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

If you have sold or transferred all your shares in Value Convergence Holdings Limited (the "Company"), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, the licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

Website: <http://www.vcgroup.com.hk>

(Stock Code: 821)

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;**
- (2) PLACING OF UNSUBSCRIBED RIGHTS SHARES UNDER SPECIFIC MANDATE; AND**
- (3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Placing Agent



VC Brokerage Limited

Independent Financial Adviser

MESSIS 大有融資

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

A letter from the Board is set out on pages 10 to 39 of this circular. A notice convening the EGM to be held on Thursday, 11 September 2025 at 11:00 a.m. at 7th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular and a form of proxy for the EGM is despatched together with this circular.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. If the Rights Issue is not fully subscribed, the number of Rights Shares that are not subscribed by the Qualifying Shareholders or renounees or transferees of the Nil-paid Rights under the PALs and the EAFs (i.e. the Unsubscribed Rights Shares) will be placed to independent Placees on a best effort basis through the Placing. The Unsubscribed Rights Shares that are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

It should be noted that the Shares will be dealt in on an ex-rights basis from Monday, 15 September 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 26 September 2025 to Monday, 6 October 2025 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in the existing Shares and/or the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue are fulfilled (which is expected to be on Monday, 13 October 2025) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Nil-paid Rights. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time fixed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. In such event, the form of proxy shall be deemed to be revoked.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
EXPECTED TIMETABLE	7
LETTER FROM THE BOARD	10
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	40
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	IFA-1
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III – GENERAL INFORMATION	III-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

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

“2024 CB”	the convertible bonds in the aggregate principal amount of HK\$14,400,000 issued by the Company on 26 September 2024, with the details of which being disclosed in the announcements of the Company dated 9 September 2024 and 26 September 2024, respectively
“2025 CB”	the convertible bonds in the aggregate principal amount of HK\$5,000,000 issued by the Company on 25 June 2025, with the details of which being disclosed in the announcements of the Company dated 13 June 2025 and 25 June 2025, respectively
“AFRC”	the Accounting and Financial Reporting Council in Hong Kong
“acting in concert”	having the meaning as set out in the Takeovers Code
“Announcement”	the announcement of the Company dated 6 August 2025 in relation to the Rights Issue and the Placing
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Value Convergence Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for the Rights Shares in excess of their provisional entitlements under the Rights Issue
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate for the allotment and issue of the Unsubscribed Rights Shares
“Excess Rights Shares”	any Nil-paid Rights provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of Nil-paid Rights prior to the Latest Time for Acceptance, any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold, and shall (for avoidance of any doubt) include the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any)
“Excluded Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong Government department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department in June 2019 in the event of serious disruption of public transport services or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature
“General Rules of HKSCC”	the terms and conditions regulating the use of HKSCC’s services, as may be amended, supplemented and/or otherwise modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Operational Procedures”	the operational procedures of the HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of CCASS or any other platform, as from time to time in force
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders on the Rights Issue and the Placing Agreement
“Independent Financial Adviser” or “Messis Capital”	Messis Capital Limited, a licensed corporation carrying out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Rights Issue and the Placing Agreement
“Independent Shareholder(s)”	the Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Last Trading Day”	6 August 2025, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Placing Time”	5:00 p.m. on Friday, 31 October 2025 or such later date as the Company and the Placing Agent may agree in writing, being the latest date and time for the Placing Agent to place the Placing Shares
“Latest Practicable Date”	21 August 2025, being the latest practicable date prior to printing of this circular for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Friday, 10 October 2025 (or such later time or date as may be determined by the Company), being the latest time for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	7 November 2025

DEFINITIONS

“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code
“Nil-paid Rights”	the nil-paid rights of the Qualifying Shareholders to be allotted the Rights Shares pursuant to the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Placee(s)”	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Share
“Placing”	the placing of the Placing Shares on and subject to the terms and conditions set out in the Placing Agreement
“Placing Agent”	VC Brokerage Limited, a wholly-owned subsidiary of the Company and a licensed corporation by the SFC to carry out and conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under and pursuant to the SFO
“Placing Agreement”	the placing agreement dated 6 August 2025 and entered into between the Company and the Placing Agent in relation to the Placing on a best effort basis
“Placing Completion Date”	any day falling on or before the fifth (5 th) Business Day after the Long Stop Date or such other date as the Company and the Placing Agent may agree in writing, subject to the conditions set out in the Placing Agreement have been fulfilled (or such later date as may be agreed between the Company and the Placing Agent in writing)
“Placing Period”	the period commencing on 20 October 2025 and expiring at the Latest Placing Time (both days inclusive) or such other date as the Company and the Placing Agent may agree in writing, being the period during which the Placing Agent will carry out and/or effectuate the Placing
“Placing Price”	the placing price of the Placing Shares which shall be equivalent to the Subscription Price (exclusive of any brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee as may be payable)

DEFINITIONS

“Placing Shares”	the Unsubscribed Rights Shares to be placed to the Placee(s) by the Placing Agent
“PRC”	The People’s Republic of China
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
“Prospectus Documents”	collectively, the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Wednesday, 24 September 2025, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders (or in case of the Excluded Shareholder(s), the Prospectus only)
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules which requires, inter alia, at least 25% of the issuer’s total number of issued shares (excluding treasury shares) must at all times be held by the public
“Qualifying Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	Tuesday, 23 September 2025, being the date by reference to which the Shareholders’ entitlements to the Rights Issue will be determined
“Registrar”	Tricor Investor Services Limited, the share registrar and transfer office of the Company in Hong Kong
“Rights Issue”	the proposed offer for subscription by the relevant Qualifying Shareholders for up to 544,744,608 Rights Shares at the Subscription Price on the basis of two (2) Rights Shares for every one (1) existing Share held on the Record Date and subject to the terms and conditions set out in the Prospectus Documents
“Rights Shares”	up to 544,744,608 Shares proposed to be offered to the Qualifying Shareholders under the Rights Issue
“Scale-down EAF Shares”	such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company

DEFINITIONS

“Scale-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	the issued ordinary share(s) in the Company
“Share Consolidation”	the share consolidation which became effective on 28 July 2025 on the basis that every ten (10) shares in issue of the Company be consolidated into one (1) consolidated share
“Share Options”	the share options granted by the Company under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 14 June 2018
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Specific Mandate”	the specific mandate to be granted by Shareholders at the EGM to allot and issue a maximum of 544,744,608 Unsubscribed Rights Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.45 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholder(s) or renouncee(s) or transferee(s) of Nil-paid Rights under the PAL(s) and the EAF(s), including the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form that have not been sold by the Company
“%”	per cent

EXPECTED TIMETABLE

The expected timetable for the Rights Issue and the Placing is set out below:

Event	Time and Date (Hong Kong time)
Latest time for lodging transfer documents of Shares to qualify for attendance and voting at the EGM.	4:30 p.m. on Thursday, 4 September 2025
Closure of register of members of the Company to determine entitlement to attend and vote at the EGM (both days inclusive)	Friday, 5 September 2025 to Thursday, 11 September 2025
Latest time for lodging proxy forms for the EGM.	11:00 a.m. on Tuesday, 9 September 2025
Record date for attending and voting at the EGM.	Thursday, 11 September 2025
Expected time and date of the EGM	11:00 a.m. on Thursday, 11 September 2025
Announcement of poll results of the EGM	Thursday, 11 September 2025
Re-opening of the register of members of the Company	Friday, 12 September 2025
Last day of dealings in the Shares on a cum-rights basis of the Rights Issue.	Friday, 12 September 2025
First day of dealings in the Shares on an ex-rights basis of the Rights Issue	Monday, 15 September 2025
Latest time for lodging transfer of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Tuesday, 16 September 2025
Closure of register of members of the Company to determine the entitlement to the Rights Issue (both days inclusive).	Wednesday, 17 September 2025 to Tuesday, 23 September 2025
Record Date to determine entitlements to the Rights Issue.	Tuesday, 23 September 2025
Register of members of the Company re-opens.	Wednesday, 24 September 2025

EXPECTED TIMETABLE

Event	Time and Date (Hong Kong time)
Despatch of the Prospectus Documents (in case of the Excluded Shareholders, the Prospectus only)	Wednesday, 24 September 2025
First day of dealings in Nil-paid Rights	Friday, 26 September 2025
Latest time for splitting of PALs	4:30 p.m. on Tuesday, 30 September 2025
Last day of dealings in Nil-paid Rights.	Monday, 6 October 2025
Latest time for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares	4:00 p.m. on Friday, 10 October 2025
Latest date for the Rights Issue to become unconditional	Monday, 13 October 2025
Announcement of the results of the Rights Issue including the results of application for Excess Rights Shares and the number of Unsubscribed Rights Shares subject to the Placing	Friday, 17 October 2025
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent (if there are any available)	Monday, 20 October 2025
Despatch of share certificates for the fully-paid Rights Shares	Monday, 20 October 2025
Despatch of refund cheques, if any, for wholly or partially unsuccessful excess applications or if the Rights Issue does not proceed	Monday, 20 October 2025
Commencement of dealings in the fully-paid Rights Shares	9:00 a.m. on Tuesday, 21 October 2025
Latest time and date of placing of Unsubscribed Rights Shares by the Placing Agent.	5:00 p.m. on Friday, 31 October 2025

EXPECTED TIMETABLE

Event	Time and Date (Hong Kong time)
Latest time for termination of the Placing Agreement and for the Placing to become unconditional	5:00 p.m. on Friday, 7 November 2025
Completion of the Placing and announcement of results of the Placing	.on or before Friday, 14 November 2025

All times and dates in this circular refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above or in other parts of this circular are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” is announced by the Government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 10 October 2025. Instead, the latest time for acceptance of and payment for the Rights Shares and application and payment for Excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 10 October 2025. Instead, the latest time for acceptance of and payment for the Rights Shares and application and payment for Excess Rights Shares will be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest time for Acceptance does not take place on or before 4:00 p.m. on Friday, 10 October 2025, the dates mentioned in the section headed “**EXPECTED TIMETABLE**” in this circular may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

LETTER FROM THE BOARD



Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

Website: <http://www.vcgroup.com.hk>

(Stock Code: 821)

Executive Directors:

Mr. Fu Yiu Man, Peter (*Chairman*)

Mr. Wong Kam Fat, Tony (*Vice Chairman*)

Mr. Lin Hoi Kwong, Aristo

Ms. Li Cindy Chen

Registered office:

6th Floor

Centre Point

181-185 Gloucester Road

Wanchai

Hong Kong

Independent non-executive Directors:

Mr. Wong Chung Kin, Quentin

Mr. Siu Miu Man, Simon, MH

Mr. Au Tin Fung, Edmund

26 August 2025

To the Shareholders,

Dear Sir or Madam,

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;**
- (2) PLACING OF UNSUBSCRIBED RIGHTS SHARES UNDER SPECIFIC MANDATE; AND**
- (3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Rights Issue and the Placing Agreement; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue and the Placing Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (iv) other information required under the Listing Rules; and (v) a notice convening the EGM.

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

On 6 August 2025, the Board resolved to proposed the Rights Issue, details of which are summarised below:

Rights Issue statistics

Basis of the Rights Issue	:	Two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.45 per Rights Share
Number of Shares in issue at the Latest Practicable Date	:	247,352,304 Shares
Number of Rights Shares to be issued under the Rights Issue	:	(i) Up to 494,704,608 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue) (ii) Up to 544,744,608 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than full conversion of the 2024 CB, full exercise of the outstanding Share Options and full subscription under the Rights Issue)
Enlarged number of Shares in issue upon completion of the Rights Issue	:	(i) Up to 742,056,912 Shares (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue) (ii) Up to 817,116,912 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than full conversion of the 2024 CB, full exercise of the outstanding Share Options and full subscription under the Rights Issue)

LETTER FROM THE BOARD

Gross proceeds from the proposed Rights Issue	:	(i) Up to approximately HK\$222.6 million (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue)
		(ii) Up to approximately HK\$245.1 million (assuming no change in the number of Shares in issue on or before the Record Date other than full conversion of the 2024 CB, full exercise of the outstanding Share Options and full subscription under the Rights Issue)
Net price per Rights Share (i.e. Subscription Price less costs and expenses incurred in the Rights Issue)	:	Approximately HK\$0.436 per Rights Share (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue)
Rights of excess application	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the Latest Practicable Date, there are outstanding convertible bonds (consisting of the 2024 CB) which are convertible into 14,400,000 new Shares prior to the Record Date and 10,620,000 outstanding Share Options which entitle the holders thereof to subscribe for an aggregate of 10,620,000 new Shares. (For the other convertible bonds which shall not be converted on or before the Record Date, please refer to the section headed “**POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE BONDS AND SHARE OPTIONS**” in this circular.) Save as disclosed above, as at the Latest Practicable Date, the Company does not have any other share options, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares prior to the Record Date.

As at the Latest Practicable Date, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue. The Company has no intention to issue any new Shares or issue or grant any options or other securities convertible into, exchangeable for or which carries the right to acquire any Shares on or before the Record Date.

Assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date, the 494,704,608 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represent 200.00% of the total number of issued Shares as at the Latest Practicable Date and approximately 66.67% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

LETTER FROM THE BOARD

Assuming full subscription under the Rights Issue, no change in the number of Shares in issue on or before the Record Date other than full conversion of the 2024 CB, and full exercise of the outstanding Share Options, the 544,744,608 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represent approximately 220.23% of the total number of issued Shares as at the Latest Practicable Date and approximately 66.67% of the total number of issued Shares as enlarged by the allotment and issue of the new Shares converted/exercised from the 2024 CB, all outstanding Share Options and the Rights Shares.

The Rights Issue on a non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. The Company has made references to the recent three months rights issue conducted by the companies in different industries listed on the Stock Exchange, among 20 cases, only 4 were conducted on underwritten basis. In addition, the Company has also approached 5 financial institutions, but none of them expressed an interest in underwriting the proposed Rights Issue. Therefore, the Company has appointed its subsidiary, VC Brokage Limited to act as the Placing Agent of the Company. In addition to the application for Excess Rights Shares, if the Rights Issue is not fully subscribed and in order to increase the subscription level, the number of Rights Shares that are not subscribed by the Qualifying Shareholders or renounees or transferees of the Nil-paid Rights under the PALs and the EAFs (i.e. the Unsubscribed Rights Shares) will be placed to independent Placees on a best effort basis through the Placing by the Placing Agent. Since the above arrangements not only offer the Shareholders equal and prioritised opportunities to participate in the Rights Issue under the ratio of it and the Subscription Price but also allow the Company to obtain the essential funding, the Directors consider that the terms of the Rights Issue are in the interests of the Company and the Shareholders as a whole. Further details are explained in the paragraph headed “**Subscription Price**” under the section headed “**PROPOSED RIGHTS ISSUE**” and the section headed “**REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS**”. The Unsubscribed Rights Shares that are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, to avoid the unwitting triggering of MGO Obligation and non-compliance of Public Float Requirement, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of Nil-paid Rights will be made on the basis that the applications are to be scaled down by the Company to a level which (a) does not trigger an MGO Obligation on the part of the applicant or parties acting in concert with him/her/it, and/or (b) does not result in the non-compliance of the Public Float Requirement on the part of the Company. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s). As at the Latest Practicable Date, the Company has no public float issue. The Company will ensure that it will continue to comply at all times with the Public Float Requirement upon completion of the Rights Issue.

LETTER FROM THE BOARD

Subscription Price

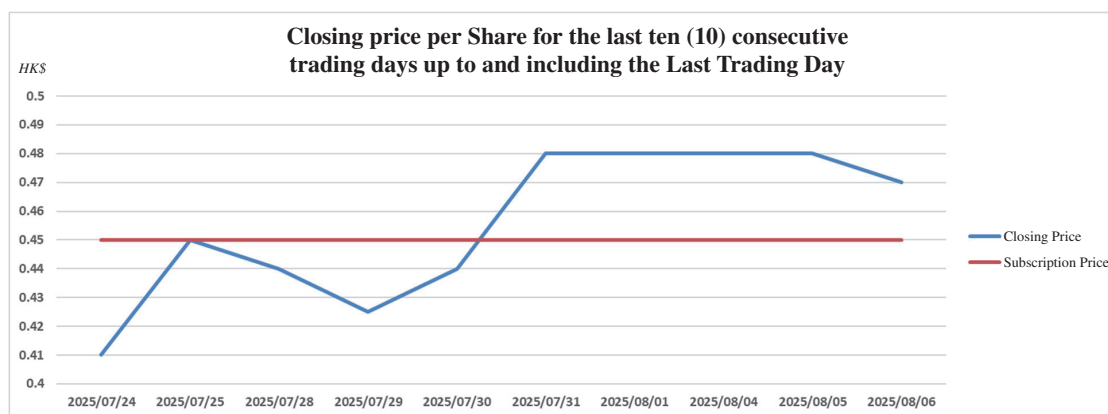
The Subscription Price is HK\$0.45 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, application for the Excess Rights Shares under the Rights Issue or when a transferee of Nil-paid Rights applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of 25.00% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 4.26% to the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 5.86% to the average closing price of HK\$0.478 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 1.21% to the average closing price of HK\$0.4555 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 1.53% to the theoretical ex-rights price of approximately HK\$0.457 per Share based on the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 3.11%, represented by the theoretical diluted price of approximately HK\$0.4573 per Share to the benchmarked price of HK\$0.472 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average of the closing prices of HK\$0.472 per Share as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day); and
- (vii) a discount of approximately 71.06% to the audited consolidated net asset value attributable to Shareholders per Share (the “**NAV per Share**”) of approximately HK\$1.555 (based on the latest published audited consolidated net asset value attributable to Shareholders of approximately HK\$384,727,000 and 247,352,304 Shares in issue as at the date of this circular).

