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

If you have sold or transferred all your shares in Synertone Communication Corporation (the “Company”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SYNERTONE

協同通信集團有限公司

SYNERTONE COMMUNICATION CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1613)

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company



DILIGENT
CAPITAL

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



德健融資有限公司
DAKIN CAPITAL LIMITED

Placing Agent to the Company

華通證券國際

— Waton Securities International Limited —

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 7 to 33 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 34 to 35 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 36 to 75 of this circular.

Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 5 January 2026 to Monday, 12 January 2026 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Monday, 5 January 2026 to Monday, 12 January 2026 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at 5th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Monday, 15 December 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event so that it is received at least 48 hours before the time appointed (i.e. Saturday, 13 December 2025 at 11:00 a.m.) for the EGM or adjourned meeting (as the case may be). Submission of a proxy form shall not preclude you from attending the EGM (or any adjournment of such meeting) and voting in person should you so wish.

The Rights Issue will proceed on a non-underwritten basis irrespective of the acceptance of the provisionally allotted Rights Shares and is subject to fulfillment of conditions. Please refer to the section headed “Conditions of the Rights Issue” in this circular. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid rights will be placed to independent placee on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled.

24 November 2025

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EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue and the Placing which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event(s)	Date and Time
Expected despatch date of circular together with notice and proxy forms in relation to the EGM.	Monday, 24 November 2025
Latest time for lodging transfers of the Shares to qualify for attendance and voting at the EGM.	4:30 p.m. on Monday, 8 December 2025
Closure of the register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM.. . . .	Tuesday, 9 December 2025 to Monday, 15 December 2025 (both days inclusive)
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Saturday, 13 December 2025
Record date for attendance and voting at the EGM.. . . .	Monday, 15 December 2025
Expected date and time of the EGM.. . . .	11:00 a.m. on Monday, 15 December 2025
Announcement of poll results of the EGM	Monday, 15 December 2025
Register of members of the Company re-opens.	Tuesday, 16 December 2025
The following events are conditional on the fulfilment of the conditions relating to the implementation of the Rights Issue:	

Event(s)	Date and Time
Last day of dealings in the Shares on a cum-rights basis.	Wednesday, 17 December 2025
First day of dealings in the Shares on an ex-rights basis relating to the Rights Issue.. . . .	Thursday, 18 December 2025
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue.	4:30 p.m. on Friday, 19 December 2025

EXPECTED TIMETABLE

Event(s)	Date and Time
Closure of register of members of the Company for determination of entitlements to the Rights Issue.	Monday, 22 December 2025 to Tuesday, 30 December 2025 (both days inclusive)
Record Date for the Rights Issue.	Tuesday, 30 December 2025
Register of members of the Company re-opens.	Wednesday, 31 December 2025
Expected despatch date of the Prospectus Documents (including the PAL and the Prospectus), and in case of the Non-Qualifying Shareholders, the Prospectus only	Wednesday, 31 December 2025
First day of dealings in nil-paid Rights Shares.	Monday, 5 January 2026
Latest time for splitting of PAL	4:30 p.m. on Wednesday, 7 January 2026
Last day of dealings in nil-paid Rights Shares	Monday, 12 January 2026
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Thursday, 15 January 2026
Latest time for acceptance and payment for the Rights Shares	4:00 p.m. on Thursday, 15 January 2026
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements.	Thursday, 22 January 2026
Commencement of the placing of Unsubscribed Rights Shares by the Placing Agent.	Friday, 23 January 2026
Placing Long Stop Date.	Tuesday, 10 February 2026
Announcement of the allotment results of the Rights Issue to be published on the websites of the Stock Exchange and the Company	Friday, 13 February 2026
Despatch of share certificates for fully-paid Rights Shares and completion of Placing to take place	Monday, 16 February 2026
Despatch of refund cheques, if any, if the Rights Issue is terminated.	Monday, 16 February 2026
Commencement of dealings in fully-paid Rights Shares.	9:00 a.m. on Friday, 20 February 2026
Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any).	Thursday, 26 February 2026

EXPECTED TIMETABLE

All times and dates in this circular refer to local times and dates in Hong Kong. Dates or deadlines specified in the expected timetable above or other parts of this circular are indicative only and may be extended or varied. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

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

The Latest Time for Acceptance will not take place if a tropical cyclone warning signal no.8 or above, or other “extreme conditions” (in the event of, for example, other natural disasters of a substantial scale seriously affects the working public to resume work or bring safety concern for a prolonged period, such as large-scale power outage, extensive fallen windows from high-rises leading to dangerous streetscape, major landslides, extensive flooding, widespread serious obstruction of public transport services) as announced by the Government of the Hong Kong Special Administrative Region or a “black” rainstorm warning:

- (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day, which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the section headed “Expected timetable of the Rights Issue” above may be affected. The Company will notify the Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

DEFINITIONS

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

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 15 October 2025 in relation to, among other things, the Rights Issue
“associate(s)”	has the meaning ascribed thereto under to the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)
“Company”	Synertone Communication Corporation, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1613)
“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best-effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“Completion”	completion of the Rights Issue, and the Placing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“General Rules of HKSCC”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, to advise the Independent Shareholders in respect of the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Dakin Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and any of its connected persons or any of their respective associates

DEFINITIONS

“Last Trading Day”	Wednesday, 15 October 2025, being the last trading day for the Shares on the Stock Exchange immediately prior to the date of the Announcement
“Latest Practicable Date”	Friday, 21 November 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 15 January 2026 (or such other time or date as may be determined by the Company), being the latest time for acceptance of the offer of and payment for, the Rights Shares, as described in the Prospectus Documents
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares placed by the Placing Agent under the Placing Agreement) pursuant to the Unsubscribed Arrangements
“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Right Shares (whether partially or fully) in their assured entitlements, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholders”	the Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong

DEFINITIONS

“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	professional, institutional, corporate or other investor(s), procured by the Placing Agent to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares on a best effort basis by the Placing Agent to the independent placee(s) during the Placing Period on the terms and conditions set out in the Placing Agreement
“Placing Agent”	Watson Securities International Limited, a licensed corporation carrying out type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 15 October 2025 (after trading hours of the Stock Exchange) entered into between the Company and the Placing Agent in respect of the Unsubscribed Arrangements (as supplemented by the Supplemental Placing Agreement), pursuant to which the Placing Agent has agreed to procure placees on a best effort basis to subscribe for the Unsubscribed Rights Shares
“Placing Long Stop Date”	Tuesday, 10 February 2026, or such other date as may be agreed between the Company and the Placing Agent as the latest date for placing, and payment for, the Unsubscribed Rights Shares under the Placing Agreement
“Placing Period”	the period from Friday, 23 January 2026 up to Friday, 6 February 2026, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
“Placing Price”	the placing price of the unsubscribed Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the placement process

DEFINITIONS

“Posting Date”	Wednesday, 31 December 2025 or such other date as the Company may announce, being the date of despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the Rights Issue
“Prospectus Documents”	collectively, the Prospectus and the PAL
“Public Float Requirement(s)”	the public float requirement under Rules 8.08(1)(a) and 13.32(1) of the Listing Rules
“Qualifying Shareholders”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Tuesday, 30 December 2025, (or such other date as the Company may announce, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares on the basis of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in this circular and the Prospectus Documents
“Rights Share(s)”	Shares to be issued and allotted under the proposed Rights Issue on the basis of two (2) Rights Shares for every one (1) Share in issue on the Record Date, being 897,482,880 Shares based on the Company’s issued share capital as at the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Share Option(s)”	the options granted pursuant to the Share Option Scheme, i.e. the 10,790,400 outstanding share options granted by the Company pursuant to the Share Option Scheme as of the Latest Practicable
“Share Option Scheme”	the share option scheme adopted by the Company on 30 August 2022
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.135 per Rights Share
“substantial shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“Supplemental Placing Agreement”	the supplemental agreement dated 20 November 2025 and entered into between the Company and the Placing Agent to amend certain terms of the Placing Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Arrangements”	arrangements to place the Unsubscribed Rights Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties pursuant to Rule 7.21(1)(b) of the Listing Rules
“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders and Rights Shares which would otherwise have been allotted to the Non-Qualifying Shareholders (as the case may be)
“%”	per cent.

LETTER FROM THE BOARD



SYNERTONE

協同通信集團有限公司

SYNERTONE COMMUNICATION CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1613)

Executive Directors:

Mr. Han Weining

Mr. You Yiyang

Non-executive Director:

Ms. Woodham Mostovaya Ekaterina

Independent Non-executive Directors:

Ms. Li Mingqi

Mr. Xu Wei

Mr. Xu Dongsan

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Headquarters, head office and principal place of
business in Hong Kong:*

Room 1012, 10/F

Tsim Sha Tsui Centre

66 Mody Road

Kowloon

Hong Kong

24 November 2025

To the Shareholders,

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE
RECORD DATE ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) further information on the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; and (iv) a notice convening the EGM.

