND PURCHASE PRICE AND EXERCISE OF AWARDS

- (a) The Exercise Price shall, subject to any adjustments made pursuant to section 20, be determined by the Board, in its absolute discretion, provided that it shall be not less than the highest of:
 - (1) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day;
 - (2) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive days on which the Shares are traded on the Stock Exchange immediately preceding the Offer Date; and
 - (3) the nominal value of the Share on the Offer Date.
- (b) The Purchase Price shall be such price determined by the Board in its absolute discretion and notified to the Grantee in the Offer Letter. For the avoidance of doubt, the Board may determine the Purchase Price to be nil. The Company will disclose the Purchase Price for Share Awards in the announcement on grant of the relevant Awards and in its annual and interim reports to the extent required under Chapter 17 of the Listing Rules.
- (c) Where an Award is to be granted under section 8 or section 9, for the purposes of sub-paragraph (a)(1) or sub-paragraph (a)(2) above, the date of the meeting of the Board (or its authorised committee for the administration of the New Share Scheme) or the Remuneration Committee (as the case may be) at which the Offer was proposed shall be taken to be the Offer Date for the relevant Award, and the provisions set above shall apply *mutatis mutandis*.

- (d) Subject to the terms of the New Share Scheme and the fulfillment of all terms and conditions as set out in the Offer, including the attainment of any performance targets stated therein (if any), an Award shall be exercisable in whole or in part by the Grantee (or, as the case may be, the Grantee's personal representative) giving notice in writing to the Company stating that the Award is thereby exercised and the number of Award Shares in respect of which it is so exercised.
- (e) Each of such notice must be accompanied by a remittance for the full amount of the Exercise Price or the Purchase Price (as applicable) for the Award Shares in respect of which the notice is given.
- (f) Within twenty-one (21) days (or such longer period if the Company in its sole discretion considers it appropriate due to applicable legal or regulatory restrictions) after receipt of the notice and the remittance and, where appropriate, receipt of the Auditors' or independent financial adviser's certificate, the Company shall, at its discretion, arrange for the Exercised Award Shares to be satisfied in the following methods:
 - (1) allot and issue the relevant number of Shares to the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative) credited as fully paid and instruct the share registrar to issue to the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative) a share certificate for the Shares so allotted and issued;
 - (2) arrange for the Exercised Award Shares to be transferred to the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative) credited as fully paid and issue to the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative) a share certificate in respect of the Shares so transferred;
 - (3) pay to the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative) by remittance to the bank account designated and provided by the Grantee (or the Grantee's personal representative), the Actual Sale Proceeds from on-market sale of the Exercised Award Shares through the facilities of the Stock Exchange at prevailing market prices; and/or
 - (4) arrange for the Exercised Award Shares to be issued or designated as vested shares held for the economic benefit of the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative), following which, the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative) shall be entitled to future dividends paid or payable on the Exercised Award Shares and the Grantee (or the Grantee's personal representative) will have a one-time option to request the Company to cause payment to the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative) by remittance to the bank account designated and provided by the Grantee, the difference in the prevailing market prices of the Exercised Award Shares between the vesting date and the date that the Grantee notifies the Company of exercising the one-time option.

7. SCHEME LIMITS AND ADDITIONAL APPROVALS**The Scheme Mandate Limit**

- (1) the total number of Shares which may be issued (including any transfer of Treasury Shares) in respect of all Awards which may be granted at any time under the New Share Scheme together with options and awards which may be granted under any other schemes of the Company shall not exceed such number of Shares as equals 10% of the Shares in issue (excluding Treasury Shares) as at the Adoption Date (the “**Scheme Mandate Limit**”). Awards lapsed in accordance with the terms of the New Share Scheme (and other schemes of the Company) will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. For the avoidance of doubt, Awards granted in accordance with the terms of the New Share Scheme (and other similar schemes of the Company) the underlying Shares of which are existing Shares purchased by the Trustee (or any other third party(ies) authorised by the Board) in the open market upon the instruction of the Board from time to time will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit;
- (2) if the Company conducts a share consolidation or sub-division after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all options and awards to be granted under all of the schemes of the Company under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or sub-division shall be the same, rounded to the nearest whole share;