LETTER FROM THE BOARD

The Subscription Price was determined with reference to, (i) the then recent market price of the Shares as shown in the chart below under the then market sentiment and prevailing market conditions such as the Hang Seng Index from the lowest of 19,828 on 7 April 2025 to 24,910 on the Last Trading Day which was in an upward trend; (ii) the financial position of the Group, among others, the substantial discount of more than 71% of the Subscription Price to the NAV per Share; and (iii) the reasons as discussed in the section headed “**REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS**” in this circular. The Subscription Price is at a slight discount to the recent closing price per Share which may attract the Shareholders to subscribe for the Rights Shares. In addition, given the Company’s high NAV per Share, the Subscription Price reflects a more reasonable valuation of its underlying assets. It also serves to attract long-term, committed investors with a solid understanding of the Company’s financial position and growth prospects. As a well-established local financial institution with a long operating history, this approach further encourages existing Shareholders to participate in the Rights Issue and strengthen their investment in the Company.



As mentioned in the section headed “**REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS**”, the Rights Issue will strengthen the Group’s position in Hong Kong’s fast-growing financial services industry by providing additional capital to expand its brokerage and financing business. The proceeds will allow the Group to scale its financing capacity to capture increasing demand from retail and institutional investors for leveraged trading and IPO subscriptions, while ensuring ongoing compliance with the Securities and Futures (Financial Resources) Rules. At the same time, a portion of the proceeds will be applied to relief the liabilities and for operating expenses of the Group, which will enhance financial stability and reduce financing costs. Furthermore, the Rights Issue will provide the Group with the resources to explore expansion into the virtual assets sector through uplifting its virtual asset trading platform licence.

The Directors (excluding the members of the Independent Board Committee whose opinion is expressed in the letter from the Independent Board Committee after considering the advice of the Independent Financial Adviser) consider that the terms of the Rights Issue (including the Subscription Price at a slight discount to the then closing prices of the Shares) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects among themselves and with the Shares then in issue, including the rights to receive all future dividends and other distributions which may be declared, made or paid with a record date which falls on or after the date of allotment of the Rights Shares in their fully-paid form.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company on the Record Date so as to qualify for the Rights Issue, any transfer documents of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 16 September 2025.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status and action to be taken.

It is expected that the last day of dealings in the Shares on a cum-rights basis is Friday, 12 September 2025, and the Shares will be dealt with on an ex-rights basis from Monday, 15 September 2025.

Subject to the fulfillment of the conditions of the Rights Issue, the Prospectus Documents are expected to be despatched to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL and the EAF) to the Excluded Shareholders for their information only. For the avoidance of doubt, the Excluded Shareholders are entitled to attend and vote at the EGM.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.

LETTER FROM THE BOARD

Rights of the Overseas Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Directors will comply with Rule 13.36(2)(a) of the Listing Rules and make necessary enquiries as to the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange in respect of extending the issue of the Rights Shares to Overseas Shareholders whose address on the register of members of the Company is in a place outside Hong Kong on the Record Date. If, after making such enquiries and having obtained legal advice in the relevant jurisdictions, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in that jurisdiction, not to offer the Rights Shares to such Overseas Shareholders, the Rights Issue will not be extended to such Overseas Shareholders and no provisional allotment of the Nil-paid Rights or allotment of the Rights Shares will be made to them.

As at the Latest Practicable Date, there are seven Overseas Shareholders with registered addresses situated in Bahamas, United Kingdom, Thailand and Philippines, who collectively held 68,875 Shares in aggregate, representing approximately 0.0278% of the total number of issued Shares. In the meantime, the Company is seeking legal advice in respect of extending the issue of the Rights Shares to the Overseas Shareholders and the results of the enquiries and the basis of exclusion of the Overseas Shareholders, if any, from the Rights Issue will be included in the Prospectus.

The Company will arrange for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, if any, to be sold in the market as soon as practicable after the commencement of dealings on the Stock Exchange in Rights Shares in nil-paid form and in any event before the last day for dealing in the Nil-paid Rights, if a premium (net of expenses) can be obtained. In the event that and to the extent that such Nil-paid Rights can be sold, the Company will then distribute such proceeds in Hong Kong dollars (after deducting the expenses of sale (if any)) to the Excluded Shareholders pro rata (but rounded down to the nearest cent) to their shareholdings on the Record Date, except that individual amount of HK\$100 or less shall not be so distributed but shall be retained for the benefit of the Company. Any such unsold Nil-paid Rights to which such Excluded Shareholders would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAF(s).

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

LETTER FROM THE BOARD

Basis of provisional allotments

The Company shall provisionally allot the Rights Shares to the Qualifying Shareholders at the Subscription Price, in the proportion of two (2) Rights Shares for every one (1) existing Share held at the close of business on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise from the Rights Issue.

Application for Excess Rights Shares

The Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAF, and the Excess Rights Shares will comprise:

- (i) any Nil-paid Rights provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise not subscribed for by transferees of Nil-paid Rights prior to the Latest Time for Acceptance;
- (ii) any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold; and
- (iii) the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any).

Applications for Excess Rights Shares may be made by Qualifying Shareholders duly completing the EAFs and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. The Company will allocate the Excess Rights Shares at its discretion on a fair and equitable basis on the following principles:

- (i) any Excess Rights Shares will be allocated to the Qualifying Shareholders who apply for them on a pro-rata basis by reference to the number of the Excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by the PALs or the existing number of Shares held by the Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (iv) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of Nil-paid Rights under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs, the Company will allocate to each Qualifying Shareholder who applies for Excess Rights Shares in full application.

LETTER FROM THE BOARD

Shareholders whose Shares held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the Excess Rights Shares will not be extended to beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisors if they are in any doubt as to their status. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must lodge any transfer documents of Shares (together with the relevant share certificates) with the Registrar for registration by no later than 4:30 p.m. on Tuesday, 16 September 2025.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. The Rights Shares (in both nil-paid and fully-paid forms) will be traded in the board lots of 8,000 Shares. No part of the equity or debt securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Rights Shares will be eligible for admission into CCASS

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

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

Stamp duty and other applicable fees

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

LETTER FROM THE BOARD

Share certificates of the Rights Shares and refund cheques for Rights Issues

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on Monday, 20 October 2025 to those entitled thereto by ordinary post to their registered addresses, at their own risk. Those entitled, except HKSCC Nominees Limited, and in the case of joint Qualifying Shareholders, the first-named Qualifying Shareholder, will receive one share certificate for all the Rights Shares in fully-paid form, allotted and issued thereto.

Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares (if any) or if the Rights Issue does not proceed are expected to be posted on Monday, 20 October 2025 by ordinary post to the applicants' registered addresses, at their own risk.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Nil-paid Rights or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the Nil-paid Rights on their behalf. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfillment of each of the following conditions:

- (i) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (ii) the provision to the Stock Exchange for authorisation and the filing and registration with the Companies Registry in Hong Kong respectively one duly certified copy of each of the Prospectus Documents (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (iii) following registration, the Prospectus Documents be made available and/or sent (as the case may be) to the Qualifying Shareholders (and, where applicable, to the Excluded Shareholder(s), if any, for information purpose only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Prospectus Posting Date;

LETTER FROM THE BOARD

- (iv) the Stock Exchange having granted or agreed to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms;
- (v) the Company having complied with the requirements under all applicable laws and regulations of Hong Kong.

None of the above conditions can be waived. The Company shall use all reasonable endeavours to procure the fulfillment of the above conditions by the respective dates specified above. If any of the conditions above are not fulfilled by Monday, 13 October 2025, the Rights Issue will not proceed.

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

PLACING OF UNSUBSCRIBED RIGHTS SHARES UNDER SPECIFIC MANDATE

The Placing

On 6 August 2025 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to appoint and the Placing Agent has conditionally agreed to act as the Placing Agent for the Company to procure on a best effort basis not less than six (6) Placees to subscribe for the Placing Shares (i.e. the Unsubscribed Rights Shares) at the Placing Price during the Placing Period on and subject to the terms and condition set out in the Placing Agreement. The Placing Shares will be allotted and issued pursuant to the Specific Mandate to be granted by the Shareholders at the EGM.

Under the terms of the Placing Agreement, if the Rights Issue is fully subscribed, i.e. all the Rights Shares are being fully subscribed by the Qualifying Shareholders or renouncee(s) or transferee(s) under the PAL(s) and the EAF(s), the Placing will not proceed.

LETTER FROM THE BOARD

The Placing Agreement

The principal terms of the Placing Agreement are summarised as follows:

- Date : 6 August 2025 (after trading hours of the Stock Exchange)
- Parties : (i) the Company, as issuer; and
(ii) the Placing Agent.

(each a “**Party**” and collectively, the “**Parties**”)
- Placing Agent : VC Brokerage Limited, a wholly-owned subsidiary of the Company and a licensed corporation to carry out and conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, was appointed as the Placing Agent to procure, on a best effort basis, not less than six (6) Placees to subscribe for the Placing Shares.
- Placing commission : Subject to the completion of the Placing having taken place in accordance with the Placing Agreement, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars of 2.5% of the amount which is equal to the Placing Price multiplied by the number of the Placing Shares actually placed by the Placing Agent.
- Placing Price : The placing price of the Placing Shares shall be equivalent to the Subscription Price (exclusive of any brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee as may be payable).
- Placing Period : The placing period shall commence on Monday, 20 October 2025 and expiring at the Latest Placing Time (both days inclusive) or such other date as the Parties may agree in writing, being the period during which the Placing Agent will carry out and/or effectuate the Placing.
- Placees : The Placing Agent undertakes to use its best endeavours to procure that the Placing Shares shall only be placed to such persons or companies whose themselves and their respective ultimate beneficial owners (if applicable) are third parties independent of, and not connected with or acting in concert with, the Company, its connected persons (as defined under the Listing Rules) and their respective associates (as defined under the Listing Rules).

LETTER FROM THE BOARD

Ranking : The Placing Shares shall rank pari passu in all respects among themselves and with the existing Shares in issue and be free from all liens, charges, encumbrances and third-party rights together with all rights attaching thereto as at the Placing Completion Date, including but not limited to the rights to receive all future dividends and other distributions thereafter declared, made or paid.

Conditions precedent : The Placing is conditional upon the fulfillment of the following conditions:

- (i) the Rights Issue having become unconditional;
- (ii) the passing by the Shareholders (or the Independent Shareholders, as the case may be) at the EGM of the necessary resolution(s) to approve, the Placing Agreement and the transactions contemplated thereunder;
- (iii) the Stock Exchange having granted or agreed to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Placing Shares;
- (iv) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect; and
- (v) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated hereunder having been obtained.

None of the above conditions precedent can be waived by any Party. The Company shall use all reasonable endeavours to procure the fulfillment of all the above conditions precedent by 5:00 p.m. on the Long Stop Date. In the event any of the above conditions precedent is not fulfilled or satisfied by the date scheduled to be the Long Stop Date (or such later date, which shall be a Business Day, as the Parties may agree in writing), all rights, obligations and liabilities of the Parties shall cease and terminate and no Party shall have any claim against the other Party save for any antecedent breach of the Placing Agreement prior to such termination.

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

LETTER FROM THE BOARD

- Completion of the Placing : The completion of the Placing shall take place on the Placing Completion Date.
- Termination : The Placing Agent may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to 5:00 p.m. on the Long Stop Date upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:
- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would adversely affect the success of the Placing; or
 - (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would adversely affect the success of the Placing; or

LETTER FROM THE BOARD

- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) save as disclosed in the annual report of the Company for the year ended 31 December 2024, any litigation or claim being instigated against any member of the Group, which has or may have an adverse impact on the business or financial position of the Group and which, in the Placing Agent's reasonable opinion, would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (vi) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Placing Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Application for listing : The Company will apply to the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares.

LETTER FROM THE BOARD

The terms of the Placing Agreement (including the placing commission) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms after considering (i) the prevailing market conditions; (ii) the funding requirements of the Group as detailed in the section headed **"REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS"**; and (iii) the Subscription Price. The Directors (excluding the members of the Independent Board Committee whose opinion is expressed in the letter from the Independent Board Committee after considering the advice of the Independent Financial Adviser) considered that the placing commission charged by the Placing Agent is no less favourable to the Company than the market rate in recent placing transactions and are therefore of the view that the terms of the Placing Agreement are on normal commercial terms.

The net proceeds from the Placing will be utilised for the same purposes as described in the section headed **"REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS"** in this circular.

The Placing Agent shall use its best endeavours and make all reasonable enquires to ensure that the Placing Shares are placed (i) to such persons or companies whose themselves and their respective ultimate beneficial owners (if applicable) are third parties independent of, and not connected with or acting in concert with, the Company, its connected persons (as defined under the Listing Rules) and their respective associates (as defined under the Listing Rules); (ii) such that no Placees, together with parties acting in concert with the respective Placees or any of the connected persons or associates of the respective Placees, shall hold in aggregate 30% or more of the voting rights of the Company immediately upon the completion of the Placing or otherwise trigger any MGO Obligation under the Takeovers Code immediately upon the completion of the Placing; and (iii) such that the Public Float Requirement be complied with by the Company immediately upon the completion of the Placing.

Given that the Placing Agreement will provide (i) a distribution channel of the Placing Shares for the Company; and (ii) a channel of participation in the Rights Issue for independent investors, so that the Placing would allow the Company to raise the shortfall of funds required where possible after the Rights Issue, the Directors (excluding the members of the Independent Board Committee whose opinion is expressed in the letter from the Independent Board Committee after considering the advice of the Independent Financial Adviser) considered that the Placing Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

The Group is an established financial services group committed to delivering premier financial services and products that fulfill various investment and wealth management needs of clients in the Greater China region and extended into property investment as well. The Group's expertise includes (i) provision of financial services comprising securities brokering and dealing, financing services, corporate finance and other advisory services, asset management and insurance brokerage; (ii) proprietary trading; and (iii) property investment.

LETTER FROM THE BOARD

The Group holds a variety of licences enabling it to conduct the relevant businesses and development in the financial industry in Hong Kong. The Group carries out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities which are licensed by the SFC under the SFO. The Group also holds Trust or Company Service Provider Licence in order to provide company secretarial services. Furthermore, the Group holds Insurance Broker Company Licence to provide insurance brokerage services. In addition, the Group holds Money Lenders Licence, issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), in order to provide money lending services.

The expenses in relation to the Rights Issue and the Placing (including financial advisory fee, printing, translation, registration, legal, accounting, levy, documentation charges and placing commission) payable by the Company are estimated to be approximately HK\$7.0 million, subject to the final subscription.

The net proceeds from the Rights Issue and the Placing (after deducting all necessary costs and expenses) are estimated to be approximately HK\$215.6 million (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue).

The Company intends to use the net proceeds from the Rights Issue and the Placing as follow:

- (A) approximately HK\$145.9 million as general working capital of (i) approximately HK\$87.0 million for the development of the Group's brokerage and financing segment of the Group; and (ii) approximately HK\$58.9 million to be applied as overhead expenses of the Group for the coming 18 months in which (a) approximately HK\$7.2 million for rental expenses, (b) approximately HK\$24.7 million for staff cost, (c) approximately HK\$7.6 million for professional fees, (d) approximately HK\$11.6 million for office, administration and interest expenses and (e) approximately HK\$7.8 million for other operating expenses which will mainly be utilised for the services fee provided by independent third parties to the Company and its subsidiaries for: provision of office facilities; marketing and business promotions activities; and business development and corporate planning;
- (B) approximately HK\$25.7 million for repayment of liabilities of the Group in which approximately HK\$9 million for a mortgage loan, approximately HK\$6 million for the accrual expenses and other payables, approximately HK\$4 million for margin loan payables with other securities firms, approximately HK\$5.6 million for interest of/and outstanding convertible bonds issued by the Company and approximately HK\$1.1 million for other loans; and
- (C) approximately HK\$44.0 million for the possible expansion into cryptocurrency industry including the operation of virtual assets trading platform (the "VATP") business.

In the event of an undersubscription of the Rights Issue and Placing, the Company will prioritise the application of the net proceeds towards item (A)(ii) and (B) above and then (A)(i). Any remaining proceeds, if available, will then be allocated to item (C) above.