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

The Board proposes to raise gross proceeds of up to approximately HK\$121.2 million before expenses by way of the Rights Issue of 897,482,880 Rights Shares at the Subscription Price of HK\$0.135 per Rights Share on the basis of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be available to Non-Qualifying Shareholders.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue:	Two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders as the close of business on the Record Date
Subscription Price:	HK\$0.135 per Rights Share
Net Subscription Price (after expenses):	HK\$0.133 per Rights Share
Number of Shares in issue as of the Latest Practicable Date:	448,741,440 Shares
Number of Rights Shares:	Up to 897,482,880 Rights Shares (assuming there is no further issue or repurchase of new Shares between the Latest Practicable Date and the Record Date)
Aggregate nominal value of the Rights Shares to be issued:	HK\$89,748,288
Gross proceeds from the Rights Issue:	Up to approximately HK\$121.2 million before expenses (assuming there is no further issue or repurchase of new Shares between the Latest Practicable Date and the Record Date and all Rights Shares are taken up by the Qualifying Shareholders or the Unsubscribed Rights Shares are successfully placed by the Placing Agent under the Placing)

Assuming there is no change to the total issued capital of the Company on or before the Record Date, 897,482,880 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 200% of the total issued share capital of the Company as of the Latest Practicable Date; and (ii) approximately 66.67% of the total issued share capital of the Company as enlarged by the allotment and issuance of the Rights Shares immediately upon Completion.

LETTER FROM THE BOARD

Undertakings

The Company has not received any information or irrevocable undertaking from any Substantial Shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue as at the Latest Practicable Date.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Overseas Letter together with the Prospectus, for information only, to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, the Shareholders must at the close of business on the Record Date: (i) be registered on the registers of members of the Company; and (ii) not be the Non-Qualifying Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on Friday, 19 December 2025.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 9 December 2025 to Monday, 15 December 2025 (both days inclusive) to determine whether the Shareholders are eligible to attend and vote at the EGM, the period during which no transfer of Shares will be registered.

The register of members will be closed from Monday, 22 December 2025 to Tuesday, 30 December 2025 (both days inclusive) to determine the entitlements to the Rights Issue, the period during which no transfer of Shares will be registered.

Subscription Price

The Subscription Price of HK\$0.135 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 33.50% to the closing price of HK\$0.2030 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 35.71% to the closing price of HK\$0.2100 as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 35.71% to the average closing price of HK\$0.2100 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 BOARD

- (iv) a discount of approximately 36.68% to the average closing price of approximately HK\$0.2132 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 15.63% to the theoretical ex-rights price of approximately HK\$0.1600 per Share as adjusted for the effect of the Rights Issue, based on the theoretical closing price of HK\$0.3200 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) represented by a discount of approximately 23.81%, which is calculated based on the benchmarked price of approximately HK\$0.2100 per Share (as defined under Rule 7.27B of the Listing Rules, taking account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the theoretical closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior the Last Trading Day); and
- (vii) a discount of approximately 43.75% to the audited net asset value per Share of approximately HK\$0.2400 based on the latest audited consolidated net asset value of the Group of approximately HK\$107.7 million as of 31 March 2025 and the number of Shares in issue as of the Latest Practicable Date (i.e. 448,741,440 Shares).

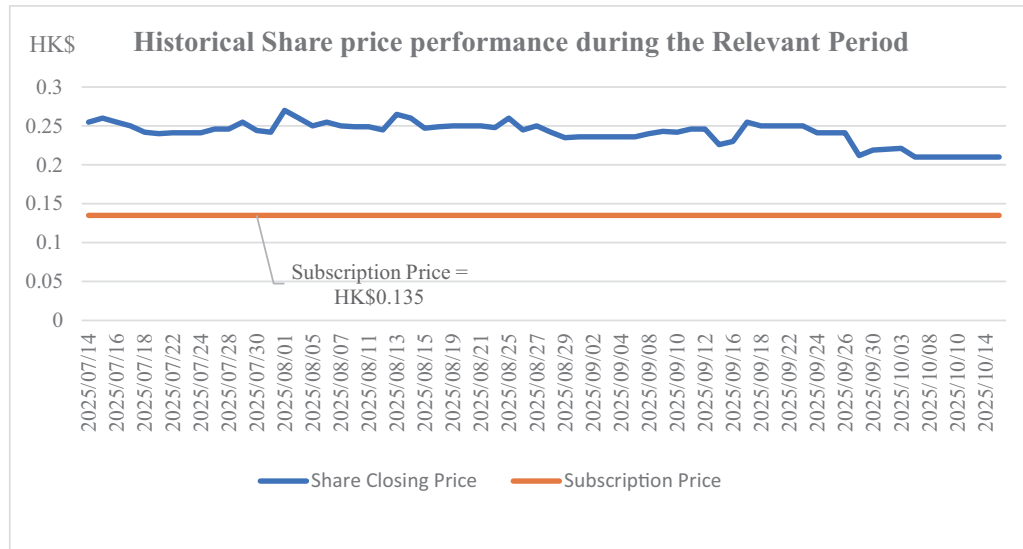
The benchmarked price, and theoretical dilution effect for the Rights Issue are approximately HK\$0.2100 per Share and 23.81%, respectively. Despite the theoretical dilution effect of 23.81%, it is the combined effect of achieving the fund-raising requirement and the determination of the Subscription Price to attract Shareholders in participating in the Rights Issue (as detailed below). The Rights Issue offers the Group the opportunity to strengthen its capital structure by raising additional funds, thereby improving financial performance and facilitating potential business expansion. The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution effect of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was arrived at after an arm's length negotiation, based on, among other things, the prevailing market price of the Shares and the Group's financial conditions.

As the Rights Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Rights Issue. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (excluding the independent non-executive Directors) consider the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

In determining the Subscription Price, the Directors have considered, among other thing as mentioned above, the closing price in the past three months from 14 July 2025 to the Last Trading Day (the “**Relevant Period**”), as a benchmark to reflect the prevailing market conditions and recent market sentiment. The Subscription Price represents a discount of approximately 44.01% to the average closing price of the Shares of approximately HK\$0.2411 per Share under the Relevant Period.



During the Review Period, the Shares listed on the Stock Exchange reached a peak closing price of HK\$0.27 on 1 August 2025. The lowest closing price was recorded at HK\$0.21 between 6 October 2025, and the Last Trading Day. After reviewing the Company’s announcement, the Directors did not identify any specific reasons for the price fluctuations observed during this period.

Additionally, the Directors conducted a review of the trading volume and liquidity of the Shares throughout the Review Period. The monthly trading volume of the Shares during the Relevant Period is summarized in the following table.

LETTER FROM THE BOARD

Month	Monthly trading volume	Percentage of the monthly trading volume to the total issued Shares at the end of each month
14 July 2025 to 31 July 2025	5,331,648	1.19%
1 August 2025 to 31 August 2025	5,276,608	1.18%
1 September 2025 to 30 September 2025	7,491,912	1.67%
1 October 2025 to 15 October 2025 (being the Last Trading Day)	3,074,112	0.69%

During the Relevant Period, the monthly trading volumes were consistently below 2% of the total issued shares at the end of each month. This relatively low average daily trading volume indicates a lack of liquidity and demand for the shares.

Based on the observation, the Directors have determined that the low trading volume may pose challenges for Shareholders in selling their Shares on time and at a more favourable price. Furthermore, the Company may encounter difficulties in raising equity funds from external parties without necessitating a substantial discount to the current Share price. As a result, the Directors believe that the limited liquidity of the Shares observed during the Relevant Period suggests the potential for a significant discount to the Subscription Price.

Apart from the above, the Directors identified an exhaustive list of 22 transactions conducted by companies listed on the Stock Exchange (the “**Comparables**”) using information available from the Stock Exchange’s website. The criteria for selecting these Comparables were established as follows:

- (a) the companies must be listed on the Stock Exchange; and
- (b) the proposed rights issues must have been announced during the Relevant Period.

The Directors believe that the Comparables serve as a reliable reference for recent rights issues. The table below presents the findings of this analysis.

LETTER FROM THE BOARD

Date of initial announcement	Company name	Stock code	Basis of entitlement	Premium/ (Discount) of subscription price over/to the closing price on the last trading day	Premium/ (Discount) of subscription price over/to the average closing price for the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of the subscription price over/to the latest net asset value per share
23/07/2025	Future Machine Limited	1401	1 for 2	(72.28%)	(72.28%)	(28.61%)
25/07/2025	Shin Hwa World Limited	582	1 for 1	(34.21%)	(33.07%)	(97.12%)
31/07/2025	Da Yu Financial Holdings Limited	1073	1 for 2	(16.67%)	(18.92%)	(45.45%)
04/08/2025	Tomo Holdings Limited	6928	1 for 2	(62.10%)	(63.20%)	25.00%
06/08/2025	Value Convergence Holdings Limited	821	2 for 1	(4.26%)	(5.86%)	(71.06%)
13/08/2025	Capital VC Limited	2324	1 for 1	(27.30%)	(24.80%)	(82.00%)
13/08/2025	China Information Technology Development Limited	8178	3 for 8	(55.05%)	(55.24%)	(63.00%)
14/08/2025	China Energy Development Holdings Limited	228	1 for 2	(19.90%)	(19.90%)	(73.34%)
26/08/2025	Jisheng Group Holdings Limited	8133	3 for 1	(14.29%)	(14.29%)	(45.45%)
04/09/2025	Many Idea Cloud Holdings Limited	6696	6 for 1	(22.08%)	(24.56%)	(90.53%)
04/09/2025	Aeso Holding Limited	8341	2 for 1	(25.70%)	(23.10%)	(83.00%)
10/09/2025	China Automotive Interior Decoration Holdings Limited	48	3 for 2	(29.73%)	(29.73%)	(88.13%)
15/09/2025	Zhong Jia Guo Xin Holdings Company Limited	899	2 for 1	(33.64%)	(35.23%)	(97.87%)