Refreshment

- (3) (a) the Company may seek approval of the Shareholders in a general meeting of the Company to refresh the Scheme Mandate Limit under the New Share Scheme on or after the third (3rd) anniversary of the date of the Shareholders’ approval for the last refreshment or the Adoption Date. The total number of Shares which may be issued (including any transfer of Treasury Shares) upon exercise of all (i) the Awards under the New Share Scheme and (ii) the options and awards to be granted under any other schemes of the Company under the Scheme Mandate Limit as “refreshed” must not exceed 10% of the Shares in issue (excluding Treasury Shares) as at the date of approval of the refreshment. For the purpose of seeking approval of the Shareholders under this sub-paragraph (3), the Company shall publish a circular containing the information required under the Listing Rules; and
- (b) any refreshment within any three (3)-year period shall be subject to independent Shareholders’ approval pursuant to Rule 17.03C(1)(b) and (c) of the Listing Rules;

Grant in excess of the Scheme Mandate Limit

- (4) the Company may seek separate approval of the Shareholders in a general meeting of the Company for granting Awards exceeding the Scheme Mandate Limit provided that the Awards in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. For the purpose of seeking approval of the Shareholders under this sub-paragraph (4), the Company shall publish a circular containing the name of each specified Eligible Participant who may be granted such Awards, the number and terms of the Awards to be granted, the purpose of granting Awards to the specified Eligible Participants with an explanation as to how the terms of the Awards serve such purpose, and such other information as required under the Listing Rules. The number and terms (including the Exercise Price or the Purchase Price) of the Awards to be granted to such Eligible Participant must be fixed before the Shareholders' approval. For the grant of Share Options, the date of Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Exercise Price.

8. GRANT OF AWARDS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY THEIR RESPECTIVE ASSOCIATES

- (1) Any grant of an Award to any of the Directors, chief executive of the Company or substantial shareholder, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of the Award).
- (2) (a) Where any grant of an Award to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued (including any transfer of Treasury Shares) in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding Treasury Shares), or
- (b) where any grant of Share Awards (i.e., excluding grant of Share Options) to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the Shares issued and to be issued (including any transfer of Treasury Shares) in respect of all awards granted (excluding any Awards lapsed in accordance with the terms of the relevant schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding Treasury Shares) at the date of such grant,

such grant of Award must be approved by the Shareholders in a general meeting of the Company.

- (3) The Company shall publish a circular. The circular must contain the information required under the Listing Rules.

- (4) The Grantee, his associates and all core connected persons of the Company must abstain from voting in favour of the proposed grant at such general meeting. Parties that are required to abstain from voting in favour of the proposed grant at the general meeting of the Company pursuant to the Listing Rules may vote against the resolution at the general meeting of the Company, provided that their intention to do so has been stated in the relevant circular to the Shareholders.
- (5) Any vote taken at the general meeting of the Company to approve the grant of such Award must be taken on a poll and comply with the requirements under the Listing Rules.
- (6) Any change in the terms of Awards granted to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the Shareholders in the manner as set out in the Listing Rules if the initial grant of the Awards requires such approval (except where the changes take effect automatically under the existing terms of the New Share Scheme).
- (7) Applications shall be made by the Company to the Listing Committee (as defined in the Listing Rules) for the listing of and the permission to deal in any Shares that may fall to be allotted and issued under the New Share Scheme.
- (8) The requirements for the grant to a Director or chief executive of the Company set out above do not apply where the Eligible Participant is only a proposed Director or chief executive of the Company.

9. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

Where any grant of an Award to an Eligible Participant would result in the Shares issued and to be issued (including any transfer of Treasury Shares) in respect of all options and awards granted to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate exceeding 1% of the Shares in issue (excluding Treasury Shares), such grant must be separately approved by the Shareholders in a general meeting of the Company with such Eligible Participant and the person's close associates (or associates if the Eligible Participant is a connected person) abstaining from voting.

The Company shall publish a circular and the circular must disclose the identity of the Eligible Participant, the number and terms of the Awards to be granted (and Awards previously granted to such Eligible Participant during the twelve (12)-month period), the purpose of granting the Awards to the Eligible Participant, an explanation as to how the terms of the Awards serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the Exercise Price or Purchase Price) of the Award to be granted to such Eligible Participant must be fixed before the Shareholders' approval. For the grant of Share Options, the date of the meeting of the Board for proposing such grant should be taken as the Offer Date for the purpose of calculating the Exercise Price.