LETTER FROM THE BOARD

Strengthen the Brokerage and Financing Business

Securities brokering and dealing is one of the Group's core businesses. As disclosed in the annual report of the Company for the year end 31 December 2024, the Group's principal revenue streams were derived from its traditional brokerage and financing operations, collectively contributing approximately 80% of its total revenue, in which the interest income from brokerage clients contributed approximately HK\$20.4 million, representing approximately 30% of the total revenue of the Group. It also recorded an increase of approximately 5% to the respective income in 2023. Hong Kong's capital markets are currently experiencing strong growth, driven by an increase in IPO activity, improved investor confidence, and significant capital inflows from mainland China. In this environment, expanding the Group's brokerage financing capacity is both timely and strategically important to meet the growing demand for leveraged trading and participation in IPOs.

The Chief Executive of Hong Kong announced that, by mid July 2025, Hong Kong had completed 52 IPOs, representing a 30% year-on-year increase, with HK\$124 billion raised. This volume marked a 590% surge compared to the previous year, ranking Hong Kong first globally in IPO fundraising during that period. This explosive growth has positioned Hong Kong as the global leader in IPO fundraising. It is expected that more IPOs will be conducted in Hong Kong in the near future and retail investor participation in IPOs will surge.

In addition, the Hong Kong stock market enters a strong up cycle, with demand for secondary-market margin financing also surging. In the first half of 2025, the Hang Seng Index gained approximately 20% from the end of 2024. Trading activity has also grown substantially. According to the data from the Stock Exchange, the average daily turnover on the cash market soared to HK\$242.7 billion, representing an increase of 144% year-over-year.

Under the Securities and Futures (Financial Resources) Rules (Cap. 571N of the Laws of Hong Kong), a licensed corporation is required to maintain sufficient liquid capital, defined as the excess of liquid assets over ranking liabilities, to ensure financial soundness and regulatory compliance. As such, maintaining sufficient working capital is essential to support the potential growth in clients' demand for financing within the Group's brokerage and financing business.

The clients of the Group from time to time request for financing of trading of securities, especially during popular IPO offerings. In view of the increasing demand for securities trading business and financing from retail and institutional clients of the brokerage and financing business, the Group intends to strengthen its capital position with a maximum of approximately HK\$87.0 million net proceeds to support the provision of scalable, compliant, and comprehensive financing services to its clients by way of further paid-up capital and/or intra group loan to its subsidiary which carries out Type 1 (dealing in securities) regulated activity under the SFO immediately after the completion of the Right Issue and the Placing and when the business opportunities arise from time to time. The Rights Issue and the Placing is a timely response to current market trends and a strategic plan to enhance the Group's long-term competitiveness and service capabilities in a growing capital market.

LETTER FROM THE BOARD

Repayment of Liabilities

The details of repayment of liabilities are as follows:

Nature	Maturity date	Total amount of liabilities and intended used amount <i>HK\$'million</i>
Mortgage loan from a money lender	4 June 2027	9.0
Outstanding expenses for daily operations, i.e. staff salaries, rental expenses and other office expenses	Immediate	6.0
Debit balances placed in other securities brokers	Immediate	4.0
Possible redemption of the 2025 CB before the maturity date	25 June 2027	5.0
2024 CB coupon rate of 2% interest accrued	Interest pay: In September 2025 In September 2026	0.6
Car hire purchase from a bank	19 January 2029	0.6
Term loans	22 December 2025 26 February 2026	0.5
Total		25.7

The Company may negotiate early repayment if the expected proceeds in full are received, and the proceeds are expected to be utilised within 12 months upon completion of the Rights Issue and the Placing.

Expansion into Virtual Assets Trading Platform

The Group is a well-established local financial institution with decades of experience. In order to adapt to the evolving financial landscape, which is diversifying from traditional securities-based products to digital assets, the Group intends to allocate a portion of the net proceeds from the Rights Issue and the Placing, after fulfilling general working capital needs and repayment of liabilities as stated above, to explore a presence in the virtual asset industry in Hong Kong by way of uplifting the virtual asset trading platform licence. This will enable the Company's subsidiary, which currently holds the SFC Type 1 licence, to meet the demand of its clients for dealing in virtual assets such as cryptocurrency.

LETTER FROM THE BOARD

Hong Kong is developing itself as a global virtual asset centre, with the SFC granting licences to the first batch of compliant crypto exchanges in 2024 and 2025. Institutional participation in tokenised assets, stablecoins, and virtual asset funds is rising rapidly, as large financial institutions and fintech innovators seek regulated platforms for trading and custodian service.

The Group is currently at an advanced preparatory stage with preliminary market and feasibility analyses in the VATP business. As the business strategy of the VATP business has not been finalised, further research on service providers essential for the VATP business, including trading platform developers, licensed digital asset custodians, and market surveillance technology firms, as well as legal and compliance advisers are ongoing. The Company targets to submit the application of uplifting of the VATP licence before the end of the first half of 2026.

The Company intends to apply approximately HK\$44.0 million of the net proceeds from the Rights Issue and the Placing to support this initiative in which approximately HK\$5.0 million will be applied to satisfy in full the SFC's minimum paid-up capital requirement of the VATP licence, while a further approximately HK\$17.5 million will be reserved as liquid assets to demonstrate coverage of approximately 18 months of operating expenses to fulfill the SFC's VATP licence requirement of maintaining liquid capital which is not less than its required liquid capital at all time. Approximately HK\$6.0 million will be deployed to develop core trading and custody infrastructure, including matching engines, client interfaces and wallet integrations, supported by cloud and monitoring solutions. Approximately HK\$3.0 million will be allocated to cybersecurity testing and assurance, covering penetration tests, vulnerability assessments, and certification. Approximately HK\$4.5 million will be used for compliance systems, including know your client and/or anti-money laundry solutions, market surveillance tools and staff training. Approximately HK\$2.5 million will be applied to custody arrangements for institutional-grade wallet solutions and set-up fees. Approximately HK\$2.0 million will be used as a budget for legal opinions in relation to the operation and ongoing compliance of Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong). Approximately HK\$2.0 million will be applied to licensing processes, including the SFC's application fees, professional costs for responsible officers and representatives as well as other expenses such as external assessment. The remaining of approximately HK\$1.5 million is reserved as contingency to cover potential additional fees and incidental expenses relating to the above items.

As the senior management of the Group does not possess concrete experience in the VATP business, the Group plans to strengthen its management team by recruiting professionals with direct experience in operating digital asset platforms and blockchain technology. In addition, the Group will provide and encourage training for its existing senior management to enhance their knowledge in areas such as digital asset custody, compliance with the SFC's VATP regulatory framework and cybersecurity. By combining targeted recruitment with ongoing professional training, the Group aims to build a management team with the expertise necessary to launch and sustain its VATP business.

The Directors are of the view that the Rights Issue and Placing represents an opportunity for the Company to raise additional capital to strengthen its financial position. The proceeds will support the Group's general working capital needs as well as its possible strategic expansion into the VATP business under the SFC's regulatory regime.

LETTER FROM THE BOARD

Other fundraising alternatives

Apart from the Rights Issue, the Directors have also considered other debt or equity fundraising alternatives such as bank borrowings, placing or open offer. The Directors note that the bank borrowings, if available, would incur additional interest costs and put pressure on the liquidity of the Group. Furthermore, given the size of the fundraising, banks would request for substantial collateral to secure the borrowings. In respect of equity financing, the Company is of the view that placing of new shares would dilute the shareholding of the existing Shareholders without giving the opportunities to the existing Shareholders to participate the Rights Issue. Unlike open offer, the Rights Issue allows the Shareholders to sell the Nil-paid Rights in the market. The Rights Issue offers all existing Shareholders an equal opportunity to participate in the future growth of the Company, thereby maintaining their proportional shareholdings and mitigating the potential risk of dilution. The inclusion of an excess application arrangement further enhances fairness by allowing Shareholders to apply for additional shares that are not initially taken up, ensuring broader participation. The Placing arrangement, which involves the placement of the Unsubscribed Rights Shares at the same price of the Subscription Price, serves to maximise the fund to be raised.

Having considered the above alternatives, the Directors (excluding the members of the Independent Board Committee whose opinion is expressed in the letter from the Independent Board Committee after considering the advice of the Independent Financial Adviser) consider that the Rights Issue will enable the Company to strengthen its capital structure without incurring additional debt financing cost and enhance its financial position, which in turn will support the Company's continuing development and business growth. The Directors are also of the opinion that the Rights Issue will allow all the Qualifying Shareholders the equal opportunity to subscribe for their respective pro rata provisional entitlement of the Rights Shares and hence avoiding dilution in their shareholding interests in the Company.

In light of the aforementioned, the Directors consider that the terms of the Rights Issue are fair and reasonable and the Rights Issue is in the best interests of the Company and the Shareholders as a whole.

As at the Latest Practicable date, the Company does not have any concrete plan to conduct any fund raising activities in the next 12 months. As abovementioned, in the event of an undersubscription of the Rights Issue and Placing, the Company will prioritise the application of the net proceeds towards the overhead expenses of the Group and the repayment of liabilities. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes, set out below are the shareholding structures of the Company as at the Latest Practicable Date to immediately after completion of the Rights Issue assuming (i) no conversion of the 2024 CB and no exercise of the outstanding Share Options on or before the Record Date; and (ii) full conversion of the 2024 CB and full exercise of the outstanding Share Options on or before the Record Date:

LETTER FROM THE BOARD

Scenario 1: assuming no conversion of the 2024 CB and no exercise of the outstanding Share Options on or before the Record Date

	Before the Rights Issue				Immediately after the Rights Issue			
	As at the Latest Practicable Date		Assuming full acceptance by all Qualifying Shareholders and there is no Excluded Shareholder		Assuming (a) no acceptance by the Qualifying Shareholders; and (b) all the Placing Shares are placed to independent Places		Assuming (a) full conversion of the 2024 CB, and full exercise of the outstanding Share Options after the Record Date and before completion of the Rights Issue; (b) no acceptance by the Qualifying Shareholders; and (c) all the Placing Shares are placed to independent Places	
	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate
Shareholders								
Directors								
Mr. Wong Chung Kin, Quentin ^(Note 1)	50,000	0.0202%	150,000	0.0202%	50,000	0.0067%	50,000	0.0065%
Mr. Fu Yiu Man, Peter ^(Note 1)	2,000,000	0.8086%	6,000,000	0.8086%	2,000,000	0.2695%	2,000,000	0.2607%
Sub-total	2,050,000	0.8288%	6,150,000	0.8288%	2,050,000	0.2762%	2,050,000	0.2672%
Substantial Shareholder								
Mr. Chung Chi Shing, Eric	33,940,800	13.7216%	101,822,400	13.7216%	33,940,800	4.5739%	33,940,800	4.4247%
Sub-total	33,940,800	13.7216%	101,822,400	13.7216%	33,940,800	4.5739%	33,940,800	4.4247%
Public Shareholders								
Holders of Share Options	–	–	–	–	–	–	10,620,000	1.3845%
Holders of 2024 CB	–	–	–	–	–	–	14,400,000	1.8773%
Placees ^(Note 2)	–	–	–	–	494,704,608	66.6667%	494,704,608	64.4922%
Other public Shareholders	211,361,504	85.4496%	634,084,512	85.4496%	211,361,504	28.4832%	211,361,504	27.5541%
Sub-total	211,361,504	85.4496%	634,084,512	85.4496%	706,066,112	95.1499%	731,086,112	95.3081%
Total	247,352,304	100.0000%	742,056,912	100.0000%	742,056,912	100.0000%	767,076,912	100.0000%

LETTER FROM THE BOARD

Scenario 2: assuming full conversion of the 2024 CB, and full exercise of the outstanding Share Options on or before the Record Date

Shareholders	Before the Rights Issue				Immediately after the Rights Issue			
	As at the Latest Practicable Date		Assuming full conversion of the 2024 CB, and full exercise of the outstanding Share Options on or before the Record Date		Assuming full acceptance by all Qualifying Shareholders and there is no Excluded Shareholder		Assuming (a)	
							no acceptance by the Qualifying Shareholders; and (b) all the Placing Shares are placed to independent Placees	
	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate
Directors								
Mr. Wong Chung Kin, Quentin ^(Note 1)	50,000	0.0202%	50,000	0.0184%	150,000	0.0184%	50,000	0.0061%
Mr. Fu Yiu Man, Peter ^(Note 1)	2,000,000	0.8086%	2,000,000	0.7343%	6,000,000	0.7343%	2,000,000	0.2448%
Sub-total	2,050,000	0.8288%	2,050,000	0.7527%	6,150,000	0.7527%	2,050,000	0.2509%
Substantial Shareholder								
Mr. Chung Chi Shing, Eric	33,940,800	13.7216%	33,940,800	12.4612%	101,822,400	12.4612%	33,940,800	4.1537%
Sub-total	33,940,800	13.7216%	33,940,800	12.4612%	101,822,400	12.4612%	33,940,800	4.1537%
Public Shareholders								
Holders of Share Options	–	–	10,620,000	3.8991%	31,860,000	3.8991%	10,620,000	1.2997%
Holders of 2024 CB	–	–	14,400,000	5.2869%	43,200,000	5.2869%	14,400,000	1.7623%
Placees ^(Note 2)	–	–	–	–	–	–	544,744,608	66.6667%
Other public Shareholders	211,361,504	85.4496%	211,361,504	77.6001%	634,084,512	77.6001%	211,361,504	25.8667%
Sub-total	211,361,504	85.4496%	236,381,504	86.7861%	709,144,512	86.7861%	781,126,112	95.5954%
Total	<u>247,352,304</u>	<u>100.0000%</u>	<u>272,372,304</u>	<u>100.0000%</u>	<u>817,116,912</u>	<u>100.0000%</u>	<u>817,116,912</u>	<u>100.0000%</u>

LETTER FROM THE BOARD

Notes:

1. *Mr. Fu Yiu Man, Peter is an executive Director, and Mr. Wong Chung Kin, Quentin is an independent non-executive Director.*
 2. *The Placing Agent shall use its best endeavours and make all reasonable enquires to ensure that the Placing Shares are placed (i) to such persons or companies whose themselves and their respective ultimate beneficial owners (if applicable) are third parties independent of, and not connected with or acting in concert with, the Company, its connected persons (as defined under the Listing Rules) and their respective associates (as defined under the Listing Rules); (ii) such that no Placees, together with parties acting in concert with the respective Placees or any of the connected persons or associates of the respective Placees, shall hold in aggregate 30% or more of the voting rights of the Company immediately upon the completion of the Placing or otherwise trigger any MGO Obligation under the Takeovers Code immediately upon the completion of the Placing; and (iii) such that the Public Float Requirement be complied with by the Company immediately upon the completion of the Placing. As such, upon further discussion with the Placing Agent, no Placees will trigger the situation of (i), (ii) and/or (iii) as mentioned above. As at the Latest Practicable Date, the Company has no public float issue. The Company will ensure that it will continue to comply at all times with the Public Float Requirement upon completion of the Rights Issue and the Placing.*
- * *Certain percentage figures included in the table above have been subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding them.*

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue. Further announcements will be made by the Company in accordance with the Listing Rules following the completion of the Rights Issue upon which the Rights Shares are allotted and issued.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Set out below is the fundraising activities conducted by the Company during the past twelve months immediately prior to the date of the Announcement:

Date of announcements	Fund raising activity	Net proceeds raised	Intended use of the net proceeds	Actual use of the net proceeds
13 June 2025 and 25 June 2025	Issue of convertible bonds under general mandate	Approximately HK\$4.9 million	(i) repayment of liabilities of approximately HK\$2 million; and (ii) the balance of approximately HK\$2.9 million for general working capital including but not limited to rental expenses, salary expenses and other office overhead	Expected to be fully utilised on or before 31 December 2025

LETTER FROM THE BOARD

Date of announcements	Fund raising activity	Net proceeds raised	Intended use of the net proceeds	Actual use of the net proceeds
9 September 2024 and 26 September 2024	Placing of convertible bonds under general mandate	Approximately HK\$14 million	(i) settlement of Company's indebtedness of approximately HK\$6 million; and (ii) general working capital including but not limited to rental expenses, salary expenses and other office overheads of approximately HK\$8 million	Fully utilised as intended
22 February 2024, 13 March 2024 and 7 August 2024	Placing of convertible bonds under specific mandate	Nil	(i) general working capital including but not limited to rental expenses, salary expenses and other office overhead of approximately HK\$11.4 million; (ii) brokerage business of approximately HK\$30.0 million; (iii) repayment of liabilities of approximately HK\$10.0 million; and (iv) potential investment in the future when opportunities arise of approximately HK\$30.0 million	The placing agreement was lapsed as announced by the Company on 7 August 2024.

Save for the above, the Company has not conducted any other equity fundraising activities in the past twelve months immediately prior to the date of the Announcement.