LETTER FROM THE BOARD

Date of initial announcement	Company name	Stock code	Basis of entitlement	Premium/ (Discount) of subscription price over/to the closing price on the last trading day	Premium/ (Discount) of subscription price over/to the average closing price for the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of the subscription price over/to the latest net asset value per share
19/09/2025	Immunotech Biopharm Ltd	6978	1 for 5	(47.70%)	(47.79%)	Net liabilities
22/09/2025	Gameone Holdings Limited	8282	1 for 2	1.69%	(0.99%)	(3.23%)
26/09/2025	Perfectech International Holdings Limited	765	1 for 2	(18.06%)	(20.70%)	152.14%
02/10/2025	CHINA NEW ECONOMY FUND LIMITED	80	1 for 2	(29.29%)	(27.23%)	775.00%
03/10/2025	Macau Legend Development Limited	1680	1 for 2	(45.45%)	(44.44%)	88.46%
05/10/2025	Fire Rock Holdings Limited	1909	1 for 2	(20.20%)	(27.85%)	195.74%
09/10/2025	CCIAM Future Energy Limited	145	1 for 2	(18.62%)	(19.05%)	(6.13%)
09/10/2025	Hao Bai International (Cayman) Limited	8431	4 for 1	(19.23%)	(27.08%)	59.09%
15/10/2025	Winshine Science Company Limited	209	7 for 1	(23.50%)	(24.30%)	Net liabilities
			maximum	1.69%	(0.99%)	775.00%
			average	(28.98%)	(29.98%)	21.03%
			median	(24.60%)	(25.94%)	(45.45%)
			minimum	(72.28%)	(72.28%)	(97.87%)
15/10/2025	Synertone Communication Corporation	1613	2 for 1	(35.71%)	(35.71%)	(43.75%)

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The table above provides a clear overview of the subscription prices of the Comparables relative to their closing prices on the last trading day. These prices varied significantly, ranging from a discount of approximately 72.28% to a premium of approximately 1.69%.

After a detailed analysis of subscription prices for comparable companies, the Directors noted that these prices were in line with the average closing prices over the five trading days prior to the last trading day, with prices varying from a discount of approximately 72.28% to a discount of approximately 0.99%.

When comparing the subscription prices of the Comparables to their respective latest net asset values per share, the Directors noted that these prices varied from a discount of approximately 97.87% to a premium of approximately 775.00%.

As a result, the Directors observed that the Subscription Price, which represents (i) a discount of approximately 35.71% relative to the closing price of HK\$0.2100 per share, as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 35.71% compared to the average closing price of HK\$0.2100 per share for the five consecutive trading days preceding the Last Trading Day; and (iii) a discount of approximately 43.75% to the audited net asset value per share based on the latest audited consolidated net asset value of the Group as of 31 March 2025, aligns with the established range of Comparables.

Therefore, the Directors determined that the Subscription Price was set within an acceptable range. However, although the Subscription Price is lower than all closing prices during the Review Period, the Directors considered the following additional factors to ensure that the Subscription Price remains fair and reasonable:

- (i) the limited liquidity of the Shares during the Review Period, indicates the potential for a significant discount to the Subscription Price. This adjustment could serve to encourage participation from the Qualifying Shareholders in the Rights Issue;
- (ii) the Rights Issue will be accessible to all Qualifying Shareholders, and their interests will not be adversely affected by the discount on the Subscription Price as long as they are afforded an equal opportunity to participate and subscribe for the Rights Shares;
- (iii) Qualifying Shareholders who opt not to subscribe for their pro-rata entitlement of the Rights Shares may still derive economic benefits by selling their nil-paid Rights Shares in the market; and
- (iv) the insights provided in the section titled “Reasons for and Benefits of the Rights Issue and the Intended Use of Proceeds” outlined in this letter.

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Considering the factors mentioned above, the Directors believe that the benefits outweigh the significant discount applied to the Subscription Price. The Directors want to highlight the Company's commitment to prioritising the involvement of Qualifying Shareholders in the Rights Shares. To strike a balance between the Company's cash flow needs and the interests of its Shareholders, the Company has set a substantial discount to encourage participation in the Rights Issue. As a result, the Directors consider the substantial discount to be fair and reasonable. This substantial discount is intended to prioritise the Qualifying Shareholders' participation in the Company's development and to encourage their involvement.

In consideration of the above factors, the Board is of the view that the Subscription Price should act as a market catalyst to attract Shareholders and investors to participate in the Rights Issue.

The Directors (excluding the independent non-executive Directors) consider that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares (when allotted, issued, and fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions, which may be declared, made, or paid on or after the date of allotment and issue of the fully paid Rights Shares.

Basis of provisional allotments

The basis of the provisional allotment shall be two (2) Rights Shares (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Qualifying Shareholders may apply for all or any part of their respective provisional allotment by lodging a duly completed PAL(s) and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of the Overseas Shareholders

The Prospectus Documents are not intended to be, have not been, and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to participate in the Rights Issue.

According to the register of members of the Company as of the Latest Practicable Date, there were four Shareholders with registered address situated in the PRC, who held 13,843,200 Shares in aggregate, representing approximately 3.08% of the issued share capital of the Company as at the Latest Practicable Date, and one Shareholder with registered address situated in the BVI, who held 74,176,000 Shares, representing approximately 16.53% of the issued share capital of the Company as at the Latest Practicable Date.

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Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Directors have conducted inquiries into the feasibility of extending the Rights Issue to Overseas Shareholders with registered addresses in the listed jurisdictions. The Company has obtained legal advice from legal advisers in the PRC and BVI and has been informed that, according to the relevant legislation in the PRC and BVI, there are no regulatory restrictions or requirements from any regulatory body or stock exchange regarding the extension of the Rights Issue to Overseas Shareholders in the relevant jurisdiction.

It is the responsibility of the Shareholders, including the Overseas Shareholders, wishing to make an application for the Rights Shares, to satisfy himself/herself/itself before taking up his/her/its provisional allotments under the Rights Issue, as to the observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents and to pay any taxes and duties required to be paid in such jurisdiction in connection with the taking up and onward sale of the Rights Shares.

Based upon such advice, the Directors have decided to extend the Rights Issue to the Overseas Shareholders having registered addresses in the PRC and BVI, who are, therefore, Qualifying Shareholders. As such, based upon the register of members of the Company as of the Latest Practicable Date, there was no Non-Qualifying Shareholder.

The Company reserves the right to treat as invalid any acceptance of or application for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid pro rata to the relevant Non-Qualifying Shareholders. Given administrative costs, the Company will retain individual amounts of HK\$100 or less for its benefit.

Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will, if possible, be placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing with the Company's securities.

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No fractional entitlement

Based on the entitlement to subscribe two (2) Rights Shares for every one (1) 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 listing

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

Dealing in the Rights Shares in their nil-paid and fully paid forms will be in the board lots of 6,400 Rights Shares.

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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. 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.

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 (i) stamp duty, (ii) the Stock Exchange trading fee, (iii) SFC transaction levy, and (iv) any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Monday, 16 February 2026.

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If the Rights Issue does not become unconditional, refund cheques are expected to be despatched by ordinary post on or before Monday, 16 February 2026 at the respective Shareholders' own risk.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares that remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder(s) who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code and/or potentially result in the Company's non-compliance of the Public Float Requirement of the Listing Rules. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down by the Company to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code and the Company to ensure the compliance of the requirements of the sufficient public float be maintained upon the Completion in accordance to the note to Rule 7.19(5) and 8.08 of the Listing Rules.

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

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

On 15 October 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent (as supplemented by the Supplemental Placing Agreement) in relation to the placing of the Unsubscribed Rights Shares to independent placees on a best-effort basis. According to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period to independent placees on a best-effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will, on a best-effort basis, procure, by not later than 4:00 p.m. on Friday, 6 February 2026, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares. Any 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.

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Net Gain (if any) will be paid (without interest) to the No Action Shareholders and Non-Qualifying Shareholders as set out below on a pro-rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Non-Qualifying Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) and Non-Qualifying Shareholders in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

The Placing Agreement

The principal terms of the Placing Agreement (as supplemented by the Supplemental Placing Agreement) are summarised below:

Date : 15 October 2025

Issuer : The Company

Placing Agent : Waton Securities International Limited

As of the Latest Practicable Date, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing Period : The period from Friday, 23 January 2026 up to 4:00 p.m. on Friday, 6 February 2026, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements.

Placing Price : The placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the placement process.