10. TIME OF EXERCISE OF OPTIONS

Subject to the terms of the New Share Scheme, an Award may be exercised in whole or in part at any time during the period stipulated in the Offer, provided that such period shall not go beyond the day immediately prior to the tenth (10th) anniversary of the offer date with respect of the relevant Award.

11. PERFORMANCE TARGET(S) AND CLAWBACK MECHANISM

The Board may at its discretion determine and provide in the Offer Letter at the grant of the relevant Award any performance target(s) as the Board may then specify which must be achieved by the Grantee before any of the Awards can be exercised, as well as the clawback mechanism, if applicable, for the Company to recover or withhold any Share Options or Share Awards granted to any Eligible Participants.

Specifically, if performance targets are imposed on a Grantee at the grant of the relevant Award, the Board will have regard to the purpose of the New Share Scheme in assessing the reasonableness and suitability of such performance targets, with reference to factors including but not limited to, as and when appropriate:

- (1) sales performance (e.g. revenue) of the Group;
- (2) operating performance (e.g. operation efficiency) of the Group;
- (3) financial performance (e.g. profits, cash flow, earnings, market Subscription and return on equity) of the Group;
- (4) corporate sustainability parameters (e.g. accuracy and timeliness in handling customer complaints and feedback and adherence to corporate culture);
- (5) personal qualities (e.g. discipline, punctuality, integrity and compliance with internal procedures and controls) of the Grantee, and
- (6) individual performance (e.g. key performance indicator achievement) of the Grantee; the satisfaction of which shall be assessed and determined by the Board at its discretion.

The Company will also utilise its internal assessment system to appraise and evaluate whether the Eligible Participants will contribute to the long-term growth of the Group on a case-by-case basis. Specifically, the Eligible Participants' expected contribution will be considered with reference to factors including but not limited to their past contributions to the Group, the nature of job duties or services, position within or related to the Group and other features including geographical location, business strategy focus and corporate culture. Specific weightings will be given to the factors above in order to provide a fair and objective appraisal of the Eligible Participants before Awards will be granted, such that the grants will be on a fair and reasonable basis and in the interest of the Company and its Shareholders as a whole.

If the clawback mechanism is prescribed, at the Board's discretion, on a Grantee at the grant of the relevant Award, in the event that:

- (1) a Grantee's employment has been terminated summarily;
- (2) a Grantee has been convicted of any criminal offence involving his or her integrity or honesty; or
- (3) a Grantee has been involved in any wrongdoing that brings the Group into disrepute or causes damages to the Group (including but not limited to causing a material misstatement in the Company's financial statements),

any outstanding Awards not yet vested shall be immediately forfeited and shall immediately lapse under the New Share Scheme, unless the Board determines otherwise at its discretion.

12. RESTRICTIONS ON THE TIME OF OFFER

No Offer shall be made by the Board:

- (1) after inside information (having the meaning as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) has come to its knowledge until (and including) the trading day after such inside information has been announced by the Company pursuant to the requirements of the Listing Rules;
- (2) during the period commencing from thirty (30) days immediately preceding the earlier of:
 - (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year or quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to publish its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement (or during any period of delay in publishing the results announcement); and

- (3) at a time when the relevant Eligible Participant would be prohibited from dealing in the Shares by the Listing Rules (including the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules).

13. RIGHTS ARE PERSONAL TO GRANTEES

Subject to the rules in the New Share Scheme, an Award shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Award or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Award or any part thereof granted to such Grantee to the extent not already exercised.

The Stock Exchange may consider granting a waiver to allow a transfer of an Award to a vehicle (such as trust or private company) for the benefit of the Grantee and any family members of such Grantee that would continue to meet purpose of the New Share Scheme and comply with the requirements of the Listing Rules.

14. RIGHTS ON CESSATION OF EMPLOYMENT OR DIRECTORSHIP

In the event that the Grantee ceases to be an Eligible Participant by reason of termination of his employment with any member of the Group on any one or more of the following grounds:

- (1) that the Grantee has been guilty of serious misconduct;
- (2) that the Grantee has been convicted of any criminal offence involving the person's integrity or honesty or in relation to any member of the Group (if so determined by the Board);
- (3) that the Grantee has become insolvent, bankrupt or has made arrangements or compositions with the Grantee's creditors generally; or
- (4) on any other ground as determined by the Board that would warrant the termination of the Grantee's employment at common law or pursuant to any applicable laws or under the Grantee's service contract with any member of the Group,

before exercising the Award in full, the Grantee's Award (to the extent not already exercised) shall automatically lapse and shall not be exercisable on the date of cessation, or such longer period as the Board may determine.