LETTER FROM THE BOARD

POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE BONDS AND SHARE OPTIONS

As at the Latest Practicable Date, there are (i) outstanding 2024 CB in the principal amount of HK\$14,400,000 with the conversion rights entitling the holders to convert such convertible bonds into 14,400,000 Shares at the conversion price of HK\$1.00 per Share; (ii) outstanding 2025 CB in the principal amount of HK\$5,000,000 with the conversion rights entitling the holders to convert such convertible bonds into 12,500,000 Shares at the conversion price of HK\$0.40 per Share (note 1); and (iii) 10,620,000 outstanding Share Options entitling the holders to subscribe for 10,620,000 Shares under the Share Option Scheme (note 2).

Notes:

1. Pursuant to the instrument of the 2025 CB, the conversion period will be from 25 December 2025 to 18 June 2027. Therefore, the 2025 CB will not be converted into new Shares on or before the Record Date.
2. The Share Option Scheme was terminated and the new share option scheme of the Company (the “**New Share Option Scheme**”) was adopted by the Shareholders at the annual general meeting of the Company held on 31 May 2023. As at the Latest Practicable Date, no share options has been granted under the New Share Option Scheme. Since the Share Consolidation became effective on 28 July 2025, the number of Shares available for grant under the scheme mandate limit of the New Share Option Scheme was 24,710,230 Shares. The Company has no current intention to grant any Shares under such scheme on or before the Record Date.

Pursuant to the terms and conditions of the instrument of the above convertible bonds and the Share Option Scheme and the Listing Rules, the Rights Issue may lead to adjustments to, among others, (i) the conversion price and/or the number of Shares to be converted under the convertible bonds and (ii) the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options. Further announcement will be made in respect of the said adjustments as and when appropriate.

Save as disclosed above, as at the Latest Practicable Date, the Company does not have any other share options, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 5 September 2025 to Thursday, 11 September 2025 (both days inclusive) for determining the entitlements of the Shareholders to attend and vote at the EGM, and will further be closed from Wednesday, 17 September 2025 to Tuesday, 23 September 2025 (both days inclusive) for determining the entitlements to the Rights Issue, during which period no transfer of Shares will be registered.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares (excluding treasury shares) by more than 50% within the 12-month period immediately preceding the date of the Announcement, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the resolutions relating to the Rights Issue at the EGM.

LETTER FROM THE BOARD

To the best knowledge of the Directors, as at the Latest Practicable Date, the Company does not have any controlling Shareholders as defined under the Listing Rules. Mr. Fu Yiu Man, Peter, being an executive Director, holds 2,000,000 Shares, representing approximately 0.81% of the existing total number of issued Shares. Accordingly, he is required to abstain from voting in favour of the resolution relating to the Rights Issue and the transactions contemplated thereunder at the EGM.

The Company has not conducted any other rights issues, open offers or specific mandate placings within the 12-month period immediately preceding the date of the Announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to Shareholders as part of such rights issues, open offers and/or specific mandate placings.

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

The Placing Shares will be allotted and issued under the Specific Mandate and the Placing will be subject to Shareholders' approval at the EGM. As the Placing is conditional upon, among other things, the passing of necessary resolution relating to the Rights Issue at the EGM, Mr. Fu Yiu Man, Peter, being an executive Director with beneficial interest in the Company as aforesaid, shall abstain from voting in favour of the resolution relating to the Placing and the Specific Mandate at the EGM.

Save as disclosed above, to the best knowledge of the Directors, as at the Latest Practicable Date, no other Shareholders have a material interest in the Rights Issue, the Placing and the transactions contemplated thereunder and are required to abstain from voting on any resolutions relating to the Rights Issue and the transactions contemplated thereunder, the Placing and the Specific Mandate at the EGM.

EGM

The EGM will be convened and held at 7th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong on Thursday, 11 September 2025 at 11:00 a.m. for the Shareholders to consider and, if thought fit, to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate to allot and issue the Placing Shares. The proposed resolutions will be conducted by way of a poll at the EGM pursuant to Rule 13.39(4) of the Listing Rules and an announcement on the results of the EGM will be made by the Company after the EGM.

The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be Thursday, 11 September 2025. In order to be eligible to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 4 September 2025.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time fixed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. In such event, the form of proxy shall be deemed to be revoked.

A notice of EGM is set out on pages EGM-1 to EGM-3 of this circular.

DESPATCH OF PROSPECTUS DOCUMENTS

Subject to the fulfillment of the conditions of the Rights Issue, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares is expected to be made available and/or despatched to the Qualifying Shareholders on the Prospectus Posting Date (i.e. Wednesday, 24 September 2025). The Company will despatch the PAL(s) and the EAF(s) in printed form to the Qualifying Shareholders. The Prospectus Documents will also be made available on the websites of the Company (<http://www.vcgroupp.com.hk>) and the Stock Exchange (www.hkexnews.hk). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will despatch the Prospectus to Excluded Shareholders for their information only but will not despatch the PAL and EAF to them.

RECOMMENDATION

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Wong Chung Kin, Quentin, Mr. Siu Miu Man, Simon, MH and Mr. Au Tin Fung, Edmund has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders as to the voting at the EGM, taking into account the recommendations of the Independent Financial Adviser. Messis Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 40 to 41 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder and the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-25 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

LETTER FROM THE BOARD

The Directors (including the members of the Independent Board Committee whose opinion is expressed in the letter from the Independent Board Committee after considering the advice of the Independent Financial Adviser) are of the opinion that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and, accordingly, recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate to allot and issue the Placing Shares.

ADDITIONAL INFORMATION

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

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

The Rights Issue is subject to the fulfillment of the conditions as set out in the paragraphs headed “Conditions of the Rights Issue” in this circular. Shareholders and potential investors of the Company should note that if any of the applicable conditions are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. There is no minimum amount to be raised under the Rights Issue.

Any Shareholder or other person dealing in the existing Shares and/or the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue are fulfilled (which is expected to be on Monday, 13 October 2025) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

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

Yours faithfully,
For and on behalf of the Board of
Value Convergence Holdings Limited
Fu Yiu Man, Peter
Chairman and Executive Director



Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

Website: <http://www.vcgroup.com.hk>

(Stock Code: 821)

26 August 2025

To the Independent Shareholders

Dear Sir or Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES
FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON
A NON-UNDERWRITTEN BASIS;
(2) PLACING OF UNSUBSCRIBED RIGHTS SHARES UNDER SPECIFIC
MANDATE; AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 26 August 2025 (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 member of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Details of the Rights Issue and the Placing are set out in the “**LETTER FROM THE BOARD**” on pages 10 to 39 of the Circular.

Messis Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of its advice, together with the principal factors taken into consideration in arriving thereat, are set out in its letter on pages IFA-1 to IFA-25 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Rights Issue and the Placing Agreement, the information contained in the Circular and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
Value Convergence Holdings Limited

Mr. Wong Chung Kin, Quentin
*Independent non-executive
Director*

Mr. Siu Miu Man, Simon, MH
*Independent non-executive
Director*

Mr. Au Tin Fung, Edmund
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Messis Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, which has been prepared for the purposes of incorporation in this circular.

MESSIS 大有融資

26 August 2025

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir/Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS
SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON
THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;
AND
(2) PLACING OF UNSUBSCRIBED RIGHTS SHARES
UNDER SPECIFIC MANDATE**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 26 August 2025 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 6 August 2025, the Company resolved to propose to issue up to (i) 494,704,608 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue) or (ii) 544,744,608 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than full conversion of the 2024 CB, full exercise of the outstanding Share Options and full subscription under the Rights Issue), to raise gross proceeds of up to approximately HK\$222.6 million or approximately HK\$245.1 million, respectively, at the Subscription Price of HK\$0.45 per Rights Share on the basis of two (2) Rights Shares for every one (1) existing Share held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholder(s).

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. If the Rights Issue is not fully subscribed, the number of Rights Shares that are not subscribed by the Qualifying Shareholders or renouncees or transferees of the Nil-paid Rights under the PALs and the EAFs (i.e. the Unsubscribed Rights Shares) will be placed to independent Placees on a best effort basis through the Placing. The Unsubscribed Rights Shares that are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares (excluding treasury shares) by more than 50% within the 12-month period immediately preceding the date of the Announcement, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM.

To the best knowledge of the Directors, as at the Latest Practicable Date, the Company does not have any controlling Shareholders as defined under the Listing Rules. Mr. Fu Yiu Man, Peter, being an executive Director, holds 2,000,000 Shares, representing approximately 0.81% of the existing total number of issued Shares. Accordingly, he is required to abstain from voting in favour of the resolution(s) relating to the Rights Issue and the transactions contemplated thereunder at the EGM.

The Company has not conducted any other rights issues, open offers or specific mandate placings within the 12-month period immediately preceding the date of the Announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to Shareholders as part of such rights issues, open offers and/or specific mandate placings.

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

The Placing Shares will be allotted and issued under the Specific Mandate and the Placing will be subject to Shareholders' approval at the EGM. As the Placing is conditional upon, among other things, the passing of necessary resolution(s) relating to the Rights Issue at the EGM, Mr. Fu Yiu Man, Peter, being an executive Director with beneficial interest in the Company as aforesaid, shall abstain from voting in favour of the resolution(s) relating to the Placing and the Specific Mandate at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Wong Chung Kin, Quentin, Mr. Siu Miu Man, Simon, MH and Mr. Au Tin Fung, Edmund, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders as to the voting at the EGM, taking into account the recommendations of the Independent Financial Adviser.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are fair and reasonable.

THE INDEPENDENT FINANCIAL ADVISER

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 and the Independent Shareholders on (i) whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are fair and reasonable; (ii) whether the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole; and (iii) how to vote on the relevant resolutions to be proposed at the EGM in relation to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

We have not acted as an independent financial adviser or financial adviser for other transactions of the Group, and have not provided any other services to the Group, in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Rights Issue, the Placing Agreement and the transactions contemplated thereunder is at market level and not conditional upon successful passing of the resolutions, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Group and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Group and/or the Directors and/or its senior management staff (the “**Management**”). We have assumed that all statements, information and representations provided by the Directors and the Management, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in this Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its adviser and/or the Directors, which have been provided to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable and there are no reasons to doubt the accuracy and reliability of such public information.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Circular have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement contained in this Circular misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group

The Group is principally engaged in provision of brokerage and financing services, corporate finance and other advisory services, asset management services, insurance brokerage, proprietary trading and property investment.

1.1 Historical Information of the Group

The summary of the key items of the Group's (i) consolidated statement of profit or loss for the financial year ended 31 December 2023 ("FY 2023") and 31 December 2024 ("FY 2024"); and (ii) consolidated statement of financial position as at 31 December 2023 and 31 December 2024 are set out below:

Consolidated statement of profit or loss for FY 2024 and FY 2023

	For the year ended 31 December 2024	For the year ended 31 December 2023
<i>HK\$'000</i>		
Revenue	69,092	73,315
Loss before tax	(126,908)	(290,862)
Loss for the year	(129,146)	(288,198)

The Group's revenue decreased from approximately HK\$73.3 million for FY 2023 to approximately HK\$69.1 million for FY 2024, representing a decrease of approximately 5.8%, which was primarily due to (i) decrease in revenue from brokerage and financing business from approximately HK\$59.7 million for FY 2023 to approximately HK\$55.4 million for FY 2024, which was in turn mainly due to decrease in interest income from money lending clients (HK\$29.5 million for FY 2024 vs HK\$34.3 million for FY 2023).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's loss for the year, in contrast, improved from approximately HK\$288.2 million for FY 2023 to approximately HK\$129.1 million for FY 2024, representing a reduction of approximately HK\$159.1 million, which was primarily due to the stabilised segment result from proprietary trading of a loss of approximately HK\$50.4 million, whereas a segment loss of approximately HK\$132.4 million for FY 2023 was recorded for the proprietary trading business, attributable to the decrease in market value against the backdrop of the particularly poor performing equity market and bearish investor sentiment during the year.

Consolidated statement of financial position as at 31 December 2023 and 31 December 2024

	As at 30 December 2024	As at 31 December 2023
<i>HK\$'000</i>		
Non-current assets	52,458	52,735
Current assets	399,143	516,417
Total assets	451,601	569,152
Current liabilities	49,499	54,438
Non-current liabilities	17,410	1,432
Total liabilities	66,909	55,870
Net assets	384,692	513,282

The Group's total assets decreased from approximately HK\$569.2 million as at 31 December 2023 to approximately HK\$451.6 million as at 31 December 2024, representing a decrease of approximately 20.7%. The decrease in total assets was mainly attributable to (i) a decrease of approximately HK\$50.9 million in accounts receivable from approximately HK\$312.9 million as at 31 December 2023 to approximately HK\$262.0 million as at 31 December 2024; and (ii) a decrease of approximately HK\$38.7 million in financial assets at fair value through profit or loss from approximately HK\$155.1 million as at 31 December 2023 to approximately HK\$116.4 million as at 31 December 2024.

The Group's total liabilities increased from approximately HK\$55.9 million as at 31 December 2023 to approximately HK\$66.9 million as at 31 December 2024, representing an increase of approximately 19.7%, which was mainly attributable to the convertible bonds in the amount of approximately HK\$13.5 million as at 31 December 2024 (nil as at 31 December 2023).

As at 31 December 2024, the Group's net assets were approximately HK\$384.7 million, down from approximately HK\$513.3 million as at 31 December 2023.

1.2 Outlook and prospects of the Group

The Group's core businesses in brokerage services, financing services, asset management services, and corporate finance advisory services, the future performance of which are largely influenced by the prospect of the local capital market, which is in turn affected by the local and China's economy and to the greater extent the global economic activities.

As mentioned in the 2024 Annual Report, Hong Kong's economy is expected to reflect steady growth in 2025 as influenced by a blend of domestic policies and global economic dynamics, including stable monetary policy maintained by the HKMA to support economic growth while managing inflation. Meanwhile, the local financial market will continue to be a global leader, with its IPO hub drawing significant attention from international businesses and investors. In 2025, it is set to strengthen its position further by diversifying its offerings and streamlining its regulatory processes.

Indeed, according to the latest information from the Hong Kong Census and Statistics Department, in the first quarter of 2025, Hong Kong's economy demonstrated robust growth, with real GDP increasing by 3.1% year-on-year, up from 2.5% in the preceding quarter, which marked the strongest expansion since Q4 2023. Meanwhile, as for the local capital market, the Hang Seng Index reached a three-year high of 24,771 on March 19, 2025, and closed the first quarter of 2025 at 23,120. According to press release titled "Hong Kong's ECM Landscape in H1 2025" published by the Stock Exchange in July 2025, the Hong Kong capital market saw robust issuance, with money raised from IPOs reaching US\$14.1 billion in the first half of 2025, which was US\$4.8 billion more than the second leading exchange, according to Dealogic data.

As further mentioned in the 2024 Annual Report, the Group has been diligently pursuing investment opportunities in other business segments, while endeavouring simultaneously to nurture its current operations.

Considering the historical financial information of the Group amid the improving sentiment in the local capital market as mentioned above, we are of the view that it is reasonable for the Company to consolidate its market position by strengthening its existing businesses, while explore opportunities along the value chain of the greater capital market to benefit the Shareholders if they think fit.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Rationale for the Rights Issue and proposed use of proceeds

2.1 *The funding needs*

The Company intends to use the net proceeds from the Rights Issue and the Placing as follow:

- (A) approximately HK\$145.9 million as general working capital of (i) approximately HK\$87.0 million for the development of the Group's financial services business, amongst others, the financing business under the brokerage and financing segment of the Group; and (ii) approximately HK\$58.9 million to be applied as overhead expenses of the Group for the coming 18 months in which (a) approximately HK\$7.2 million for rental expenses, (b) approximately HK\$24.7 million for staff cost, (c) approximately HK\$7.6 million for professional fees, (d) approximately HK\$11.6 million for office, administration and interest expenses and (e) approximately HK\$7.8 million for other operating expenses which will mainly be utilised for the services fee provided by independent third parties to the Company and its subsidiaries for: provision of office facilities; marketing and business promotions activities; and business development corporate planning;
- (B) approximately HK\$25.7 million for repayment of liabilities of the Group in which approximately HK\$9 million for a mortgage loan, approximately HK\$6 million for the accrual expenses and other payables, approximately HK\$4 million for margin loan payables with other securities firms, approximately HK\$5.6 million for interest of/and outstanding convertible bonds issued by the Company and approximately HK\$1.1 million for other loans; and
- (C) approximately HK\$44.0 million for the possible expansion into cryptocurrency industry including the operation of virtual assets trading platform (the "VATP") business.

Strengthen the Brokerage and Financing Business

Securities brokering and dealing is one of the Group's core businesses, which collectively contributed approximately 80% of the Group's total revenue for FY 2024.