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- Placing commission : Subject to the completion of the Placing, the Company shall pay the Placing Agent a placing commission, being 1% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Rights Shares which are successfully placed by the Placing Agent.
- Placees : The placees shall be professional, institutional, and other investors. The Placing Agent shall ensure that the placees, and whose ultimate beneficial owner(s) (where applicable), shall be independent third party(ies) of the Directors, chief executive of the Company or Substantial Shareholders or any of its subsidiaries or any of their respective associates.
- Ranking of the Unsubscribed Rights Shares : The placed Unsubscribed Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the Shares in issue as of the date of completion of the Placing.
- Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon the following conditions being fulfilled:
- i) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares;
 - ii) the Rights Issue having been approved by the Shareholders at the EGM by an ordinary resolution;
 - iii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
 - iv) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

None of the above conditions precedent are capable of being waived by the parties to the Placing Agreement. For the avoidance of doubt, if all the Rights Shares are fully subscribed under the Rights Issue, the Placing will not proceed.

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The Company shall use its best endeavour to procure the fulfilment of the conditions to the Placing and undertakes to inform the Placing Agent promptly of any matter or circumstance which comes to the attention of it and indicating that any of such conditions being unable or fail to fulfil. If any of such conditions have not been fulfilled by the Placing Long Stop Date (as defined below) or become incapable of being fulfilled (unless extended by mutual consent of the Company and the Placing Agent), then all respective rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement and none of the parties thereto shall have any claim against any other in respect of the Placing.

The Placing agent will take all appropriate steps to ensure that sufficient public float is maintained in compliance with Rule 8.08 of the Listing Rules. In the event that the Rights Issue would result in public float not being maintained, the Placing Agent will take necessary action to place down the Shares such that sufficient public float could be maintained in compliance with Rule 8.08 of the Listing Rules.

- Termination :
- If any of the following events occur at any time prior to 6:00 p.m. on the third Business Day after the last day of the Placing Period (the “**Placing Long Stop Date**”), the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the date of completion of the Placing provided that such notice is received by the Company prior to 6:00 p.m. on the Placing Long Stop Date, terminate the Placing Agreement without liability to the other parties and, subject to clauses in the Placing Agreement which survives termination, the Placing Agreement shall thereupon cease to have effect and none of the parties to the Placing Agreement shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:
- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or

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- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations and warranties by the Company 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 date of completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (d) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (e) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

The Unsubscribed Arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) given that the Unsubscribed Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company.

The Placing Agent confirms that it is an Independent Third Party. The terms of the Placing Agreement, including the placing commission, were determined after an arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms.

The Company considers that the Unsubscribed Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interests of the Independent Shareholders, and be fair and reasonable, in the interests of the Company and the Shareholders as a whole.

Given that the Company has put in place the Unsubscribed Arrangements as required by Rule 7.21(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

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Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions:

- (1) the passing of the necessary resolutions by the Shareholders (or as the case may be, the Independent Shareholders) at the EGM approving, among other things, the Rights Issue and, the Placing Agreement the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Posting Date of a certificate authorising the registration of the Prospectus with Hong Kong Companies Registry;
- (2) the electronic delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively, of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolutions of the Directors (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the Listing Rules by no later than the Prospectus Posting Date;
- (3) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders (and where applicable, the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purposes only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Posting Date;
- (4) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (5) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect; and
- (6) all other necessary waivers, consents, and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue, the Placing Agreement and the transactions contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the conditions referred to above are not fulfilled at or before 5:00 p.m. on Wednesday, 11 February 2026 (or such later date as the Company may determine), the Rights Issue will not proceed. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

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REASONS FOR THE RIGHTS ISSUE AND THE INTENDED USE OF PROCEEDS

The Directors believe that the Rights Issue will raise the Group's corporate profile and enhance its capital base, enabling it to expand the scale and scope of its operations further.

The net proceeds of the Rights Issue (the “**Net Proceeds**”) to be received by the Company after deducting all estimated expenses payable by the Group and assuming full acceptance of the Rights Issue, and no new Shares will be allotted or issued on or before the Record Date are estimated to be up to approximately HK\$119.3 million. The Directors plan to use such proceeds as follows:

- (i) approximately 74.9% of the Net Proceeds, or approximately HK\$89.3 million, will be allocated to meet the genuine needs identified for the expansion of the Group's Control System Business (as defined below) and Building Intelligence Business (as defined below); and
- (ii) approximately 25.1% of the Net Proceeds, or approximately HK\$30.0 million, will be allocated for general working capital and general corporate purposes.

In the event that there is an undersubscription of the Rights Issue, and the Unsubscribed Rights Shares are not fully placed, the net proceeds of the Rights Issue will be utilised in proportion to the above uses. Based on the existing business plan, the above-planned proceeds are expected to be fully utilised by the Group within twelve months following the Completion.

Expansion of the Control System Business and the Building Intelligence Business

Throughout the year, the Group has remained dedicated to (i) providing customers with automation control systems and solutions (the “**Control System Business**”); and (ii) selling intelligent systems and related products, including video intercoms and surveillance systems designed for residential properties and buildings (the “**Building Intelligence Business**”).

Following the release of the Group's annual financial results for the year ended 31 March 2025, the Directors have identified a significant decline in revenue across the Building Intelligence Business and the Control System Business. Specifically, revenue from the Building Intelligence Business decreased from approximately HK\$24.3 million for the year ended 31 March 2024 to approximately HK\$1.6 million for the year ended 31 March 2025. Meanwhile, revenue from the Control System Business declined from approximately HK\$38.0 million to approximately HK\$29.5 million over the same period.

Upon thorough analysis, the Directors recognised that the primary reason for the revenue decline was the reduced demand for building intelligence operations (the “**B-IO**”) systems. The real estate sector in China, which is a significant driver of B-IO system adoption, is currently facing unprecedented financial challenges. These include widespread defaults and a substantial oversupply of unsold properties, resulting in a drastic reduction in construction and investment activity. This situation has been further exacerbated by strict government debt limits, which have negatively impacted developers' finances, caused delays and significant reduction in new construction projects, and shifted market sentiment toward a more cautious approach. Consequently, there has been a decline in the motivation to invest in B-IO systems in China.

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Additionally, the Directors noted that the Group's focus on providing services and products primarily in China has made it particularly vulnerable to recent unfavorable macroeconomic changes in that market. To address these challenges, the Board concluded that the Group should leverage its extensive product knowledge and industry experience to explore and develop opportunities in alternative geographical markets. This strategic initiative aims to reduce the Group's concentration risk and establish a foundation for sustained long-term growth, ultimately improving the Group's financial performance.

On 25 July 2025 and 31 July 2025, the Company announced the successful completion of the disposal (the “**Disposal**”) of MOX Group Limited and its subsidiaries (the “**Disposal Group**”). The Directors would like to further elaborate that before the completion of the Disposal, the Group experienced a notable decline in revenue, and operations in China were trending downward, as previously explained. In response to this situation, the Directors undertook a comprehensive operational review, which led to the decision to realign the business strategies of both the Building Intelligence Business and the Control System Business. This restructuring initiative involved carving out the capital-intensive production facility in China and the associated bank borrowings. Moving forward, the Group plans to further restructure its operations by relocating production facilities to Australia as described in the paragraphs below. Therefore, there will be no overlap between the business operations of the Disposal Group and the Group's expansion strategy following the completion of the Disposal.

To implement its development strategy, the Group plans to take an initial step by relocating production from China to an alternative location, such as Australia. Currently, the Group operates production facilities in China to support its operations. The Group sources all components from Chinese suppliers and utilises its design, assembly, and testing expertise in Australia. Finally, production occurs in China, and the final products are labeled as “Made in China” and primarily marketed in China.

However, the Directors have recognised that there are significant challenges in selling these products directly to the global market. These challenges primarily arise from geopolitical tensions, national security concerns regarding intelligent buildings with monitoring and security features, restrictions on market access, and tariffs imposed by the United States, all of which have adversely affected several of the Company's competitive advantages. To address these challenges, the Company plans to leverage its extensive product knowledge and industry expertise, combined with its established supply chain network, to establish production facilities in Australia. This strategic approach will enable the development and production of products that meet the highest international standards.

The primary objective of this strategy is to create a framework that ensures compliance of Chinese electronics and communication product components with global standards, facilitating their distribution in international markets. As a result, the Group will continue to employ its expertise to design, assemble, and test electronics and communications equipment in Australia, while sourcing all necessary components for production from China. The Group will ensure that source code compilation and installation (including firmware and software) occur in Australia, and that data storage complies with the standards set by the Australian government. The goal is to procure that the final products are labeled as “Made in Australia” and distributing them to other Western markets, with Australia as the first target for distribution.

LETTER FROM THE BOARD

The Board would like to emphasise that the business model is well-established, with no significant changes to the existing framework. The know-how gained from the Group will play a crucial role in the development of the new strategy. Moreover, after discussions, the Group executed memorandum of understanding with its existing Chinese supplier where such supplier has indicated its willingness to continue supplying essential components to support the Group's operations.

Furthermore, the Group has formed collaborations with three companies in Australia, each possessing extensive customer networks. These companies have expressed their readiness to serve as official sales channels for marketing the Group's products within Australia and for facilitating exports to other international markets. As a result, the Board is confident that the proposed plan can be executed as intended, provided that the necessary funding is secured.