15. RIGHTS ON DEATH

In the event that the Grantee ceases to be an Eligible Participant by reason of the person's death before exercising the Award in full (and if the Grantee is an Employee Participant, provided that none of the events which would be a ground for termination of the person's employment or directorship under section 14 above arises):

- (1) in the case of Share Options, the Grantee's personal representative may exercise the Share Options (to the extent vested but not already exercised) in whole or in part in accordance with the provisions of section 6 within one hundred and eighty (180) days following the date of death, or such longer period as the Board may determine, and any Share Options not exercised shall lapse at the end of the abovementioned period;
- (2) in the case of Share Awards, any outstanding Share Awards not yet vested shall immediately lapse, and the Company shall deliver (i) such number of vested but not yet delivered Award Shares or (ii) such amount which is equal to the Actual Sale Proceeds less any Purchase Price (as applicable) (hereinafter referred to as "Benefits") of such Share Awards at its discretion to the Grantee's estate within two (2) years following the date of death, or such other period as the Board may determine, or if the Benefits would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable and such Benefits shall lapse.

16. RIGHTS ON INJURY, DISABILITY OR ILL-HEALTH

In the event that the Grantee ceases to be an Eligible Participant by reason of (i) injury, disability or ill-health inflicted upon the Grantee in the course of his or her performance of duty as employee or director of any member of the Group (evidenced to the satisfaction of the Board), or (ii) the Grantee's retirement as an employee of the Group in accordance with the Grantee's contract of employment (evidenced to the satisfaction of the Board), or (iii) the termination of the Grantee's employment or directorship with the Group as evidenced by notice or payment in lieu of notice (if permitted by any applicable laws and the relevant contract of employment or directorship) served or made by the Grantee to the relevant member of the Group or vice versa), in each case provided that none of the events which would be a ground for termination of the Grantee's employment or directorship under section 14 above arises, before exercising the Award in full, the Grantee may exercise the Award (to the extent vested but not already exercised) in whole or in part in accordance with the terms of the New Share Scheme within three (3) months following the date of such cessation, or such longer period as the Board may determine and any Award not exercised shall lapse at the end of the abovementioned period. The date of cessation as aforesaid shall be the last day on which the Grantee is actually at work with the relevant member of the Group whether salary is paid in lieu of notice or not.

17. RIGHTS ON CESSATION FOR OTHER REASONS

In the event that the Grantee ceases to be an Eligible Participant for any reason other than the reasons specified in section 14 to section 16 above, the Grantee's Award (to the extent vested but not already exercised) shall lapse and shall not be exercisable on the date of cessation provided that in each case, the Board may, in its absolute discretion, decide that such Award or any part thereof shall not so lapse or determine such conditions or limitations to which the exercise of such Award will be subject to.

18. RIGHTS ON A CORPORATE TRANSACTION

If an event of change in control of the Company occurs, whether by way of offer, merger, scheme of arrangement, general offer or otherwise is made to all Shareholders, unless the Board determines otherwise, (i) in the case that the date when such change of control event becomes or is declared unconditional is no less than twelve (12) months from the date of grant of the relevant Awards, all such Awards granted shall immediately vest on the date when such change of control event becomes or is declared unconditional; or (ii) in the case that the date when such change of control event becomes or is declared unconditional is less than twelve (12) months from the date of grant of the relevant Awards, subject to any shorter vesting period as may be granted to an Employee Participant, all such Awards shall automatically lapse. For the purpose of this provision, "control" shall have the meaning as specified in the Takeovers Code from time to time.

19. CANCELLATION OF AWARDS

Subject to terms of the New Share Scheme, the Board may cancel any Award granted but unexercised (and whether or not vested) on such terms and conditions and without the consent of the relevant Grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation.