As stated in the Letter from the Board, maintaining sufficient working capital is essential to support the potential growth in clients' demand for financing within the Group's brokerage and financing business. Under the Securities and Futures (Financial Resources) Rules (Cap. 571N of the Laws of Hong Kong), a licensed corporation is required to maintain sufficient liquid capital, defined as the excess of liquid assets over ranking liabilities, to ensure financial soundness and regulatory compliance.

On the other hand, based on our understanding from the management of the Company, of the various services in the brokerage and financing business, (i) securities brokering and dealing; (ii) financing services; and (iii) asset management businesses are particularly capital demanding and are scalable depending on available capital.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As analysed above, the Hong Kong capital market is currently experiencing a period of growth as evidenced by the rallying Hang Seng Index and robust IPO activities that saw the Stock Exchange to come out on top against other major exchanges around the world. In view of the increasing demand for securities trading business and financing from retail and institutional clients of the brokerage and financing business, the Group intends to strengthen its capital position with a maximum of approximately HK\$87.0 million net proceeds to support the provision of scalable, compliant, and comprehensive financing services.

Against this backdrop, we are of the view that it is commercially justifiable to expand the strategically important brokerage and financing business of the Group in order to timely capture such uptrend of the local capital market with a scalable, compliant, and comprehensive financing services platform, and that the Rights Issue and the Placing is a timely response to the rising market opportunity to enhance the Group's long-term competitiveness and service capabilities.

Expansion into Virtual Assets Trading Platform

As stated in the Letter of the Board of this Circular, the Group is a well-established local financial institution with decades of experience. In order to adapt to the evolving financial landscape, which is diversifying from traditional securities-based products to digital assets, the Group intends to allocate a portion of the net proceeds from the Rights Issue and the Placing, after fulfilling general working capital needs and repayment of liabilities as stated above, to explore a presence in the virtual asset industry in Hong Kong by way of uplifting the virtual asset trading platform licence. This will enable the Company's subsidiary, which currently holds the SFC Type 1 licence, to meet the demand of its clients for dealing in virtual assets such as cryptocurrency.

From our research on the virtual asset industry, we note that during 2018-2024, the cryptocurrency market has expanded by 24 times to reach HK\$25.9 trillion, according to statistical highlights "Virtual assets development in Hong Kong" issued by the Research Office of the Hong Kong Legislative Counsel Secretariat in June 2025. It is furthered mentioned that, to expedite fintech development, the Government issued a policy statement to set out the direction for developing a virtual asset sector and ecosystem in October 2022, followed by the introduction of a licensing regime for virtual asset trading platforms in June 2023, and the passage of the Stablecoins Bill more recently in May 2025, and a second policy statement would soon be released to explore ways to converge virtual asset into traditional finance as suggested by the Financial Secretary.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We were given to understand that the SFC has established clear licensing requirements for VATP operators, including but not limited to a minimum of HK\$5 million in paid-up share capital and sufficient liquid assets to cover 18 months of operating expenses. According to the current business plan of the Group and subject to further market research and studies, it is expected that approximately HK\$44.0 million of the net proceeds from the Rights Issue and the Placing will be allocated to the paid-up capital, support system development, cybersecurity testing, and compliance support, custody arrangements, legal opinions for token listings, and SFC licensing processes under the regulatory framework. As advised by the management of the Company, the Company targets to submit the application of uplifting of the VATP licence before the end of the first half of 2026.

We are of the view that the Rights Issue and the Placing are in line with the Company's business plans, and it is reasonable for the Company to allocate the net proceeds considering that the Company will continue to strengthen the brokerage and financing business and at the same time, expand into the virtual assets trading platform.

2.2 Fund raising method

We noted that the Company has also considered other debt or equity fundraising alternatives such as bank borrowings, placing or open offer.

The net proceeds from the Rights Issue and the Placing are estimated to be approximately HK\$215.6 million (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue), which is a substantial amount compared to the Group's asset base (representing over 50% of the current assets of the Group of approximately HK\$399.1 million and approximately 47.7% of the total assets of the Group of approximately HK\$451.6 million as at 31 December 2024). In the context of debt financing, we concurred with the Directors' view that for bank borrowings, given the size of the fundraising, banks would request for substantial collateral to secure the borrowings, which would result in interest costs and put pressure on the liquidity of the Group.

In contrast to other equity financing means such as a placing, in addition to offering all existing Shareholders an equal opportunity to participate in the future growth of the Company which a placing is unable of, thereby maintaining their proportional shareholdings and mitigating the potential risk of dilution which a standalone placing would not, the Rights Issue has the extra benefit of allowing the Shareholders to sell the Nil-paid Rights in the market in contrast to an open offer. As such, the Rights Issue is fairer and more equitable among the equity financing means based on the foregoing.

Additional arrangements such as the inclusion of an excess application arrangement further enhances fairness by allowing Shareholders to apply for additional shares that are not initially taken up, ensuring broader participation, while the Placing arrangement, which involves the placement of the Unsubscribed Rights Shares at the same price of the Subscription Price, serves to maximise the fund to be raised.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We are of the view that the Rights Issue and the Placing provide certainty and flexibility for the Shareholders in whether to get the proportionate entitlements with their respective shareholding, which is fair and reasonable, while help strengthening the Group's capital structure without incurring additional debt financing cost and enhance its financial position, which in turn will support the Company's continuing development and business growth.

3. Principal terms of the Rights Issue and the Placing

3.1 Summary of the key terms

Basis of the Rights Issue	Two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	HK\$0.45 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	247,352,304 Shares
Number of Rights Shares to be issued under the Rights Issue	(i) Up to 494,704,608 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue) (ii) Up to 544,744,608 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than full conversion of the 2024 CB, full exercise of the outstanding Share Options and full subscription under the Rights Issue)
Enlarged number of Shares in issue upon completion of the Rights Issue	(i) Up to 742,056,912 Shares (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue) (ii) Up to 817,116,912 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than full conversion of the 2024 CB, full exercise of the outstanding Share Options and full subscription under the Rights Issue)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Gross proceeds from the proposed Rights Issue	(i) Up to approximately HK\$222.6 million (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue)
	(ii) Up to approximately HK\$245.1 million (assuming no change in the number of Shares in issue on or before the Record Date other than full conversion of the 2024 CB, full exercise of the outstanding Share Options and full subscription under the Rights Issue)
Net price per Rights Share (i.e. Subscription Price less costs and expenses incurred in the Rights Issue)	Approximately HK\$0.436 per Rights Share (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue)
Rights of excess application	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the Latest Practicable Date, there are outstanding convertible bonds (consisting of the 2024 CB) which are convertible into 14,400,000 new Shares prior to the Record Date and 10,620,000 outstanding Share Options which entitle the holders thereof to subscribe for an aggregate of 10,620,000 new Shares. Save as disclosed above, as at the Latest Practicable Date, the Company does not have any other share options, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares prior to the Record Date.

For further information of the Rights Issue and the Placing, please refer to the Letter from the Board.

3.2 Subscription Price

The Subscription Price of HK\$0.45 per Rights Share represents:

- (i) a discount of 25.00% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 4.26% to the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 5.86% to the average closing price of HK\$0.478 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) a discount of approximately 1.21% to the average closing price of HK\$0.4555 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 1.53% to the theoretical ex-rights price of approximately HK\$0.457 per Share based on the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 3.11%, represented by the theoretical diluted price of approximately HK\$0.4573 per Share to the benchmarked price of HK\$0.472 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average of the closing prices of HK\$0.472 per Share as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Latest Practicable Date); and
- (vii) a discount of approximately 71.06% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.555 (based on the latest published audited consolidated net asset value attributable to Shareholders of approximately HK\$384,727,000 and 247,352,304 Shares in issue as at the date of this Circular).

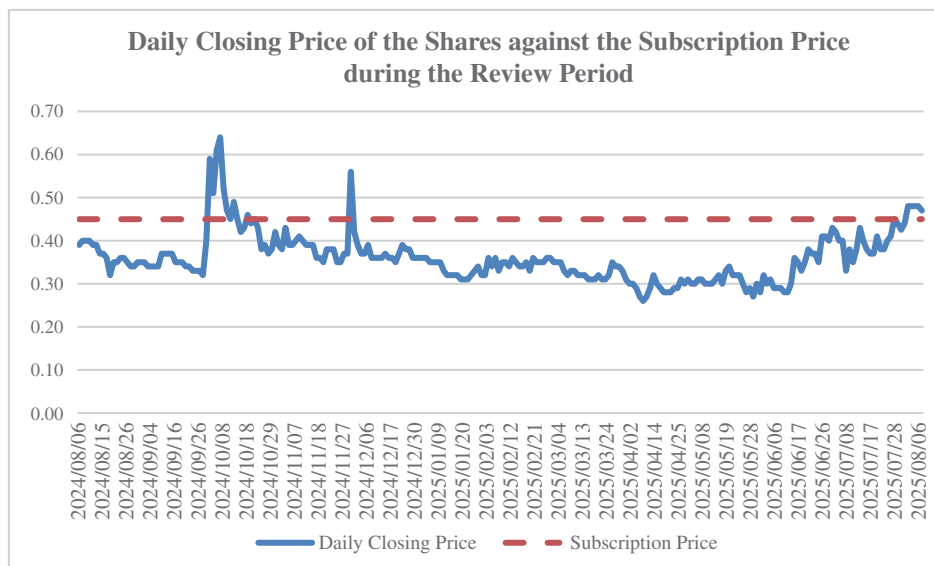
The Subscription Price was determined with reference to, among others, (i) the then recent market price of the Shares under the then market sentiment and prevailing market conditions in an upward trend; (ii) the financial position of the Group, among others, the substantial discount of more than 71% of the Subscription Price to the NAV per Share; and (iii) the reasons as discussed in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” in the Letter from the Board. The Subscription Price is at a slight discount to the recent closing price per Share which may attract the Shareholders to subscribe for the Rights Shares. In addition, given the Company’s high NAV per Share, the Subscription Price reflects a more reasonable valuation of its underlying assets. It also serves to attract long-term, committed investors with a solid understanding of the Company’s financial position and growth prospects. As a well-established local financial institution with a long operating history, this approach further encourages existing Shareholders to participate in the Rights Issue and strengthen their investment in the Company. The Directors (excluding the members of the Independent Board Committee whose opinion is expressed in the letter from the Independent Board Committee after considering the advice of the Independent Financial Adviser) consider that the terms of the Rights Issue (including the Subscription Price at a slight discount to the then closing prices of the Shares) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

In order to assess the fairness and reasonableness of the Subscription Price to be set at a slight discount to the prevailing Share price, we have considered the historical price performance of the Shares and the trading liquidity of the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical price performance of the Shares

Set out below are two charts illustrating the historical closing price of the Shares during the period from 6 August 2024, being 12 months immediately preceding the Last Trading Day and up to the Last Trading Day (the “**Review Period**”). We consider that a period of 12 months, which reflects historical and prevailing market sentiment, is adequate to illustrate the recent price movement of the Shares for the purpose of conducting a reasonable comparison.



As illustrated in the above chart, the Shares were traded within the range from HK\$0.30 to HK\$0.50 per Share for majority of the Review Period. During the Review Period, the highest daily closing price of the Shares was HK\$0.64 per Share as recorded on 7 October 2024, and the lowest daily closing price of the Shares was HK\$0.26 per Share as recorded on 8 April 2025. The average daily closing price per Share during the Review Period was approximately HK\$0.36.

There was a downtrend beginning on 6 August 2024, with the closing price of the Shares reaching a periodic low of HK\$0.32 per Share on 27 September 2024. Following China’s announcement of a stimulus package on 24 September 2024, which contributed to a substantial surge in the Hang Seng Index of the Hong Kong stock market, the Share price recorded a significant increase from HK\$0.32 per Share on 27 September 2024 to HK\$0.64 per Share on 7 October 2024.

After reaching its highest closing price during the Review Period, the closing price of the Shares gradually decreased, hitting a relatively low closing price of HK\$0.35 per Share on 25 November 2024. The closing price of the Shares then rose slightly to HK\$0.56 per Share on 29 November 2024, before gradually decreasing to the lowest closing price of HK\$0.26 per Share on 8 April 2025. From April to early June 2025, the closing price of the Shares fluctuated around HK\$0.30 per Share, and gradually increased over the following two months, reaching the closing price of HK\$0.47 per Share on the Last Trading Day.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We note that the Subscription Price of HK\$0.45 per Share is above the average daily closing prices of the Shares throughout the Review Period and represents (i) a premium of 73.1% of the lowest closing price; (ii) a discount of approximately 29.7% from the highest closing price; and (iii) a premium of approximately 25.1% from the average daily closing price of the Review Period. We also note that the Subscription Price represents a slight premium over the closing prices per Shares for the majority of the Review Period. Given that there was an increasing trend of the closing price of the Share for the two months prior to the Last Trading Day as mentioned above, we are of the view that setting the Subscription Price at a premium over the closing prices per Shares for the majority of the Review Period demonstrates the Company's commitment to preserving Shareholder value and minimizing unnecessary value dilution while balancing its need for new capital. The Subscription Price represents a discount of approximately 71.06% to the audited consolidated NAV per Share of approximately HK\$1.555 as at 31 December 2024. Given that reducing the Subscription Price would further enlarge the discount to audited consolidated NAV per Share, we concur with the Company's view that the Subscription Price reflects more reasonable valuation of its underlying assets. Nevertheless, the premiums represented by the Subscription Price over the prevailing Share market prices, as further discussed in the section headed "Comparison with recent rights issue transactions" below, are within the range of the premium/discount represented by the subscription price under the Comparables (as defined below) over/to their respective prevailing market prices and therefore, the Subscription Price is considered in line with the market. Having considered the above, we are of the view that the Subscription Price is fair and reasonable. Given the recent upward trend in the market price of the Shares under the prevailing market conditions, we are of the view that offering a slight discount to the recent closing price of the Shares could provide an incentive for the existing Shareholders to invest in the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Trading liquidity of the Shares

To assess whether the Subscription Price is at a fair and reasonable level, we also considered the trading liquidity of the Shares from the average daily trading volume as a percentage to (i) the total number of issued Shares as at the end of the corresponding months; and (ii) the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date.

Month	Number of trading day <i>Days</i>	Trading Volume of Shares <i>Shares</i>	Average daily trading volume of Shares <i>Shares</i>	Total issued Shares at the end of month <i>Shares</i>	Average daily trading volume as a percentage to the total number of issued Shares	Average daily trading volume as a percentage to the total number of issued Shares held by public Shareholders <i>(Note)</i>
2024						
August (since 6 August)	19	2,041,600	107,453	247,352,304	0.0434%	0.0508%
September	19	8,717,200	458,800	247,352,304	0.1855%	0.2171%
October	21	27,983,800	1,332,562	247,352,304	0.5387%	0.6305%
November	21	3,078,800	146,610	247,352,304	0.0593%	0.0694%
December	20	3,394,800	169,740	247,352,304	0.0686%	0.0803%
2025						
January	19	1,262,400	66,442	247,352,304	0.0269%	0.0314%
February	20	3,353,480	167,674	247,352,304	0.0678%	0.0793%
March	21	3,134,970	149,284	247,352,304	0.0604%	0.0706%
April	19	5,553,200	292,274	247,352,304	0.1182%	0.1383%
May	20	1,358,000	67,900	247,352,304	0.0275%	0.0321%
June	21	9,468,400	450,876	247,352,304	0.1823%	0.2133%
July	22	18,013,700	818,805	247,352,304	0.3310%	0.3874%
August (to the Last Trading Day)	4	226,400	56,600	247,352,304	0.0229%	0.0268%
Max					0.5387%	0.6305%
Min					0.0229%	0.0268%
Median					0.1333%	0.1559%

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

Note:

The calculation is based on the average daily trading volume divided by total number of issued Shares held by the public Shareholders (i.e. 211,361,504 Shares) as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated in the above table, the percentage of average daily trading volume to (i) the total number of issued Share as at the end of the corresponding month; and (ii) the total number of Shares held by public Shareholders as at the Latest Practicable Date, ranged from approximately 0.0229% to 0.5387% and 0.0268% to 0.6305% respectively during the Review Period. The average daily trading volumes of the Shares in October 2024 (1,332,562 shares) and July 2025 (818,805 shares) were exceptionally high during the Review Period. In this regard, we review the Company's announcements during the respective months and are not aware of any specific reasons for the exceptionally high trading volumes. The average daily trading volume of the Shares during the Review Period was approximately 356,044 Shares, representing approximately 0.1439% and 0.1685% of the total number of issued Shares and the total number of Shares held by public Shareholders as at the Latest Practicable Date, which implied that the Shares lack liquidity in the open market.

Although the Shares lack liquidity in the open market, the recent upward trend in their market price, as outlined in the section headed "Historical Price Performance of the Shares" above indicates improving investor perception and suggests that the Shares continue to exhibit investment appeal under the prevailing market conditions. We consider that the Subscription Price reflects the Company's initiative and confidence in leveraging this positive momentum to pursue a more reasonable valuation of the Shares, which may encourage existing investors to re-evaluate their investment in the Company and participate in the Rights Issue. By avoiding a subscription price set at a sizeable discount to historical market prices which could further depress the share price and liquidity of the Share, we are of the view that, from the perspective of trading liquidity of the Shares, the Subscription Price is fair and reasonable.