According to the plan outlined above, the Company intends to allocate approximately HK\$89.3 million from the Net Proceeds for the development and expansion of its Building Intelligence Business. The planned allocation of these funds is detailed as follows:

- (i) approximately HK\$61.9 million, approximately 51.9% of the Net Proceeds, will be allocated for the lease of a new production plant in Australia, of which (a) approximately HK\$6.3 million will be used for leasing of a production facility in Australia; and (b) approximately HK\$55.6 million will be used to set up production lines, where this setup will include the purchase of assembly machines, molding machines, automated inspection machines, other essential machinery and equipment needed, and preparation for and readiness of the production environment for the new plant;
- (ii) approximately HK\$24.5 million, approximately 20.6% of the Net Proceeds, will be allocated to facilitate the recruitment of qualified personnel, including a minimum of ten (10) factory workers, eight (8) software engineers, three (3) operation managers, and eight (8) hardware engineers. Each candidate will be selected based on their extensive industry experience to ensure the efficient operation of the new production facilities; and
- (iii) approximately HK\$2.9 million, approximately 2.4% of the Net Proceeds, will be allocated to expanding the Group's sales and marketing network. This initiative includes (a) recruiting sales personnel to enhance the Group's online presence; (b) increasing investment in advertising; and (c) launching marketing activities for the Group's services and products. These activities will also involve organising offline events, such as product launches, to further promote the Group's offerings and engage with the target audience.

LETTER FROM THE BOARD

According to the business plan, the Group is projected to secure a suitable site for the construction of the production facility in the first quarter of 2026, following the completion of the Rights Issue. It is anticipated that by the second quarter of 2026, the company aims to acquire approximately 15 production lines, including the necessary assembly, moulding, and inspection machines. Production is scheduled to commence in the third quarter of 2026. Consequently, it is anticipated that the funding will be fully utilised within 12 months. The production plan is expected to be finalised in the second half of 2026, with a target to launch the product and begin sales by the end of 2026.

General working capital and general corporate purposes

In preparation for the expected growth in the Company's business activities, the Directors have acknowledged the likelihood of a significant rise in operating expenses to facilitate this expansion. Consequently, after referencing the financial information of the Group for the year ended 31 March 2025, including the administrative and other operating expenses, and the cash resources, the Directors have determined to allocate HK\$30.0 million from the Net Proceeds specifically to address these operating expenses. This budget is anticipated to cover approximately HK\$17.0 million for employee salaries and related costs, approximately HK\$6.0 million for legal and professional fees, HK\$2.0 million for rental payment, and approximately HK\$5.0 million for other administrative costs.

Other fund-raising alternatives

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing, or an open offer. The Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, and placings will dilute the interests of Shareholders without allowing them to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will allow the Qualifying Shareholders to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Considering the abovementioned alternatives, the Directors consider raising funds through a Rights Issue more attractive in the current market conditions. The Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position while allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

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

Furthermore, as at the Latest Practicable Date, the Company has no intention, understanding, negotiation, or arrangement to downsize, discontinue, or divest any part of its existing business.

LETTER FROM THE BOARD

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non- Qualifying Shareholder(s), if any, should note that their shareholdings will be diluted.

Conclusion

If the proceeds raised by the Rights Issue is less than the aforesaid estimated net proceeds of approximately HK\$119.3 million, the Company will allocate the use of proceeds proportionately and will further evaluate options including, amongst others, reducing the proposed investment amount or exploring other financing, and/or fund-raising alternatives. The Group is focused on improving its profitability.

FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fundraising activities in the past twelve months immediately before the Latest Practicable Date:

Date of relevant announcements	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as of the Latest Practicable Date
5 November 2024, 19 November 2024 and 29 November 2024	Subscription of new shares under general mandate	HK\$20.7 million	Procurement of inventory for the smartphone distribution business and the Group's administrative working capital.	Fully utilised as intended

Save as disclosed above, the Company has not conducted any equity fundraising activities in the past twelve months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the possible changes in the Company's shareholding structure arising from the Rights Issue, which are for illustrative purposes only. Below is the illustration of the Company's shareholding structure, including

- (i) as of the Latest Practicable Date;
- (ii) immediately after Completion, assuming (a) all Qualifying Shareholders will take up their respective entitlements of the Rights Issue in full; and (b) there is no change to the total issued share capital of the Company on or before the Record Date ("**Scenario 1**"); and
- (iii) immediately after Completion, assuming (a) none of the Qualifying Shareholders will take up their respective entitlements of the Rights Shares; (b) the Placing Agent will successfully place all the Unsubscribed Rights Shares under the Placing, and (c) there is no change to the total issued share capital of the Company on or before the Record Date ("**Scenario 2**").

Shareholders	As of the Latest Practicable Date		Scenario 1		Scenario 2 (Note 2)	
	Approximately		Approximately		Approximately	
	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding Percentage
Infinity Holding Resources Limited (Note 1)	74,176,000	16.53%	222,528,000	16.53%	74,176,000	5.51%
Mr. Han Weining and its associated companies						
– Excel Time Investments Limited (" Excel Time ") (Note 2)	43,414,331	9.68%	130,242,993	9.68%	43,414,331	3.22%
– Hong Kong Able Trillion Group Limited (" Able Trillion ") (Note 2)	11,800,000	2.63%	35,400,000	2.63%	11,800,000	0.88%
– Mr. Han Weining	1,632,000	0.36%	4,896,000	0.36%	1,632,000	0.12%
Sub-total	56,846,331	12.67%	170,538,993	12.67%	56,846,331	4.22%
Public Shareholders						
Mr. Lam Siu Sun	27,722,880	6.18%	83,168,640	6.18%	27,722,880	2.06%
The Placees	–	–	–	–	897,482,880	66.67%
Public Shareholders	289,996,229	64.62%	869,988,687	64.62%	289,996,229	21.54%
Total	448,741,440	100.00%	1,346,224,320	100.00%	1,346,224,320	100.00%

LETTER FROM THE BOARD

Notes:

1. Infinity Holding Resources Limited is a company wholly-owned by Mr. Nan Yu.
2. Both Excel Time and Able Trillion are companies wholly and beneficially owned by Mr. Han Weining, the executive Director. By virtue of the Securities and Futures Ordinance, Mr. Han Weining is deemed to be interested in 43,414,331 Shares and 11,800,000 Shares held by Excel Time and Able Trillion, respectively.
3. This scenario is for illustrative purposes only. The Company has entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best-effort basis, to subscribe for the Unsubscribed Rights Shares.

The Company will take all appropriate steps to ensure that sufficient public float is maintained in compliance with Rule 8.08 of the Listing Rules. In the event that the Rights Issue would result in public float not being maintained, the Company and/or the Placing Agent will take necessary action to place down the Shares such that sufficient public float could be maintained in compliance with Rule 8.08 of the Listing Rules.

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the total issued share capital of the Company by more than 50% within the 12 months immediately preceding the date of this circular and up to the Latest Practicable Date, the Rights Issue is conditional on minority Shareholders' approval at the EGM under the requirements of Rule 7.19A of the Listing Rules.

Pursuant to Rule 7.27A(1) of the Listing Rules, where Shareholders' approval is required for a rights issue under rule 7.19A, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As of the Latest Practicable Date, the Company does not have any controlling shareholder as defined under the Listing Rules. However, Mr. Han Weining, an executive Director, has a beneficial interest in 56,846,331 Shares and controls over the voting right in respect of his Shares. Consequently, Mr. Han Weining is required to abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM. Save as the above disclosure, no Shareholders and Directors are required to abstain from voting in favour of the proposed resolution approving the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM.

EGM

The EGM will be held at 5th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong, on Monday, 15 December 2025 at 11:00 a.m. for the purpose of approving, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. A notice convening the EGM is set out on pages EGM-1 to pages EGM-3 of this circular. A form of proxy for use at the EGM is enclosed herewith.

LETTER FROM THE BOARD

Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish.

The register of members of the Company will be closed from Tuesday, 9 December 2025 to Monday, 15 December 2025 (both days inclusive) for determine the eligibility of the Shareholders to attend and vote at the EGM. In order to qualify for attendance and voting at the EGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 8 December 2025.

In compliance with the Listing Rules, all the resolutions to be proposed at the EGM will be voted on by way of poll at the EGM.

Subject to the approval of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder by the Independent Shareholders at the EGM, the Prospectus containing further information regarding, among other things, the Rights Issue (including information on acceptances of the Rights Shares), and PAL(s) are expected to be despatched to the Qualifying Shareholders on Wednesday, 31 December 2025.

TYPHOON OR BLACK RAINSTORM WARNING ARRANGEMENTS

If typhoon signal No. 8 or above, or a black rainstorm warning is in effect at 7:30 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on its website (www.synertone.net) and designated website of the Stock Exchange (www.hkexnews.hk) to notify the Shareholders of the date, time and place of the rescheduled meeting.

FURTHER INFORMATION

Your attention is drawn to (i) letter from the Independent Board Committee which contains the recommendation from the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

RECOMMENDATION

The Independent Board Committee, which comprises all the independent non-executive Directors, 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 so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

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

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this circular.

Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied, the Rights Issue will not proceed. Any dealings in the Shares from the Latest Practicable Date and up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non- underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholding in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

By Order of the Board
Synertone Communication Corporation
Han Weining
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



SYNERTONE

協同通信集團有限公司

SYNERTONE COMMUNICATION CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1613)

24 November 2025

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE
RECORD DATE ON A NON-UNDERWRITTEN BASIS**

We refer to the circular of the Company dated 24 November 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 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 Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendation of the Independent Financial Adviser.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Dakin Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Having taken into account the advice from the Independent Financial Adviser as set out on pages 36 to 75 of this circular, 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 the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

The Independent Board Committee

Ms. Li Mingqi

Mr. Xu Wei

Mr. Xu Dongsen

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Dakin Capital Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.



24 November 2025

*To: the Independent Board Committee and the Independent Shareholders
of Synertone Communication Corporation*

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 24 November 2025 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

On 15 October 2025, the Company announced the Rights Issue. The Company proposed to raise gross proceeds of up to approximately HK\$121.2 million before expenses (assuming full subscription under the Rights Issue) by issuing up to 897,482,880 Rights Shares (assuming no further issue or repurchase of the Shares on or before the Record Date) by way of rights issue at the Subscription Price of HK\$0.135 per Rights Share, on the basis of two Rights Shares for every one Share held on the Record Date and payable in full on acceptance.

Assuming there is no change in the number of issued Shares on or before the Record Date, 897,482,880 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 200.00% of the total number of issued Shares; and (ii) approximately 66.67% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares immediately after the completion of the Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to the independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any). The Qualifying Shareholders must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholders in order to qualify for the Rights Issue.

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 of the Company by more than 50% within 12 months period immediately preceding the date of this Circular and up to the Latest Practicable Date, the Rights Issue is conditional upon the minority Shareholders' approval at the EGM, and any controlling shareholders and their 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) in relation to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM. The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution effect of the Rights Issue complies to Rule 7.27B of the Listing Rules.

The Company will seek approval from the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder by way of a poll at the EGM. As at the Latest Practicable Date, the Company has no controlling shareholder. However, as at the Latest Practicable Date, (i) Excel Time Investments Limited ("**Excel Time**"), which is wholly and beneficially owned by Mr. Han Weining holds 43,414,331 Shares, representing approximately 9.68% of the issued Shares; (ii) Hong Kong Able Trillion Group Limited ("**Able Trillion**"), which is wholly and beneficially owned by Mr. Han Weining holds 11,800,000 Shares, representing approximately 2.63% of the issued Shares; (iii) Mr. Han Weining holds 1,632,000 Shares, representing approximately 0.36% of the issued Shares; and (iv) Mr. Han Weining, the executive Director of the Company, has a beneficial interest in aggregate of 56,846,331 Shares and controls over the voting right in respect of his Shares, representing approximately 12.67% of the issued Shares. Consequently, Mr. Han Weining, Excel Time and Able Trillion are required to abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing Agreement and the transaction contemplated thereunder at the EGM. Save as Mr. Han Weining, Excel Time and Able Trillion, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the transactions contemplated under the Rights Issue and will be required to abstain from voting on the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Ms. Li Mingqi, Mr. Xu Wei and Mr. Xu Dongsan, has been formed to advise the Independent Shareholders on whether the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendation of the Independent Financial Adviser.

OUR INDEPENDENCE

We, Dakin Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. During the past two years immediately preceding the Latest Practicable Date, we did not act as the financial adviser or the independent financial adviser of the Company. Save for this appointment as the Independent Financial Adviser in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, there were no other engagements between the Company and us during the past two years immediately preceding the Latest Practicable Date. Apart from normal professional fees for our services to the Company in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we will receive any fees and/or benefits from the Group. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company, or its substantial Shareholders, Directors, chief executive, or any of their respective associates. We are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular, the information and representations provided to us by the Company, the Directors and the management of the Company and our review of the relevant public information. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date. Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of us to ensure that such information are true, accurate and complete in all material respects and not misleading or deceptive and has been correctly extracted from the relevant sources.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, we have considered the following principal factors and reasons:

1. Background and financial information of the Group

As stated in the Company's annual report for the year ended 31 March 2025 (the "**Annual Report 2025**"), the Group are principally engaged (i) design, development and sales of automation control systems and solutions (the "**Control System Business**"), (ii) design, research and development, manufacture and sales of intelligent systems and other related products including video intercom and surveillance systems for residential homes and buildings (the "**Building Intelligence Business**"), (iii) the rental and maintenance in relation to computer equipment and machines, information technology infrastructure, and other related services (the "**Data Centre Maintenance Business**"); and (iv) smartphone distribution business (the "**Smartphone Distribution Business**").

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below summarises the general financial information of the Group for the financial years ended 31 March 2023, 2024 and 2025 which are extracted from the Company's annual report for the year ended 31 March 2024 (the "Annual Report 2024") and the Annual Report 2025:

	For the year ended 31 March		
	2023	2024	2025
	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000
Revenue			
Control System Business	33,977	38,030	29,499
Building Intelligence Business	25,766	24,305	1,553
Data Centre Maintenance Business	795	246	12
Smartphone Distribution Business	—	—	85,869
Total revenue	60,538	62,581	116,933
Gross profit	8,948	24,757	15,909
Loss for the year	(43,679)	(17,768)	(35,831)
	As at 31 March		
	2023	2024	2025
	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000
Cash and cash equivalents	2,345	33,373	11,030
Total assets	226,023	223,095	221,444
Total liabilities	157,654	106,884	113,728
Net assets	68,369	116,211	107,716
	HK\$	HK\$	HK\$
Net asset value ("NAV") per Share	0.263	0.323	0.240
	(Note 1)	(Note 2)	(Note 3)

Notes:

- Based on the audited consolidated NAV of the Group of approximately HK\$68.4 million as at 31 March 2023 and the number of Shares in issue as at 31 March 2023 (i.e. 260,312,640 Shares);
- Based on the audited consolidated NAV of the Group of approximately HK\$116.2 million as at 31 March 2024 and the number of Shares in issue as at 31 March 2024 (i.e. 360,312,640 Shares); and
- Based on the audited consolidated NAV of the Group of approximately HK\$107.7 million as at 31 March 2025 and the number of Shares in issue as at 31 March 2025 (i.e. 448,741,440 Shares).

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1.1 Annual results of the Group for the year ended 31 March 2024

The Group's revenue generated from (i) the Control System Business amounted to approximately HK\$34.0 million and HK\$38.0 million for the year ended 31 March 2023 ("FY2023") and 31 March 2024 ("FY2024"), representing approximately 56.1% and 60.8% of the total revenue respectively; (ii) the Building Intelligence Business amounted to approximately HK\$25.8 million and HK\$24.3 million for FY2023 and FY2024, representing approximately 42.6% and 38.8% of the total revenue respectively; and (iii) the Data Centre Maintenance Business amounted to approximately HK\$0.8 million and HK\$0.2 million for FY2023 and FY2024, representing approximately 1.3% and 0.4% of the total revenue respectively.

The Group's total revenue slightly increased from approximately HK\$60.5 million for FY2023 to approximately HK\$62.6 million for FY2024, representing an increase of approximately 3.5%. According to the Annual Report 2024 and the management of the Company, such increase was mainly due to the increase in revenue from the Control System Business from approximately 34.0 million for FY2023 to approximately HK\$38.0 million for FY2024 mainly caused by the increase in market demand; and partially offset by the decrease in revenue from the Building Intelligence Business from approximately HK\$25.8 million for FY2023 to approximately HK\$24.3 million for FY2024.

The Group's gross profit increased from approximately HK\$8.9 million for FY2023 to approximately HK\$24.8 million for FY2024, representing an increase of approximately 178.7%. The Group's gross profit margin also increased from approximately 14.8% for FY2023 to approximately 39.6% for FY2024. Pursuant to the Annual Report 2024 and the management of the Company, such increase in gross profit and gross profit margin was mainly attributable to new products from the Building Intelligence Business with higher gross profit margin were launched and sold to the customers during FY2024 in which their related research and development costs were recorded under research and development expenditure during the past few years.

The Group's loss for the year narrowed from approximately HK\$43.7 million for FY2023 to approximately HK\$17.8 million for FY2024. As stated in the Annual Report 2024, such improvement in loss for the year was mainly attributable to (i) the increase in gross profit from approximately HK\$8.9 million for FY2023 to approximately HK\$24.8 million for FY2024; and (ii) the increase in other gains, net from approximately HK\$1.8 million for FY2023 to approximately HK\$4.8 million for FY2024.

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1.2 Annual results of the Group for the year ended 31 March 2025

The Group's revenue generated from (i) the Control System Business amounted to approximately HK\$38.0 million and HK\$29.5 million for FY2024 and the year ended 31 March 2025 ("FY2025"), representing approximately 60.8% and 25.2% of the total revenue respectively; (ii) the Building Intelligence Business amounted to approximately HK\$24.3 million and HK\$1.6 million for FY2024 and FY2025, representing approximately 38.8% and 1.2% of the total revenue respectively; (iii) the Data Centre Maintenance Business amounted to approximately HK\$0.2 million and HK\$12,000 for FY2024 and FY2025, representing approximately 0.4% and 0.1% of the total revenue respectively; and (iv) the Smartphone Distribution Business amount to approximately HK\$85.9 million for FY2025 (FY2024: nil).