Where the Company cancels any outstanding Awards (whether or not vested) and makes a new grant to the same Grantee, such new grant may only be made under the New Share Scheme with the available limit approved by the Shareholders as set out in section 7 above. The Awards cancelled (whether or not vested) will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

20. EFFECT OF ALTERATIONS TO SHARE CAPITAL

In the event of any alteration in the capital structure of the Company whilst any Award remains exercisable or the New Share Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital of the Company (other than an issue of Shares as consideration in respect of a transaction), then, in respect of any such adjustments (other than any made on a capitalisation issue), the Company shall instruct the Auditors or independent financial adviser to certify in writing to the Board the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (1) the number of Shares to which the New Share Scheme or any Awards relates (insofar as it is/they are unexercised); and/or
- (2) the Exercise Price or Purchase Price of any unexercised Award, and an adjustment as so certified by the Auditors or the independent financial adviser shall be made, provided that:
 - (a) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
 - (b) any such adjustment shall be made on the basis that a Grantee shall be given the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe or purchase had the person exercised all the Awards held by him immediately prior to such event (as interpreted in accordance with FAQ13 – No. 16 (the “**FAQ**”) and the related Appendix 1 entitled “Supplementary Guidance on MB Rule 17.03(13)/GEM Rule 23.03(13) and the Note to the Rule” published by the Stock Exchange (the “**Supplemental Guidance**”) or any further or updated guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time);
 - (c) the issue of securities of the Company for cash or as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
 - (d) in respect of any such adjustments, the Auditors or the independent financial adviser must confirm to the Board in writing that the adjustments satisfy the requirements set out in the above, the requirements of Rule 17.03(13) of the Listing Rules, the FAQ, any relevant provisions of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange and the note thereto from time to time.

Subject to the above principles and certification procedures and any further or updated guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time, the default method of adjustment is set out below:

- (1) In the case of a capitalisation issue or right issue, the Company would calculate the adjusted number of Awards and adjusted exercise price by applying the formula prescribed (and as updated from time to time) by the Stock Exchange in section I entitled “Capitalisation or Bonus Issue and Rights Issue or Open Offer of Shares” of the Supplemental Guidance published by the Stock Exchange, set out below:

$$\text{New number of Awards} = \text{Existing Awards} \times F$$

$$\text{New Exercise Price} = \frac{\text{Existing exercise Price}}{\text{Price}} \times \frac{1}{F}$$

Where

$$F = \text{CUM/TEEP}$$

CUM = Closing price as shown in the daily quotation sheet of the Stock Exchange on the last day of trading before going ex-entitlement

$$\text{TEEP (Theoretical ex entitlement price)} = \frac{\text{CUM} + [M \times R]}{1 + M}$$

M = Entitlement per existing Share

R = Subscription price

- (2) In the case of a subdivision or consolidation of Shares, the Company would calculate the adjusted number of Awards and exercise price by applying the formula prescribed (and as updated from time to time) by the Stock Exchange in section II entitled “Subdivision or Consolidation of Shares” of the Supplemental Guidance published by the Stock Exchange, set out below:

$$\text{New number of Awards} = \text{Existing Awards} \times F$$

$$\text{New Exercise Price} = \frac{\text{Existing Exercise Price}}{\text{Price}} \times \frac{1}{F}$$

Where F = Subdivision or consolidation factor

Any dispute arising in connection with the number of Shares of an Award and any of the matters referred to this section shall be referred to the decision of the Auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby.

21. RANKING OF SHARES

Awards do not carry any right to vote at any general meeting of the Company, nor any right to dividends, transfer or other rights, including those arising on the liquidation of the Company. No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Award unless and until the Shares underlying an Award are issued and delivered to the Grantee pursuant to the vesting and exercise of such Award. Shares allotted and issued upon the exercise of an Award will be subject to all the provisions of the Articles and will rank *pari passu* in all respects with the other existing Shares in issue on the date of allotment and issue of the relevant Shares (the “Allotment Date”) other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Allotment Date. The Shares allotted and issued upon the exercise of an Award shall not carry any right of a Shareholder (including voting rights) until registration of the Grantee as the holder thereof on the register of members of the Company.

22. DURATION OF THE NEW SHARE SCHEME

The New Share Scheme shall be valid and effective until the Termination Date, after which period no further Awards will be granted but the provisions of the New Share Scheme shall remain in force to the extent necessary to give effect to the exercise of any Awards granted on or prior to the Termination Date or otherwise as may be required in accordance with the provisions of the New Share Scheme.