Comparison with recent rights issue transactions

In order to assess the fairness and reasonableness of the proposed terms of the Rights Issue, we have identified an exhaustive list of 20 companies (the "**Comparable(s)**") listed on the Main Board and GEM of the Stock Exchange which announced a rights issue or an open offer during three-month period prior to the Last Trading Day (the "**Comparable Review Period**"), i.e. 6 August 2025. We are of the view that a three-month period is sufficient and appropriate given that (i) such shorter period provides the recent and relevant information that demonstrates prevailing market practices prior to the Last Trading Day, particularly in light of ongoing economic and political volatility and its corresponding impact on market sentiment and pricing dynamics; and (ii) we are able to identify a sufficient and reasonable sample size for the selection of Comparables within the Comparable Review Period. In contrast, extending the selection period to 12 months would yield an excessive number of comparable rights issues, potentially diluting the analysis due to the broader range of premiums and discounts associated with subscription prices.

The criteria for selecting the Comparables were as follows: (i) the companies must be listed on the Stock Exchange; and (ii) the proposed rights issues have been announced during the Comparable Review Period. The inclusion of Comparables was conducted without any artificial selection or filtering or exclusion of outliers, ensuring that they authentically represent recent market trends among companies listed on the Stock Exchange. Hence, we are of the view that the Comparables and the corresponding range of premiums and discounts in the subscription prices provide fair and representative samples.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(Discount)/Premium of Subscription Price (to)/over															
Date of announcement	Company name (Stock code)	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date	Amount of gross proceeds	Use of proceeds	the closing price as at the last trading day (%)	5-day average (%)	10-day average (%)	the theoretical ex-rights entitlement price (%) (Note 2)	consolidated net asset value per Share (%) (Note 2)	Theoretical dilution effect (%) (Note 2)	Compensatory Arrangement (CA) (EA/CA)	Underwriting arrangement (Yes/No)	Placing commission rate (%) (Note 4)
1	4/8/2025	TOMO Holdings Limited (6928)	sales and installation of passenger vehicle leather upholstery, and electronic accessories	210.6	40.5	expansion of business and working capital	(62.10)	(63.20)	(65.40)	(52.20)	25.00	(21.30)	CA	No	1.0
2	30/7/2025	XJ International Holdings Co., Ltd. (1765)	provision of education services	1,595.6	137.1	redeem the outstanding Convertible Bonds	(1.96)	(0.50)	(0.79)	(1.82)	(83.61)	(0.15)	CA	No	0.5
3	30/7/2025	Da Yu Financial Holdings Limited (1073)	provision of corporate finance advisory services and asset management services	458.0	136.7	expansion of business and working capital	(16.67)	(18.92)	(18.37)	(11.76)	(45.45)	(6.67)	EA	No	N/A
4	25/7/2025	Shin Hwa World Limited (0582)	integrated resort business	252.0	182.6	payment of loan and interest expenses	(34.21)	(33.07)	(33.99)	(17.11)	(97.12)	(17.11)	EA	Yes	N/A
5	23/7/2025	Future Machine Limited (1401)	manufacturing and sales of mobile phones and PCBA and IoT related products	1,485.0	140.0	expansion of business, working capital and investments	(72.28)	(72.28)	(72.28)	(63.48)	(28.61)	(24.09)	CA	No	1.0
6	8/7/2025	Alco Holdings Limited (0328)	manufacturing and selling of consumer electronic products	40.7	148.5	repayment of loans and creditors and working capital	(19.00)	(19.00)	(12.79)	N/A	N/A	(15.52)	CA	No	1.5
7	7/7/2025	Sanergy Group Limited (2459)	manufacturing of graphite electrodes	241.1	45.6	expansion of business and working capital	(55.60)	(56.30)	(56.70)	(45.30)	(89.00)	(18.80)	CA	No	3.5
8	25/6/2025	Sino Splendid Holdings Limited (8006)	travel media operations	18.4	17.7	repayment of account payables and working capital	(11.10)	(12.10)	(13.00)	(4.80)	(52.40)	(6.67)	CA	No	2.5
9	17/6/2025	Risecomm Group Holdings Limited (1679)	sales of power line communication products	59.8	127.9	repayment of liabilities and working capital	(22.48)	(21.63)	(22.12)	(4.62)	N/A	(18.73)	CA	No	0.5
10	10/6/2025	Greenheart Group Limited (0094)	Provision of timber business	153.0	33.7	expansion of business and funding for expenses	(9.25)	(4.97)	(6.92)	(6.44)	(88.80)	(3.00)	EA	No	2.0
11	10/6/2025	Pinestone Capital Limited (0804)	provision of financial services	182.0	60.7	invest in its services, acquisition and working capital	(40.71)	(41.55)	(40.29)	(22.14)	N/A	(24.93)	CA	No	5.0

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(Discount)/Premium of Subscription Price (to)/over															
Date of announcement	Company name (Stock code)	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date	Amount of gross proceeds	Use of proceeds	the closing price as at the last trading day (%)	5-day average (%)	10-day average (%)	the theoretical ex-rights entitlement price (%) (Note 2)	consolidated net asset value per Share (%) (Note 2)	Theoretical dilution effect (%) (Note 2)	Compensatory Arrangement (CA) (EA/CA)	Underwriting arrangement (Yes/No)	Placing commission rate (%) (Note 4)
12	4/6/2025	Hovkingtech International Holding Limited (2440)	provision of data transmission and processing services	1,483.0	154.8	expansion of business and working capital	(49.70)	(50.00)	(48.60)	N/A	50.20	(16.70)	EA	No	N/A
13	2/6/2025	Lyji Technology Holdings Inc. (1745)	provision of online tour guide	491.0	151.8	business expansion, acquisition and working capital	(32.10)	(33.10)	(37.10)	(24.10)	(72.60)	(11.30)	EA	Yes	N/A
14	23/5/2025	Grand Talents Group Holdings Limited (8516)	provision of maintenance engineering	23.7	27.5	expansion of business and working capital	(33.00)	(33.00)	(32.29)	(12.34)	(18.51)	(23.57)	CA	No	3.0
15	22/5/2025	China Health Group Limited (0673)	trading of medical equipment and consumables	319.6	15.0	settlement of payables and working capital	(28.60)	(37.10)	(41.90)	(23.70)	(12.40)	(23.60)	CA	Yes	2.0
16	15/5/2025	Zhongzheng International Company Limited (0943)	manufacturing and sales of healthcare and household products	414.2	114.6	business transformation and working capital	nil	nil	1.00	nil	(56.20)	nil	CA	Yes	2.0
17	13/5/2025	Shougang Century Holdings Limited (0103)	manufacturing and sales of steel cords	1,486.5	160.0	upgrade its technology and working capital	12.30	14.30	13.20	10.60	(40.10)	nil	EA	No	N/A
18	13/5/2025	Capital Realm Financial Holdings Group Limited (0204)	provision of financial services	41.0	155.7	repayment of its bonds, investments and working capital	4.17	21.36	29.53	N/A	(86.28)	nil	CA	No	3.0
19	9/5/2025	China Sci-Tech Industrial Investment Group Limited (0339)	trading of listed and unlisted securities	127.4	10.1	repayment of liabilities and working capital	(43.10)	(47.40)	(48.10)	(38.60)	Net Liabilities	(16.20)	CA	No	1.5
20	7/5/2025	SEEC Media Group Limited (0205)	provision of media-related businesses	281.6	40.5	repayment of its bond and payables and working capital	(23.61)	(26.17)	(26.67)	(17.29)	(53.78)	nil	CA	No	3.0
			Min ^(Note 1)	18.4	10.1		(72.28)	(72.28)	(72.28)	(63.48)	(97.12)	(24.93)			0.5
			Max ^(Note 1)	1,595.6	182.6		12.30	21.36	29.53	10.60	50.20	nil			5.0
			Median ^(Note 1)	225.9	121.2		(26.11)	(29.59)	(29.48)	(17.11)	(53.09)	(15.86)			2.0
			Average ^(Note 1)	457.1	95.0		(26.95)	(26.73)	(26.68)	(19.72)	(46.85)	(12.42)			2.1
		The Company		116.3	222.6		(4.26)	(5.86)	(1.21)	(1.53)	(71.06)	(3.11)	EA	No	2.5

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. Information has been extracted from the relevant announcements (including supplemental announcements) of the rights issue of the respective Comparables.
2. "N/A" denotes that the announcement did not disclose such information.
3. The calculation did not include the ones did not have theoretical dilution effect given the Company's subscription price will result in theoretical dilution effect.
4. "N/A" denotes that the respective fundraising exercise did not involve placing agents.

The Comparables include rights issues of varying sizes, involving companies with different business natures, scales, and funding needs. Our analysis primarily focuses on the principal terms of the rights issues, and we have not found any established evidence indicating a correlation between (i) business nature, (ii) market capitalization, or (iii) size of the rights issue and its underlying principal terms.

We are of the view that the market capitalisation should not be considered as a determinative factor alone. We are of the view, that the fund raising scale and the discount/premium scale of the subscription price of such Comparables were determined by the management of Comparables after taking into account of a complex of weighing factors, including but not limited to their historical financial position and financial performance, prospects of principal business, macroeconomics, and market sentiment to affect their share price and trading liquidity. Hence, given different situations of different companies, we consider the cross reference to the Comparables' ultimate discount/premium scale of the subscription price against/over their prevailing market price are representative. Including companies in the Comparables with diverse business profiles, sizes and funding needs provides a more comprehensive understanding of market sentiment. In our analysis, we have obtained a meaningful sample size of 20 Comparables, which adequately reflects current market practices regarding recent rights issues. As mentioned above, we also consider that the duration of the Comparison Review Period is sufficient to reflect prevailing market conditions.

It is noted that among the 20 Comparables, only three of them set the subscription price at premium level over one or more of the closing prices as at the last trading day, 5-day average closing price preceding to the last trading day, 10-day average closing price preceding to the last trading day, and the theoretical ex-rights entitlement price, while a majority of them set the subscription price at the discount level over the abovementioned price basis.

According to the above analysis, (i) the subscription price against the closing price as at the last trading day of the Comparables ranged from a discount of approximately 72.28% to a premium of approximately 12.30%, with an average discount and median discount of approximately 26.95% and 26.11% respectively; (ii) the subscription price against the 5-day average closing price preceding to the last trading day of the Comparables ranged from a discount of approximately 72.28% to a premium of approximately 21.36%, with an average discount and median discount of approximately 26.73% and 29.59% respectively; (iii) the subscription price against the 10-day average closing price preceding to the last trading day of the Comparables ranged from a discount of approximately 72.28% to a premium of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately 29.53%, with an average discount and median discount of approximately 26.68% and 29.48% respectively; (iv) the subscription price against the theoretical ex-rights entitlement price ranged from a discount of approximately 63.48% to a premium of approximately 10.60%, with an average discount and median discount of approximately 19.72% and 17.11% respectively; (v) the subscription price against the consolidated net asset value per share of the Comparables ranged from a discount of approximately 97.12% to a premium of approximately 50.20%, with an average discount and median discount of approximately 46.85% and 53.09% respectively; and (vi) the theoretical dilution effect ranged from nil to approximately 24.93%, with an average and median of approximately 12.42% and 15.86% respectively.

In addition to the above, we note the significant variation in the premiums and discounts of the subscription price of the Comparables against the (i) closing share price as at the last trading day; (ii) 5-day average closing price preceding to the last trading day; and (iii) 10-day average closing price preceding to the last trading day; (iv) theoretical ex-rights entitlement price; (v) consolidated net asset value per share of the Comparables. We are not aware of any specific reasons for the significant discounts in the subscription prices of the Comparables against their respective closing prices. In the absence of a compelling rationale to exclude outliers from the Comparables, we have opted to include them in our analysis. This approach is intended to minimise potential bias and ensure a more accurate representation of the data. By incorporating the outliers, we aim to provide a thorough and comprehensive understanding of the Comparables.

Given the (i) Subscription Price was set at the discount of 4.26% against the closing price as at the Last Trading Day, which falls into the range of the Comparables; (ii) Subscription Price was set at the discount of 5.86% against the 5-day average closing price preceding to the Last Trading Day, which falls into the range of the Comparables; (iii) Subscription Price was set at the discount of 1.21% against the 10-day average closing price preceding to the Last Trading Day, which falls into the range of the Comparables; (iv) Subscription Price was set at the discount of 1.53% against the theoretical ex-rights entitlement price, which falls into the range of the Comparables; (v) Subscription Price was set at the discount of 71.06% against the consolidated net asset value per share, which falls into the range of the Comparables; and (vi) the theoretical dilution effect was 3.11%, which is in line with the range of the Comparables, we considered the Subscription Price is fair and reasonable.

In light of above, we consider that the Subscription Price are fair and reasonable to the Shareholders and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Excess application

According to the Letter from the Board, all Qualifying Shareholders are entitled to apply, by way of excess application under the EAF(s), for additional Rights Shares in excess of their provisional entitlements.

The Excess Rights Shares will comprise:

- (i) any Nil-paid Rights provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of Nil-paid Rights prior to the Latest Time for Acceptance;
- (ii) any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold; and
- (iii) the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any).

A Shareholder who applies to take up all or part of his/her/its entitlement under the PAL and/or Excess Rights Shares under the EAF may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. According to the Letter from the Board, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of Nil-paid Rights will be made on the basis that the applications are to be scaled down by the Company to a level which (a) does not trigger an MGO Obligation on the part of the applicant or parties acting in concert with him/her/it, and/or (b) does not result in the non-compliance of the Public Float Requirement on the part of the Company. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s).

Among the Comparables, 6 of out 20 Comparables allow application for excess rights shares. Therefore, we consider that the Rights Issue which allows application for excess Rights Shares and the possibility of applying for excess Rights Shares under the Rights Issue are not uncommon in the market.

3.3 *Miscellaneous*

Non-underwritten basis of the Rights Issue

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. The Company has made references to the recent three months rights issue conducted by the companies in different industries listed on the Stock Exchange, among 20 cases, only 4 were conducted on non-underwritten basis. In addition, the Company has also approached 5 financial institutions, but none of them expressed an interest in underwriting the proposed Rights Issue. Therefore, the Company has appointed its subsidiary, VC Brokage Limited to act as the Placing Agent of the Company. In addition to the application for Excess Rights Shares, if the Rights Issue is not fully subscribed and in order to increase the subscription level, if the Rights Issue is not fully subscribed, the number of Rights Shares that are not subscribed by the Qualifying Shareholders or renouncees or transferees of the Nil-paid Rights under the PALs and the EAFs (i.e. the Unsubscribed Rights Shares) will be placed to independent Placees on a best effort basis through the Placing by the Placing Agent. The Unsubscribed Rights Shares that are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, to avoid the unwitting triggering of MGO Obligation and non-compliance of Public Float Requirement, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of Nil-paid Rights will be made on the basis that the applications are to be scaled down by the Company to a level which (a) does not trigger an MGO Obligation on the part of the applicant or parties acting in concert with him/her/it, and/or (b) does not result in the non-compliance of the Public Float Requirement on the part of the Company. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s).

We noted that 16 out of the 20 Comparables were conducted on a non-underwritten basis, which suggested that it is common practice for the recent period that the rights issue was conducted on a non-underwritten basis.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Placing Agreement

On 6 August 2025 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to appoint and the Placing Agent has conditionally agreed to act as the Placing Agent for the Company to procure on a best effort basis not less than six (6) Placees to subscribe for the Placing Shares (i.e. the Unsubscribed Rights Shares) at the Placing Price during the Placing Period on and subject to the terms and condition set out in the Placing Agreement. Under the terms of the Placing Agreement, if the Rights Issue is fully subscribed, i.e. all the Rights Shares are being fully subscribed by the Qualifying Shareholders or renouncee(s) or transferee(s) under the PAL(s) and the EAF(s), the Placing will not proceed.

Having considered that the Placing will provide (i) a distribution channel of the Placing Shares for the Company; and (ii) a channel of participation in the Rights Issue for independent investors, so that the Placing would allow the Company to raise the shortfall of funds required where possible after the Rights Issue, we concur the Directors' view that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As set out in the Letter from the Board, the terms of the Placing Agreement, including the Placing Price and rate of placing commission, were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms after considering (i) the prevailing market conditions; (ii) the funding requirements of the Group as detailed in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" in the Letter from the Board; and (iii) the Subscription Price. The Company shall pay to the Placing Agent a placing commission in Hong Kong dollars of 2.5% of the amount which is equal to the Placing Price multiplied by the number of the Placing Shares actually placed by the Placing Agent pursuant to the terms of the Placing Agreement.