The Group's total revenue significantly increased from approximately HK\$62.6 million for FY2024 to approximately HK\$116.9 million for FY2025, representing an increase of approximately 86.7%. According to the Annual Report 2025 and the management of the Company, such increase was mainly due to the successful launch of the Smartphone Distribution Business to serve as a distributor of Xiaomi-branded smartphones, ecosystem products and related equipment, resulting in generating revenue of approximately HK\$85.9 million for FY2025 and partially offset by the decrease in revenue from the Building Intelligence Business from approximately HK\$24.3 million for FY2024 to approximately HK\$1.6 million for FY2025. As advised by the management of the Company, the Group typically procures Xiaomi-branded smartphones, ecosystem products and related equipment from an authorised distributor and sells those products directly to wholesalers in Hong Kong and Australia.

The Group's gross profit decreased from approximately HK\$24.8 million for FY2024 to approximately HK\$15.9 million for FY2025, representing a decrease of approximately 35.9%. The Group's gross profit margin also decreased from approximately 39.6% for FY2024 to approximately 13.6% for FY2025. Pursuant to the Annual Report 2025, such decrease in gross profit and gross profit margin was mainly due to the Group's new business segment in Smartphone Distribution Business which contributed a lower gross profit margin during FY2025 in order to gain the market share.

The Group's loss for the year widened from approximately HK\$17.8 million for FY2024 to approximately HK\$35.8 million for FY2025. According to the Annual Report 2025 and the management of the Company, such widen in loss for the year was mainly due to the combined effect of (i) the decrease in gross profit from approximately HK\$24.8 million for FY2024 to approximately HK\$15.9 million for FY2025; (ii) the recognition of fair value loss on financial asset at fair value though profit or loss of approximately HK\$9.2 million for FY2025 (FY2024: nil); (iii) the increase in administrative and other operating expenses from approximately HK\$27.5 million for FY2024 to approximately HK\$36.0 million for FY2025 mainly caused by the recognition of share-based payment expenses of approximately HK\$4.9 million for FY2025 (FY2024: nil); and partially offset by the decrease in allowance for expected credit loss, net from approximately HK\$7.5 million for FY2024 to approximately HK\$2.5 million for FY2025.

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1.3 Financial position of the Group

The cash and cash equivalents of the Group amounted to approximately HK\$2.3 million, HK\$33.4 million and HK\$11.0 million as at 31 March 2023, 31 March 2024 and 31 March 2025 respectively.

The cash and cash equivalents of the Group increased from approximately HK\$2.3 million as at 31 March 2023 to approximately HK\$33.4 million as at 31 March 2024, representing an increase of approximately 1,352.2%. As advised by the management of the Company, such substantial increase in the cash and cash equivalents of the Group was mainly attributable to the following combined effect:

- (i) the net cash flows from financing activities of approximately HK\$50.8 million for FY2024. Such cash inflows from financing activities mainly comprised of (a) net proceeds from the placing of new Shares under general mandate of approximately HK\$14.7 million completed on 19 May 2023 (the “**Placing 2023**”) (Please refer to the Company’s announcements dated 3 May 2023 and 19 May 2023 for details); (b) net proceeds from the placing of new Shares under general mandate of approximately HK\$23.8 million completed on 27 March 2024 (the “**First Placing 2024**”) (Please refer to the Company’s announcements dated 6 March 2024 and 27 March 2024 for details); and (c) the net proceeds from the allotment and issue of shares in Mox Group Limited (a subsidiary of the Company) to Hong Kong Haoxuan Co., Limited of approximately HK\$27.2 million completed on 24 July 2023 (the “**MOX Subscription 2023**”) (Please refer to the Company’s announcement dated 23 June 2023 for details); and partially offset by
- (ii) the net cash flows used in operating activities of approximately HK\$17.5 million for FY2024; and
- (iii) the net cash flows used in investing activities of approximately HK\$2.7 million for FY2024.

The cash and cash equivalents of the Group decreased from approximately HK\$33.4 million as at 31 March 2024 to approximately HK\$11.0 million as at 31 March 2025, representing a decrease of approximately 67.1%. As advised by the management of the Company, such decrease in the cash and cash equivalents of the Group was mainly due to the following combined effect:

- (i) the net cash flows used in operating activities of approximately HK\$38.2 million for FY2025. Such cash outflows from operating activities mainly caused by the increase in trade and other receivables of approximately HK\$38.6 million for FY2025 which was derived from the launch of the Smartphone Distribution Business;
- (ii) the net cash flows used in investing activities of approximately HK\$0.6 million for FY2025; and partially offset by

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- (iii) the net cash flows from financing activities of approximately HK\$17.6 million for FY2025. Such cash inflows from financing activities mainly came from net proceeds from the subscription of new Shares under general mandate of approximately HK\$20.7 million completed on 29 November 2024 (the “**Second Placing 2024**”) (Please refer to the Company’s announcements dated 5 November 2024 and 29 November 2024 for details)

Total assets of the Group as at 31 March 2025 amounted to approximately HK\$221.4 million whereas total liabilities of the Group amounted to approximately HK\$113.7 million, resulting in a net assets position of approximately HK\$107.7 million. The NAV per Share increased from approximately HK\$0.263 per Share as at 31 March 2023 to approximately HK\$0.323 per Share as at 31 March 2024 and dropped back to HK\$0.240 per Share as at 31 March 2025 which is in line with the fluctuation of the Group’s cash and cash equivalents in the past three years.

1.4 Our view

After considering that, (i) by excluding the revenue generated from the Smartphone Distribution Business during FY2025, the Group’s revenue from the core business of the Control System Business, the Building Intelligence Business and the Data Centre Maintenance Business demonstrated an instability position in the past three years and even represented a substantial drop from approximately HK\$62.6 million for FY2024 to approximately HK\$31.1 million for FY2025 which reflected the decreasing in demand for these businesses in the PRC, the principal geographical location of the Group’s revenue; (ii) the continuous loss-making positions of the Group in the past three years; (iii) the instability of the Group’s cash and cash equivalents’ position in the past three years; and (iv) the safeguarded funding needs to support the Group’s expansion of the Control System Business and the Building Intelligence Business as detailed under the paragraph headed “2. Reasons for and benefits of the Rights Issue and intended use of proceeds” below in this letter, we are of the view that the Rights Issue is in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole.

2. Reasons for and benefits of the Rights Issue and intended use of proceeds

2.1 Background of the Rights Issue

Pursuant to the Letter from the Board, throughout the year, the Group has remained dedicated to (i) providing customers with automation control systems and solutions, representing the Control System Business; and (ii) selling intelligent systems and related products, including video intercoms and surveillance systems designed for residential properties and buildings, representing the Building Intelligence Business.

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As analyzed in the paragraph headed “1. Background and financial information of the Group” above in this letter, the Group’s revenue from the core business of the Control System Business, the Building Intelligence Business and the Data Centre Maintenance Business demonstrated an instability position in the past three years and even represented a substantial drop from approximately HK\$62.6 million for FY2024 to approximately HK\$31.1 million for FY2025. Specifically, revenue from the Building Intelligence Business decreased from approximately HK\$24.3 million for FY2024 to approximately HK\$1.6 million for FY2025, representing a substantial decrease of approximately 93.4%. Meanwhile, revenue from the Control System Business declined from approximately HK\$38.0 million for FY2024 to approximately HK\$29.5 million for FY2025, representing a decrease of approximately 22.4%. We have discussed with the Directors and be advised that the primary reason for the revenue decline was the reduced demand for building intelligence operations systems in the PRC. The Directors also advised us that the real estate sector in the PRC, which is a significant driver of building intelligence operations systems adoption, is currently facing unprecedented financial challenges. These include widespread defaults and a substantial oversupply of unsold properties, resulting in a drastic reduction in construction and investment activity. This situation has been further exacerbated by strict government debt financing limits, which have negatively impacted on the source of funds for the property developers, resulting in delays and significant reduction in new construction projects, and shifted market sentiment toward a more cautious approach. Consequently, there has been a decline in the motivation to invest in building intelligence operations systems in the PRC.

Furthermore, the Directors noted that the Group’s focus on providing products and services primarily in the PRC has made it particularly vulnerable to recent unfavorable macroeconomic changes in the PRC market. To address these challenges, the Directors concluded that the Group should leverage its extensive product knowledge and industry experience to explore and develop opportunities in alternative geographical markets. This strategic initiative aims to reduce the Group’s concentration risk and establish a foundation for sustained long-term growth, ultimately improving the Group’s financial performance.

On 25 July 2025, 31 July 2025 and 30 September 2025, the Company announced the successful completion of the disposal (the “**Disposal**”) of MOX Group Limited and its subsidiaries (the “**Disposal Group**”). The Directors would like to further elaborate that before the completion of the Disposal, the Group experienced a notable decline in revenue, and operations in the PRC were trending downward, as previously explained. In response to this situation, the Directors undertook a comprehensive operational review, which led to the decision to realign the business strategies of both the Building Intelligence Business and the Control System Business. This restructuring initiative involved carving out the capital-intensive production facility in the PRC and the associated bank borrowings. Moving forward, the Group plans to further restructure its operations by relocating production facilities to Australia as described in the paragraphs below. Therefore, there will be no overlap between the business operations of the Disposal Group and the Group’s expansion strategy following the completion of the Disposal.