23. ALTERATIONS TO THE TERMS OF THE NEW SHARE SCHEME

The New Share Scheme may be altered in any respect by a resolution of the Board provided that:

- (1) any alteration to the terms and conditions of the New Share Scheme which is of a material nature or any alteration in relation to any matter contained in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants must be approved by the shareholders of the Company in a general meeting of the Company;
- (2) any change to the terms of Awards granted to a Grantee must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Awards was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) (except any changes which take effect automatically under the terms of the New Share Scheme);

- (3) any change to the authority of the Directors or the administrator of the New Share Scheme to alter the terms of the New Share Scheme must be approved by the Shareholders in a general meeting of the Company;
- (4) the amended terms of the New Share Scheme or the Awards shall remain in compliance with Chapter 17 of the Listing Rules; and
- (5) no such alteration shall operate to affect adversely the terms of issue of any Award granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the memorandum of association of the Company and the Articles being for a variation of the rights attached to Shares.

24. CONDITION OF THE NEW SHARE SCHEME

The New Share Scheme is conditional upon the passing of the necessary ordinary resolution at a general meeting of the Company approving the adoption of the New Share Scheme.

25. LAPSE OF AWARDS

The Exercise Period in respect of any Award shall automatically terminate and that Award (to the extent vested but not already exercised) shall automatically lapse on the earliest of:

- (1) subject to section 14 to section 18, the expiry of the Exercise Period;
- (2) the expiry of any of the periods referred to in section 14 to section 18; and
- (3) the date of the commencement of the winding-up of the Company.

26. TERMINATION

The Company by an ordinary resolution in a general meeting of the Company may at any time terminate the operation of the New Share Scheme. In such event, no further Awards will be offered but in all other respects, the provisions of the New Share Scheme shall remain in force to the extent necessary to give effect to the exercise of any Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Scheme and the Awards granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Scheme.

27. MISCELLANEOUS

The Company shall bear the costs of establishing and administering the New Share Scheme.

The terms of the New Share Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 17 of the Listing Rules.

NOTICE OF EXTRAORDINARY GENERAL MEETING

China Wacan Group Company Limited 中國網成集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1920)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (the “**EGM**”) of China Wacan Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) will be held at Unit 2102, Building 4, Tianan Yungu Industrial Park Phase II, Gangtou Community, Bantian Street, Longgang District, Shenzhen, the PRC on Thursday, 26 February 2026 at 10:00 a.m. (Hong Kong time) to consider and, if thought fit, pass with or without amendments the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the subscription agreement (the “**Subscription Agreement**”) dated 10 November 2025 (a copy of which has been produced to the meeting marked “**A**” and signed by the chairman of the meeting for the purpose of identification) and entered into by the Company as issuer and China Alliance Venture Technology Limited as subscriber in relation to the subscription of 112,320,000 new shares of the Company (the “**Subscription Shares**”) at the subscription price of HK\$0.3965 per Subscription Share and the transactions contemplated therein be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange having approved the listing of and dealing in the Subscription Shares, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate to exercise all the powers of the Company to allot and issue the Subscription Shares, subject to and in accordance with the terms and conditions set out in the Subscription Agreement. This specific mandate so granted is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company at, before or after the passing of this resolution; and
- (c) any one Director be and is hereby authorised to sign, execute, perfect and deliver all such documents and deeds, and do all such acts, matters and things as are, in the opinion of such Director, desirable or expedient to give effect to the Subscription Agreement, all the transactions contemplated thereunder and/or any matter ancillary or incidental thereto (including without limitation the allotment and issue of the Subscription Shares pursuant thereto), to agree to such variations, amendments or waivers to or of any of the provisions of the Subscription Agreement and all documents ancillary or incidental thereto as are, in the opinion of such Director, not of a material nature and in the interest of the Company, and to effect or implement any other matter referred to in this resolution.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “**THAT:**

- (a) the grant of 3,744,000 share options under the 2019 Share Option Scheme (“**2019 Share Options**”) to Mr. Zhou Zhenlin (“**Mr. Zhou**”), an executive director of the Company, entitling him to subscribe for an aggregate of 3,744,000 ordinary shares in the share capital of the Company (“**Share(s)**”) at an exercise price of HK\$0.453 per Share (the principal terms and conditions of such grant are set out in the circular of the Company dated 30 January 2026 (“**Circular**”)) under and pursuant to the share option scheme of the Company adopted on 22 July 2019 (“**2019 Share Option Scheme**”) and on such terms as stipulated in the offer letter issued by the Company pursuant to the 2019 Share Option Scheme be and is hereby approved, confirmed and ratified;
- (b) the board of directors of the Company (“**Board**”) be and is hereby authorized to exercise all rights and powers available to it as it may in its sole discretion consider necessary or expedient to give full effect to the grant of the 2019 Share Options to Mr. Zhou and the issue of the Shares upon the exercise of the 2019 Share Options by Mr. Zhou; and
- (c) any and all such acts to effect the aforesaid grant be and are hereby approved, confirmed and ratified.”