The placing price of each of the Placing Share shall be equivalent to the Subscription Price (exclusive of any brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee as may be payable). As we consider that the Subscription Price is fair and reasonable as discussed in the section headed "3.2 Subscription Price" in this letter, we also consider the arrangement of setting the Placing Price at the Subscription Price is fair and reasonable.

According to the Comparables above, the placing commission of the Comparables ranged from 0.50% to 5.00%, with an average and median of 2.13% and 2.0% respectively. The placing commission of 2.5% borne by the Company in the Rights Issue is slightly higher than the average of Comparables but in line with the range of the Comparables, we considered the placing commission is fair and reasonable, and in the interests of the Company and Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered (i) the Placing will be only for the Placing Shares, i.e. Unsubscribed Rights Shares that are not subscribed by the Qualifying Shareholders (and after excess applications) under the Rights Issue; (ii) the Placing Price shall be the same as the Subscription Price; and the Subscription Price is considered acceptable based on analysis set out in the section under “3.2 Subscription Price” in this letter; (iii) the Placing provides a distribution channel of the Placing Shares to the Company and a channel of participation for independent investors; (iv) the placing commission payable to the Placing Agent is fair and reasonable as mentioned above, we are of the view that terms of the Placing are fair and reasonable, and the Placing are in the interest of the Company and its shareholders as a whole.

4. Financial impact

In terms of net tangible assets per Share, as set out in Appendix II to this Circular, upon completion of the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share as at 31 December 2024 immediately after the completion of the Rights Issue would be approximately HK\$0.79 (assuming all Qualifying Shareholders have taken up the Rights Shares), representing an decrease of 47.7% as compared to the audited consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share as at 31 December 2024 before the completion of the Rights Issue of approximately HK\$1.51. Despite a reduction of approximately 47.7% in the consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share upon completion of the Rights Issue, we have carefully considered (i) the reasons for the Rights Issue as outlined in the Letter from the Board, and (ii) the rights of the Qualifying Shareholders to take up their respective entitlements. This allows them to maintain their shareholdings in the Company and participate in the Group’s potential growth. In our view, the overall impact on the consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share is fair and reasonable, and it serves the best interests of the Company and its Shareholders as a whole.

In terms of liquidity position, the Group had bank balances and cash of approximately HK\$18.4 million and the Group had current assets of approximately HK\$399.1 million and current liabilities of approximately HK\$49.5 million as at 31 December 2024, giving rise to a current ratio (being current assets divided by current liabilities) of approximately 8.1. Immediately upon completion of the Rights Issue, the cash and cash equivalents of the Group may increase by up to the maximum amount of net proceeds from the Rights Issue; that is up to approximately HK\$234.0 million. In such case, the current ratio of the Group will potentially increase from approximately 8.1 to 12.4. As such, the current ratio and the Group’s liquidity position will improve following the Rights Issue.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Possible dilution effect

All the Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue. Qualifying Shareholders who do not accept the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. However, they should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue if they do not take up their full provisional allotments.

We are of the view that the proposed Rights Issue has provided equal opportunity to the Qualifying Shareholders as an invitation to treat. The Qualifying Shareholders, have their own discretion to decide whether to participate or not.

Based on the above, we are of the view that the implementation of the Rights Issue, is rationally connected to the interests of the Company and the Shareholders as a whole, despite of the potential dilution impact to Qualifying Shareholders who have the priority to choose whether or not to participate in the Rights Issue.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Shareholders to vote in favour on the resolutions at the EGM in relation to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Messis Capital Limited

Wallace Cheung
Managing Director

Mr. Wallace Cheung is a licensed person registered with the Securities and Futures Commission of Hong Kong and regarded as a responsible officer of Mesis Capital Limited to carry out type 6 (advising on corporate finance) regulatory activity under the SFO and has over 15 years of experience in corporate finance industry.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three years ended 31 December 2022, 2023 and 2024 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.vcgroup.com.hk>).

- Annual report for the year ended 31 December 2024 (pages 128 to 335):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042901175.pdf>
- Annual report for the year ended 31 December 2023 (pages 125 to 319):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042903195.pdf>
- Annual report for the year ended 31 December 2022 (pages 119 to 303):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042700831.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2025, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following indebtedness:

Interest of/and outstanding convertible bonds issued by the Company

As at the close of business on 31 July 2025, the Group had outstanding convertible bonds liabilities issued by the Company of approximately HK\$18.1 million, which included the 2024 CB of approximately HK\$13.8 million and 2025 CB of approximately HK\$4.3 million. Both 2024 CB and 2025 CB are unsecured.

Mortgage loan

As at the close of business on 31 July 2025, the Group had a mortgage loan of approximately HK\$9 million. The mortgaged loan is secured by a property in Hong Kong owned by an indirect wholly-owned subsidiary of the Company and the loan was guaranteed in the name of the Company.

Lease liabilities

As at the close of business on 31 July 2025, the Group had lease liabilities of approximately HK\$4.2 million, representing the present value of the remaining lease payments for the leased property discounted by the Group's incremental borrowing rate in accordance with HKFRS 16.

Margin loan payables

As at the close of business on 31 July 2025, the Group had margin loan payables of approximately HK\$5.9 million with other securities firms for proprietary trading sectors.

Accrued expenses and other payables

As at the close of business on 31 July 2025, the Group had accrued expenses and other payables of approximately HK\$6.8 million and other loans of approximately HK\$1.1 million. The loans are unsecured and not guaranteed.

Capital commitment

As at the close of business on 31 July 2025, the Group has no capital commitments.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payable, as of 31 July 2025, being the latest practicable date for determining indebtedness, the Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital or bank overdrafts or loans or other similar indebtedness or finance lease commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments or guarantees or other material contingent liabilities, nor any authorized or otherwise created but unissued debt securities.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 July 2025 up to the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue and the Placing, the Group will have sufficient working capital for its present requirements for at least 12 months from the date of this circular in the absence of any unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been 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 consolidated financial statements of the Group were made up.

5. BUSINESS TREND AND FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is an established financial services group committed to delivering premier financial services and products that fulfill various investment and wealth management needs of clients in the Greater China region. The Group holds a variety of licences enabling it to conduct the relevant businesses and development in the financial industry in Hong Kong. The Group carries out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities which are licensed by the SFC under the SFO. The Group also holds Trust or Company Service Provider Licence in order to provide company secretarial services. Furthermore, the Group holds Insurance Broker Company Licence to provide insurance brokerage services. In addition, the Group holds Money Lenders Licence, issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), in order to provide money lending services.

Strengthen the Brokerage and Financing Business

Securities brokering and dealing is one of the Group's core businesses. As disclosed in the annual report of the Company for the year end 31 December 2024, the Group's principal revenue streams were derived from its traditional brokerage and financing operations, collectively contributing approximately 80% of its total revenue, in which the interest income from brokerage clients contributed approximately HK\$20.4 million, representing approximately 30% of the total revenue of the Group. It also recorded an increase of approximately 5% to the respective income in 2023.

Hong Kong's capital markets are currently experiencing strong growth, driven by an increase in IPO activity, improved investor confidence, and significant capital inflows from mainland China. In this environment, expanding the Group's brokerage financing capacity is both timely and strategically important to meet the growing demand for leveraged trading and participation in IPOs.

The Chief Executive of Hong Kong announced that, by mid July 2025, Hong Kong had completed 52 IPOs, representing a 30% year-on-year increase, with HK\$124 billion raised. This volume marked a 590% surge compared to the previous year, ranking Hong Kong first globally in IPO fundraising during that period. This explosive growth has positioned Hong Kong as the global leader in IPO fundraising. It is expected that more IPOs will be conducted in Hong Kong in the near future and retail investor participation in IPOs will surge.

In addition, the Hong Kong stock market enters a strong up cycle, with demand for secondary-market margin financing also surging. In the first half of 2025, the Hang Seng Index gained approximately 20% from the end of 2024. Trading activity has also grown substantially. According to the data from the Stock Exchange, the average daily turnover on the cash market soared to HK\$242.7 billion, representing an increase of 144% year-over-year.

Under the Securities and Futures (Financial Resources) Rules (Cap. 571N of the Laws of Hong Kong), a licensed corporation is required to maintain sufficient liquid capital, defined as the excess of liquid assets over ranking liabilities, to ensure financial soundness and regulatory compliance. As such, maintaining sufficient working capital is essential to support the potential growth in clients' demand for financing within the Group's brokerage and financing business.

In view of the increasing demand for securities trading business and financing from retail and institutional clients of the brokerage and financing business, the Group intends to strengthen its capital position with a maximum of approximately HK\$87.0 million net proceeds from the proposed Rights Issue and the Placing to support the provision of scalable, compliant, and comprehensive financing services. The Rights Issue and the Placing is a timely response to current market trends and a strategic plan to enhance the Group's long-term competitiveness and service capabilities in a growing capital market.

Expansion into Virtual Assets Trading Platform

The Group is a well-established local financial institution with decades of experience. In order to adapt to the evolving financial landscape, which is diversifying from traditional securities-based products to digital assets, the Group intends to allocate a portion of the net proceeds from the Rights Issue and the Placing, after fulfilling general working capital needs and repayment of liabilities as stated in the **"LETTER FROM THE BOARD"**, to explore a presence in the virtual asset industry in Hong Kong by way of uplifting the virtual asset trading platform licence. This will enable the Company's subsidiary, which currently holds the SFC Type 1 licence, to meet the demand of its clients for dealing in virtual assets such as cryptocurrency.

Hong Kong is developing itself as a global virtual asset centre, with the SFC granting licences to the first batch of compliant crypto exchanges in 2024 and 2025. Institutional participation in tokenised assets, stablecoins, and virtual asset funds is rising rapidly, as large financial institutions and fintech innovators seek regulated platforms for trading and custodian service.

The SFC has established clear licensing requirements for VATP operators, including but not limited to a minimum of HK\$5 million in paid-up share capital and sufficient liquid assets to cover 18 months of operating expenses. According to the current business plan of the Group and subject to further market research and studies, it is expected that approximately HK\$44.0 million of the net proceeds from the Rights Issue and the Placing will be allocated to the paid-up capital, support system development, cybersecurity testing, and compliance support, custody arrangements, legal opinions for token listings, and SFC licensing processes under the regulatory framework. The Company targets to submit the application of uplifting of the VATP licence before the end of the first half of 2026.

Continue expansion of other financial services

The Group will continue to maintain its position as a comprehensive service provider in the financial service sector. To further strengthen its market position and in addition to the abovementioned plans, the Group will also adopt strategic initiatives and allocate additional resources to the development of its insurance brokerage business, which is expected to achieve attractive returns for the Group in the near future. The Group recognises the value of leveraging the established reputations and expertise of its insurance brokerage business, which can help it attract a broader range of clients and offer them a comprehensive suite of insurance brokerage services. In adopting business diversification and risk mitigation strategies, the Group will continue to make every effort to accelerate the growth of its insurance brokerage business. In addition, the Group will also continue to develop its corporate finance and other advisory services business and the asset management business.

The net proceeds from the proposed Rights Issue and the Placing will be prioritise to the general working capital and overhead expenses of the Group and repayment of liabilities of the Group. Any remaining proceeds, if available, will then be allocated to the VATP business. The Directors are of the view that the Rights Issue and the Placing represents an opportunity for the Company to raise additional capital to strengthen its financial position for further development of the all-rounded financial services of the Group.



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

To the Board of Directors
Value Convergence Holdings Limited
6th Floor,
Centre Point,
181-185 Gloucester Road,
Wanchai,
Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) of Value Convergence Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2024 and related notes as set out on pages II-4 to II-5 of Appendix II to the circular dated 26 August 2025 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-3 of Appendix II to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of two rights shares for every one shares held on the record date at the subscription price of HK\$0.45 per rights share (the “**Rights Issue**”) on the Group’s financial position as at 31 December 2024 as if the Rights Issue had taken place as at 31 December 2024. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s audited consolidated financial statements for the year ended 31 December 2024, on which an audit report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Management

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

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue as at 31 December 2024 would have been as presented.

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

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

APPENDIX II	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
--------------------	---

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

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

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

Opinion

In our opinion:

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

Prism Hong Kong Limited
Certified Public Accountants

Chin Wang Leung
Practising Certificate Number: P07806
Hong Kong

26 August 2025

APPENDIX II	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
--------------------	---

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” as issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024, as if the Rights Issue had taken place on 31 December 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Rights Issue been completed as at 31 December 2024 or at any future dates. It is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024, which is extracted from the published annual report of the Company for the year ended 31 December 2024, and adjusted as described below.

		Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 immediately after the completion of the Rights Issue HK\$'000 (note 2)	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 before the completion of the Rights Issue HK\$ (note 3)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share as at 31 December 2024 immediately after the completion of the Rights Issue HK\$ (note 4)
Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 HK\$'000 (note 1)	Estimated net proceeds from the Rights Issue HK\$'000 (note 2)			
Based on 494,704,608 Rights Shares to be issued at Subscription Price of HK\$0.45 per Rights Share	373,097	215,634	588,731	1.51
	<u>373,097</u>	<u>215,634</u>	<u>588,731</u>	<u>1.51</u>
			<u>0.79</u>	<u>0.79</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 is extracted from the published annual report of the Company for the year ended 31 December 2024, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2024 of approximately HK\$384,727,000 after deduction of goodwill and other intangible assets as at 31 December 2024 of approximately HK\$7,630,000 and HK\$4,000,000 respectively.
- (2) The estimated net proceeds from the Rights Issue of approximately HK\$215,634,000 are based on 494,704,608 Rights Shares (assuming the Rights Issue is subscribed in full and no further issue or repurchase of Shares up to and including the Record Date) to be issued at the Subscription Price of HK\$0.45 per Rights Share, after deduction of estimated related expenses payable by the Company amounting to HK\$6,983,000.
- (3) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 December 2024 before completion of the Rights Issue is calculated based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 of approximately HK\$373,097,000 divided by 247,352,304 ordinary shares (representing 2,473,523,040 ordinary shares in issue as at 31 December 2024 adjusted with the effect from share consolidation on the basis of every ten existing ordinary shares in the share capital of the Company by consolidated into one consolidated ordinary shares in the share capital of the Company which took place on 28 July 2025 (the “**Share Consolidation**”), assuming that the Share Consolidation had been completed on 31 December 2024).
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 December 2024 immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue of approximately HK\$588,731,000 divided by 742,056,912 ordinary shares which represents 247,352,304 ordinary shares (representing 2,473,523,040 ordinary shares in issue as at 31 December 2024 and adjusted with the effect from the Share Consolidation) and 494,704,608 Rights Shares, assuming the Rights Issue and Share Consolidation had been completed on 31 December 2024.
- (5) Save as disclosed above, no adjustment has been made to the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2024.

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. SHARE CAPITAL

The issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after the completion of the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue); and (iii) immediately after the completion of the Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than full conversion of the 2024 CB, full exercise of the outstanding Share Options and full subscription under the Rights Issue) are as follows:

(i) As at the Latest Practicable Date:

	<i>Number</i>
Existing Shares	247,352,304

(ii) Immediately after the completion of the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date and full subscription under the Rights Issue):

	<i>Number</i>
Existing Shares	247,352,304
Rights Shares to be allotted and issued	494,704,608
Total Shares	742,056,912

- (iii) immediately after the completion of the Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than full conversion of the 2024 CB, full exercise of the outstanding Share Options and full subscription under the Rights Issue):

	<i>Number</i>
Existing Shares	247,352,304
Shares to be allotted and issued upon full conversion of 2024 CB and full exercise of the outstanding Share Options	25,020,000
Rights Shares to be allotted and issued	<u>544,744,608</u>
Total Shares	<u><u>817,116,912</u></u>

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares then in issue, including the rights to receive all future dividends and other distributions which may be declared, made or paid with a record date which falls on or after the date of allotment of the Rights Shares in their fully-paid form.

The Company will apply to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. The Rights Shares (in both nil-paid and fully paid forms) will be traded in the board lots of 8,000 Shares. No part of the equity or debt securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

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

As at the Latest Practicable Date, the Company has (i) no treasury shares; (ii) outstanding convertible bonds with an aggregate principal amount of HK\$19,400,000 with the conversion rights entitling the holders to convert such convertible bonds into 26,900,000 Shares in total and (iii) outstanding 10,620,000 Share Options entitling the holders to subscribe for 10,620,000 Shares under the Share Option Scheme. Details of the above are set out in the paragraph headed “**POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE BONDS AND SHARE OPTIONS**” under the Letter from the Board.

3. SHARE OPTION SCHEME

As at the Latest Practicable Date, the Company had outstanding Share Options granted under the Share Option Scheme carrying rights for the holders thereof to subscribe for an aggregate of 10,620,000 Shares, details of which are set out below:

Category of participant	Number of Share Options as at the Latest Practicable Date	Date of grant	Exercise price per Share	Exercisable period
Employees	10,620,000	31 January 2023	HK\$1.45	31 January 2024 to 30 January 2027

Save for the above, as at the Latest Practicable Date, the Company had no other outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date.