3. “**THAT:**

- (a) the authorised share capital of the Company be and is hereby increased from HK\$40,000,000 divided into 400,000,000 Shares of HK\$0.1 each (the “**Shares**”) to HK\$120,000,000 divided into 1,200,000,000 Shares by the creation of an additional 800,000,000 Shares, and that each such new Share, upon issue and fully paid, shall rank *pari passu* in all respects with the existing issued Shares (the “**Increase in Authorised Share Capital**”); and
- (b) any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Increase in Authorised Share Capital and to attend to any necessary registration and/or filing for and on behalf of the Company to effect the Increase in Authorised Share Capital.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. “THAT:

- (a) the rules of the new share scheme of the Company (the “**New Share Scheme**”) in the form tabled at the EGM, marked “**B**” and for the purpose of identification signed by a Director, be and are hereby approved and adopted, and the Directors be and are hereby authorised, (i) to grant share options and share awards in accordance with the rules of the New Share Scheme; (ii) to allot, issue, and deal with from time to time such number of award shares as may be required to be issued pursuant to the exercise of the options and awards under the New Share Scheme; (iii) to purchase and deal with such number of Shares from the open market as may be required pursuant to the grant or exercise of options and awards under the New Share Scheme; (iv) to administer the New Share Scheme; (v) to appoint and give instructions to one or more trustee(s) for the purpose of the New Share Scheme; (vi) to modify and/or amend the New Share Scheme from time to time provided that such modification or amendment is effected in accordance with the terms of the New Share Scheme and subject to the Listing Rules; and (vii) to do such acts and things and enter into such transactions, arrangements and agreements as the Directors may in their sole discretion consider necessary, desirable or expedient in order to give full effect to and implement the New Share Scheme;
- (b) the total number of Shares which may be issued in respect of all options and awards to be granted under the New Share Scheme and any other share schemes of the Company as may from time to time be adopted by the Company shall not exceed such number of Shares as equals 10 per cent. of the Shares in issue (excluding any treasury shares of the Company) as at the date of passing of this resolution; and
- (c) conditional upon the New Share Scheme becoming effective, the existing share option scheme of the Company adopted on 22 July 2019 be and are hereby terminated with effect from the adoption date of the New Share Scheme.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

SPECIAL RESOLUTION

5. “THAT:

- (a) paragraph 7 of the Company’s amended and restated memorandum of association is deleted in its entirety and replaced with the following paragraph:

“The authorised share capital of the Company is HK\$120,000,000 divided into 1,200,000,000 shares of par value HK\$0.1 each with the power for the Company to increase or reduce the said capital and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions; and so that, unless the condition of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.”

- (b) article 6 of the Company’s amended and restated articles of association is deleted in its entirety and replaced with the following article:

“The authorised share capital of the Company 120,000,000 divided into 1,200,000,000 Shares of par value HK\$0.1 each.”

By order of the Board
China Wacan Group Company Limited
Zhou Zhenlin
Chairman of the Board and Executive Director

Hong Kong, 30 January 2026

*Headquarters and principal place of business
in Hong Kong registered under Part 16
of the Companies Ordinance:*
Unit 2B, 35/F, East Tower
Cheung Kong Center II
No. 10 Harcourt Road
Central
Hong Kong

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of the Company.

In order to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the EGM or the adjourned meeting (as the case may be).

- (2) Completion and return of the proxy form will not preclude shareholders of the Company from attending and voting in person at the EGM, or any adjourned meeting, should they so wish.
- (3) The register of members will be closed from Monday, 23 February 2026 to Thursday, 26 February 2026, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance of Extraordinary General Meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Friday, 20 February 2026.
- (4) Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on the Stock Exchange, all votes of shareholders at the EGM will be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the matter prescribed under Rules 13.39(5) and 13.39(5A) of the Listing Rules.

As at the date of this notice, the Board comprises Mr. Zhou Zhenlin, Ms. Peng Yunying and Mr. Guo Xianjiao as executive Directors and Ms. Ding Xin, Ms. Zhang Lingke and Professor Lam Sing Kwong Simon as independent non-executive Directors.