4. DISCLOSURE OF INTERESTS

(i) Directors' interests in the Shares of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix C3 to the Listing Rules (the "**Model Code**") were as follows:

(a) Long positions in the Shares

Name of Directors	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. Fu Yiu Man, Peter	Beneficial owner	2,000,000	0.81%
Mr. Wong Chung Kin, Quentin	Beneficial owner	50,000	0.02%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, or chief executives of the Company has any interests or short positions in the Shares, underlying Shares and 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 or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which were required, pursuant to the Model Code.

(ii) *Substantial shareholders' interests in the Shares of the Company*

Name of the substantial Shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. Chung Chi Shing, Eric	Beneficial owner	33,940,800	13.72%

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (other than the Directors and chief executives of the Company) who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept by the Company under Section 336 of the SFO.

5. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

None of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were 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 published audited accounts of the Group were made up.

There was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

6. DIRECTORS' SERVICE CONTRACTS

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

7. COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) has any interest in any business that competes or may compete, either directly or indirectly, with the business of the Group.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, no litigation or claims of material importance is pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

Save for the following, there was no material contract (not being contracts entered into in the ordinary course of business) which had been entered into by the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the placing agreement dated 9 September 2024 entered into between the Company and VC Brokerage Limited (as the placing agent) in relation to the placing of convertible bonds under general mandate, on a best effort basis, of an aggregate principal amount of up to HK\$30,000,000 to not less than six places pursuant to the terms of the placing agreement;
- (ii) the subscription agreement dated 13 June 2025 entered into between the Company and Monochrome Corporation Pty Ltd in relation to the subscription of the convertible bonds in the principal amount of HK\$3,000,000, which may be converted into not more than 75,000,000 conversion shares (7,500,000 conversion shares after the Share Consolidation) based on the conversion price of HK\$0.04 (HK\$0.4 after the Share Consolidation) per conversion share upon full conversion;

- (iii) the subscription agreement dated 13 June 2025 entered into between the Company and CJEF Capital Partners Pte. Ltd. in relation to the subscription of the convertible bonds in the principal amount of HK\$2,000,000, which may be converted into not more than 50,000,000 conversion shares (5,000,000 conversion shares after the Share Consolidation) based on the conversion price of HK\$0.04 (HK\$0.4 after the Share Consolidation) per conversion share upon full conversion; and
- (iv) the Placing Agreement.

10. EXPERTS AND CONSENTS

The following is the qualification of the experts or professional advisers who have given opinion or advice contained in this circular (collectively, the “**Experts**”):

Name	Qualification
Prism Hong Kong Limited	Certified Public Accountant
Messis Capital Limited	a corporation licensed by the SFC to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

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

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

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

11. EXPENSES

The expenses in relation to the Rights Issue and the Placing (including financial advisory fee, printing, translation, registration, legal, accounting, levy, documentation charges and placing commission) payable by the Company are estimated to be approximately HK\$7.0 million, subject to the final subscription.

12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Company Secretary	Ms. Lai Choi Ling
Authorised Representatives	Mr. Fu Yiu Man, Peter Ms. Lai Choi Ling
Principal Bankers	Industrial and Commercial Bank of China (Asia) Limited 33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong Hang Seng Bank Limited Hang Seng Bank Bldg., 83 Des Voeux Road Central, Hong Kong Bank of China (Hong Kong) Limited 14th Floor, Bank of China Tower, No.1 Garden Road, Hong Kong
Legal Adviser to the Company as to Hong Kong laws and the Rights Issue	K.T. Chan & Co Unit 702, 168 Queen's Road Central, Hong Kong
Auditors and reporting accountant	Prism Hong Kong Limited Certified Public Accountants, Hong Kong Unit 1903-1905, 19/F, 8 Observatory Road, Tsim Sha Tsui, Hong Kong
Registered Office/Principal Place of Business in Hong Kong	6th Floor, Centre Point 181-185 Gloucester Road Wanchai, Hong Kong
Share Registrar and Transfer Office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Financial adviser to the Company	VC Capital Limited 7/F, Centre Point 181-185 Gloucester Road Wanchai, Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Messis Capital Limited Room 1303, 13/F, OfficePlus@Wan Chai, No.303 Hennessy Road, Wan Chai, Hong Kong

13. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT**Executive Directors:**

Mr. Fu Yiu Man, Peter, aged 70, joined the Group in July 2016 and has been appointed as the Chairman and executive Director in March 2018. Currently, Mr. Fu is the chairman of the Executive Committee and a director of certain subsidiaries of the Company.

Mr. Fu obtained a bachelor's degree from Wharton Business School of the University of Pennsylvania in the U.S. He has served in various senior positions in BNP Paribas, Peregrine, Baring Securities, UBS, Citigroup Inc., CCB International and CCB International (China), etc. He served as the vice-president of GCL-Poly Group since November 2013. For the period from March 2014 to June 2016, Mr. Fu had been re-designated as the vice-president of GCL Oil and Gas Company. He was responsible for overseas finance and M&A business for the oil and gas projects of the company. Mr. Fu has almost 40 years of experience in financial management, securities business.

Mr. Wong Kam Fat, Tony, aged 62, joined the Group in April 2022 and has been appointed as the Vice Chairman and executive Director of the Company. Mr. Wong has profound management experience in working with charities and in the education industry as well as possessing over 25 years of management experience in the printing industry. Mr. Wong was a director of China Public Procurement Limited (Stock code: 1094) from 12 July 2007 to 4 September 2009 and China Fortune Financial Group Limited (Stock code: 290) from 11 September 2009 to 26 November 2015, both of which are companies listed on the main board of The Stock Exchange of Hong Kong Limited.

Mr. Lin Hoi Kwong, Aristo, aged 54, joined the Group in January 2014 and has been appointed as the executive Director in April 2015. Currently, he is a member of the Executive Committee and a director of certain subsidiaries of the Company. Mr. Lin is the Honorary Secretary of Hong Kong Skating Union Limited (the associate member of the Sports Federation and Olympic Committee of Hong Kong) and the Permanent Honorary President of the Building Healthy Kowloon City Association.

Mr. Lin holds a Bachelor Degree in Business Administration and a Master of Science Degree in Marketing. The Institute of Crisis and Risk Management awarded Mr. Lin as Fellow of Certified Risk Planner in November 2019. He has over 20 years' experience in corporate development and business strategy.

Ms. Li Cindy Chen, aged 55, has been appointed as the executive Director in September 2021. She is a member of the Nomination Committee of the Company. Ms. Li graduated from the Shenzhen University, majored in Chinese Literature, in 1989 and obtained International MBA from Shanghai University of Finance and Economics and MBA from Webster University in 1999. Ms. Li had held senior position in a variety of companies including Shenzhen China Motion Telecom, Shenzhen Hongbo Communication Co. Ltd., Newman & Associate Consulting Ltd., Wuhan Shun Qi Investment Ltd., Faye Consulting Ltd. and Shenzhen Han Hua Investment Co. Ltd. Ms. Li has extensive experience in business operations and has extensive business connections and industry resources in communications industry, internet technology, internet financial technology and new payment industry.

Independent Non-executive Directors:

Mr. Wong Chung Kin, Quentin, aged 54, joined the Group as an independent non-executive Director in March 2012. Mr. Wong is the chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company. He has set up his own practice, Quentin Wong & Co. Certified Public Accountants (Practising) since 1 January 2005, and set up Quentin Wong & Co. CPA Limited in 2020. Mr. Wong was an independent non-executive director of China Trends Holdings Limited (Stock Code: 8171), a company listed on the GEM of the Stock Exchange of Hong Kong, from November 2016 to August 2021 and Creative Enterprises Holdings Limited (Stock Code: 3992), a company listed on the Main Board of the Stock Exchange of Hong Kong, from November 2018 to October 2021.

Mr. Wong is a fellow member of Hong Kong Institute of Certified Public Accountants, The Taxation Institute of Hong Kong, Association of Chartered Certified Accountants and The Society of Chinese Accountants & Auditors. Meanwhile, he is a fellow member of The Institute of Chartered Accountants in England & Wales. Mr. Wong holds a bachelor of Arts degree in Accounting and Financial Management from University of Essex and a master degree of Science in Internal Auditing and Management from The City University, London. He has over 15 years working experience in audit and accounting gained from a sizeable international firm and has had over 10 years of practicing experience.

Mr. Siu Miu Man, Simon, aged 68, joined the Group as an independent non-executive Director in October 2016. He is the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company.

Mr. Siu graduated from The Hong Kong Polytechnic University with a Polytechnic Associateship in Building Technology and Management and a Master of Science in Electronic Commerce. He is a corporate member of the Hong Kong Institution of Engineers, Hong Kong Institute of Surveyors (General Practice Stream), Royal Institution of Chartered Surveyors (General Practice Stream) and Chartered Institute of Arbitrator. Mr. Siu is an Authorized Person under the Hong Kong Building Ordinance of the Government of the HKSAR. He is also a Registered Professional Engineer (Building Stream) and a Registered Professional Surveyor (General Practice Stream).

Currently, Mr. Siu is an independent non-executive director of HG Semiconductor Limited (Stock Code: 6908), a company listed on the Main Board of the Stock Exchange of Hong Kong. He is also a director of DBG Technology Co., Ltd. (Stock Code: 300735), a company listed on Shenzhen Stock Exchange. Meanwhile, Mr. Siu is also a director of a consultancy firm and engineering firm. He was an independent non-executive director, and later on redesignated as an executive director, of Asia Energy Logistics Group Limited (Stock Code: 351), from August 2016 to March 2018 and from March 2018 to November 2018, respectively. Mr. Siu was also an independent non-executive director of Sheung Yue Group Holdings Limited (Stock Code: 1633) from October 2016 to January 2018. Both companies above are listed on the Main Board of the Stock Exchange. Mr. Siu was also an independent non-executive director of Excalibur Global Financial Holdings Limited (Stock Code: 8350), a company listed on the GEM of the Stock Exchange of Hong Kong from January 2018 to December 2023. He had served in many public listed companies as senior management and has over 25 years of managerial experience in general management, commerce, banking, finance, real estate development and construction business.

Mr. Siu is actively participating in public affairs and charitable activities. He is the vice president of the Association of Hong Kong Professionals and the Hong Kong Real Property Federation, the honorary president of the Hong Kong Kowloon City Industry and Commerce Association and the chairman of the Building Healthy Kowloon City Association. Due to his dedicated service to local community, he was conferred the Medal of Honour (M.H.) by The Government of the HKSAR in 2019.

Mr. Au Tin Fung, Edmund, aged 67, joined the Group as an independent non-executive Director in June 2022. Mr. Au is the chairman of the Remuneration Committee of the Company and a member of the Audit Committee and the Nomination Committee of the Company. Mr. Au graduated from the Business Management Department of the Hong Kong Baptist University in 1982. He obtained the Master of Business Administration Degree from Upper Iowa University in 2006 and the Honorary University Fellowship from Hong Kong Baptist University in 2021. Mr. Au is the founder and a director of Latitude n Longitude Consultancy Limited.

Mr. Au had worked in senior positions in a variety of companies licensed under the Securities and Futures Commission and the Insurance Authority. He was an independent non-executive director of China Fortune Financial Group Limited (stock code: 290) from December 2005 to May 2006, an independent non-executive director of China Public Procurement Limited (stock: 1094) from August 2007 to September 2009; and an independent non-executive director of CCIAM Future Energy Limited (stock code: 145) in October 2009 and redesigned to executive director from October 2009 to September 2011.

Mr. Au is currently a member of Entrepreneur Committee of Hong Kong Baptist University Foundation. He was also the Honorary President of Hong Kong Real Estate Agencies General Association Limited in 2017 and the vice president of Hong Kong Kowloon City Industrial & Commerce Association Limited from 2010 to 2012.

Senior Management:

Ms. Lai Choi Ling, aged 42, is the company secretary and authorised representative of the Company. Ms. Lai joined the Group in September 2013. She obtained a Bachelor Degree in Accountancy in the Queensland University of Technology. Ms. Lai has over 19 years of experience in auditing, accounting, financial management and company secretarial practice. She is a member of both The Hong Kong Institute of Certified Public Accountants and CPA Australia.

14. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.vcgroup.com.hk>) for a period of 14 days from the date of this circular.

- (i) the annual reports of the Company for the financial years ended 31 December 2022, 2023 and 2024;
- (ii) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 40 to 41 of this circular;
- (iii) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-25 of this circular;
- (iv) the accountants' report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;
- (v) the material contracts referred to in the paragraph headed **"9. MATERIAL CONTRACTS"** of this appendix; and
- (vi) the written consent referred to in paragraph headed **"10. EXPERTS AND CONSENTS"** of this appendix.

15. MISCELLANEOUS

- (i) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong;
- (ii) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities;
- (iii) The business address of all Directors and authorised representatives of the Company is 6th Floor, Centre Point 181-185 Gloucester Road, Wanchai, Hong Kong; and
- (iv) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

Website: <http://www.vcgroup.com.hk>

(Stock Code: 821)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Value Convergence Holdings Limited (the “Company”) will be held at 7th Floor, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong on Thursday, 11 September 2025 at 11:00 a.m. for the purpose of considering, and if thought fit, with or without amendments or modifications, passing the following resolutions as ordinary resolutions of the Company. Words and expressions that are not expressly defined in this notice of EGM shall bear the same meaning as those defined in the circular of the Company dated 26 August 2025 (the “Circular”).

ORDINARY RESOLUTIONS

“THAT

1. subject to the satisfaction of the conditions set out in the Letter from the Board under the heading “Conditions of the Rights Issue” in the Circular:
 - (a) the allotment and issue of up to 544,744,608 rights shares (the “Rights Shares”) in the share capital of the Company pursuant to an offer by way of rights issue (the “Rights Issue”) to the shareholders of the Company (the “Shareholders”) at the subscription price of HK\$0.45 per Rights Share on the basis of two (2) Rights Shares for every one (1) existing Share held by the Shareholders whose names appeared on the register of members of the Company on Tuesday, 23 September 2025 (the “Record Date”) as described in further details in the Circular (a copy of which marked “A” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification) and on and subject to such terms and conditions as may be determined by the directors (the “Director(s)”) of the Company, be and is hereby approved, confirmed and ratified;
 - (b) the Directors be and are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to any Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong, and to do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents as he/she/they 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 Rights Issue and the transactions contemplated thereunder;
- 2. subject to the passing of resolution 1 as set out above and the satisfaction of the conditions set out in the Letter from the Board under the heading “The Placing Agreement” in the Circular:
 - (a) the placing agreement dated 6 August 2025 entered into between the Company and VC Brokerage Limited (the “**Placing Agreement**”) (a copy of the Placing Agreement marked “B” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Qualifying Shareholder(s) or renouncee(s) or transferee(s) of Nil-paid Rights under the PAL(s) and the EAF(s) (the “**Placing Shares**”) at the placing price of HK\$0.45 per Placing Share on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
 - (b) subject to and conditional upon the satisfaction of all conditions of the Placing Agreement, the Directors be and are hereby granted a specific mandate (the “**Specific Mandate**”) to exercise the powers of the Company to allot and issue the Placing Shares pursuant to the terms and conditions of the Placing Agreement, such Placing Shares ranking *pari passu* amongst themselves and with all other fully paid Shares in issue as at the date of allotment and issue of the Placing Shares in all respects and such Specific Mandate being in addition to and not prejudicing or revoking any other general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the Shareholders; and
 - (c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents as he/she/they 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 Placing Agreement and the transactions contemplated thereunder.”

By Order of the Board of
Value Convergence Holdings Limited
Fu Yiu Man, Peter
Chairman & Executive Director

Hong Kong, 26 August 2025

Registered office:
6th Floor, Centre Point
181-185 Gloucester Road
Wanchai, Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the meeting (or at any adjournment thereof) convened by the notice is entitled to appoint one or more proxies to attend and on a poll vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, a form of proxy must be deposited at the Company's share registrar and transfer office together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
4. Completion and return of the form of proxy will not preclude any member from attending and voting in person at the EGM or any adjourned meeting thereof should he so wishes.
5. The register of members of the Company will be closed from Friday, 5 September 2025 to Thursday, 11 September 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 4 September 2025.
6. In accordance with the Listing Rules, voting on the above resolution will be taken by poll.
7. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions" after super typhoons is in effect any time at or before 8 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the websites of the Company at www.vcgroup.com.hk and the Stock Exchange at www.hkexnews.hk to notify the Shareholders of the date, time and place of the rescheduled meeting.

As at the date of this notice, the Board comprises four executive Directors, namely, Mr. Fu Yiu Man, Peter (Chairman), Mr. Wong Kam Fat, Tony (Vice Chairman), Mr. Lin Hoi Kwong, Aristo, and Ms. Li Cindy Chen; and three independent non-executive Directors, namely, Mr. Wong Chung Kin, Quentin, Mr. Siu Miu Man, Simon, MH and Mr. Au Tin Fung, Edmund.