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To implement the Group's development strategy, the Group plans to take an initial step by relocating production from the PRC to an alternative location, such as Australia. Currently, the Group operates production facilities in the PRC to support its operations. The Group sources all components from the PRC suppliers and utilises its design, assembly, and testing expertise in Australia. Finally, production occurs in the PRC, and the final products are labeled as "Made in China" and primarily marketed in the PRC. However, the Directors have recognised that there are significant challenges in selling these products directly to the global market. These challenges primarily arise from geopolitical tensions, national security concerns regarding intelligent buildings with monitoring and security features, restrictions on market access, and tariffs imposed by the United States of America, all of which have adversely affected several of the Company's competitive advantages. To address these challenges, the Group plans to leverage its extensive product knowledge and industry expertise, combined with its established supply chain network, to establish production facilities in Australia. This strategic approach will enable the development and production of products that meet the highest international standards.

The primary objective of this strategy is to create a framework that ensures compliance of the PRC electronics and communication product components with global standards, facilitating their distribution in international markets. As a result, the Group will continue to employ its expertise to design, assemble, and test electronics and communications equipment in Australia, while sourcing all necessary components for production from the PRC. The Group will ensure that source code compilation and installation (including firmware and software) occur in Australia, and that data storage complies with the standards set by the Australian government. The goal is to procure that the final products are labeled as "Made in Australia" and distributing them to other Western markets, with Australia as the first target for distribution.

As disclosed in the Letter from the Board, the Directors would like to emphasise that the business model is well-established, with no significant changes to the existing framework. The know-how gained from the Group will play a crucial role in the development of the new strategy. In light of this, we have reviewed the past annual reports of the Company and noted that (i) according to the Company's annual report for the year ended 31 March 2017, the Group has made progress in the home automation markets of the Building Intelligence Business, both in the PRC and overseas such as Australia; and (ii) according to the Annual Report 2025, Mr. Han Weining, the substantial shareholder and executive Director of the Company, (a) serves as an executive director of MOX Group in Australia; and (b) has been elected as a member of the Institution of Engineers in Australia since 1994. The abovementioned professional qualification, knowledge and experience of Mr. Han Weining demonstrate that the Group has adequate knowledge and experience in the management and development for relocating production from the PRC to Australia. According to the Letter from the Board, as at the Latest Practicable Date,

- (i) the Group executed memorandum of understanding with its existing PRC supplier where such supplier has indicated its willingness to continue supplying essential components to support the Group's operations; and

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- (ii) the Group has formed collaborations with three companies in Australia, each possessing extensive customer networks. These companies have expressed their readiness to serve as official sales channels for marketing the Group's products within Australia and for facilitating exports to other international markets.

Given that (i) Mr. Han Weining, the substantial shareholder and executive Director of the Company has adequate business knowledge and experience in managing and developing the Building Intelligence Business in Australia; and (ii) the Group actively performed preliminary actions in expanding its business to Australia, including the signing of memorandum of understanding with its existing PRC supplier and forming collaborations with three companies in Australia who possess extensive customer networks, we concur with the Directors' view that the Group's business model is well-established, with no significant changes to the existing framework.

2.2 The intended use of proceeds from the Rights Issue

As stated in the Letter from the Board, the net proceeds from the Rights Issue (the "**Net Proceeds**"), if fully subscribed, (after deducting all estimated expenses payable by the Group) are estimated to be approximately HK\$119.3 million (assuming no change in the number of Shares in issue on or before the Record Date), of which the Company intends to apply the Net Proceeds as to:

- (i) approximately 74.9% of the Net Proceeds, or approximately HK\$89.3 million, will be allocated to meet the genuine needs identified for the expansion of the Group's Control System Business and Building Intelligence Business; and
- (ii) approximately 25.1% of the Net Proceeds, or approximately HK\$30.0 million, will be allocated for general working capital and general corporate purposes.

Pursuant to the Letter from the Board, in the event that there is an undersubscription of the Rights Issue, and the Unsubscribed Rights Shares are not fully placed, the Net Proceeds will be utilised in proportion to the above uses.

According to the Letter from the Board, in respect of utilising the item (i) above of the Net Proceeds, the planned allocation of these funds is detailed as follows:

- (1) approximately HK\$61.9 million, approximately 51.9% of the Net Proceeds, will be allocated for the lease of a new production plant in Australia, of which (a) approximately HK\$6.3 million will be used for leasing of a production facility in Australia; and (b) approximately HK\$55.6 million will be used to set up production lines, where this setup will include the purchase of assembly machines, molding machines, automated inspection machines, other essential machinery and equipment needed, and preparation for and readiness of the production environment for the new plant;

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- (2) approximately HK\$24.5 million, approximately 20.6% of the Net Proceeds, will be allocated to facilitate the recruitment of qualified personnel, including a minimum of ten (10) factory workers, eight (8) software engineers, three (3) operation managers, and eight (8) hardware engineers. Each candidate will be selected based on their extensive industry experience to ensure the efficient operation of the new production facilities; and
- (3) approximately HK\$2.9 million, approximately 2.4% of the Net Proceeds, will be allocated to expanding the Group's sales and marketing network. This initiative includes (a) recruiting sales personnel to enhance the Group's online presence; (b) increasing investment in advertising; and (c) launching marketing activities for the Group's services and products. These activities will also involve organizing offline events, such as product launches, to further promote the Group's offerings and engage with the target audience.

As stated in the Letter from the Board, based on the existing business plan, the above-planned use of the Net Proceeds for item (i) is expected to be fully utilised by the Group within twelve months following the completion of the Rights Issue. According to the business plan provided by the Directors, the Group is projected to secure a suitable site for the construction of the production facility in the first quarter of 2026, following the completion of the Rights Issue. It is anticipated that by the second quarter of 2026, the company aims to acquire approximately 15 production lines, including the necessary assembly, moulding, and inspection machines. Production is scheduled to commence in the third quarter of 2026. Consequently, it is anticipated that the funding will be fully utilised within 12 months. The production plan is expected to be finalised in the second half of 2026, with a target to launch the product and begin sales by the end of 2026.

According to the Letter from the Board, in respect of utilising the item (ii) above of the Net Proceeds, the planned allocation of these funds is detailed as follows:

- (1) approximately HK\$17.0 million, approximately 14.2% of the Net Proceeds, will be utilised for employee salaries and related costs;
- (2) approximately HK\$6.0 million, approximately 5.0% of the Net Proceeds, will be utilised for legal and professional fees;
- (3) approximately HK\$2.0 million, approximately 1.7% of the Net Proceeds, will be utilised for rental payment; and
- (4) approximately HK\$5.0 million, approximately 4.2% of the Net Proceeds, will be utilised for other administrative costs.

As stated in the Letter from the Board, based on the existing business plan, the above-planned use of the Net Proceeds for item (ii) is expected to be fully utilised by the Group within twelve months following the completion of the Rights Issue.

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In assessing the fairness and reasonableness of the proposed uses of the Net Proceeds, we have also obtained and reviewed the projections provided by the Company, which detail (i) the estimated amounts to be utilised for meeting the genuine needs identified for the expansion of the Group's Control System Business and Building Intelligence Business, including but not limited to leasing of production facility in Australia, setting up production lines, facilitating the recruitment of qualified personnel and expanding the Group's sales and marketing network and the Group's general working capital and general corporate purposes; and (ii) the timeline for usage of the Net Proceeds. We consider these projections to be aligned with the Group's expansion and operational needs, which support the likelihood of significant rise in the operating expenses to facilitate the expansion and maintaining the Group's existing business operations.

Reference to the financial information of the Group in the paragraph headed "1. Background and financial information of the Group" above in this letter, we noted that there was a fluctuation of the Group's cash and cash equivalents in the past three years, in tandem with the fluctuation of the Group's net assets in the past three years. As analyzed in the paragraph headed "1. Background and financial information of the Group" above in this letter, the Group's source of net cash flows in the past three years mainly came from the financing activities of equity fund-raising of the Placing 2023, the MOX Subscription 2023, the First Placing 2024 and the Second Placing 2024. However, as reference to the Annual Report 2024, the Annual Report 2025 and the management of the Company, the Group continuously recorded a net cash flows used in operating activities of approximately HK\$2.7 million, HK\$17.5 million and HK\$38.2 million for FY2023, FY2024 and FY2025 respectively which is mainly due to the continuous loss-making positions for FY2023, FY2024 and FY2025 respectively. Such net cash flows used in operating activities of the Group primarily offset the fund-raised from equity financing in the past three years.

Based on (i) the existing the financial position of the Group; and (ii) the expected Group's expansion of the Building Intelligence Business in Australia, we concur with the Directors' view that there is a likelihood of significant rise in the operating expenses to facilitate the expansion and maintaining the Group's existing business operations. Accordingly, we concur with the Directors' view that the Group has immediate funding needs to conduct the Rights Issue for funding the use of proceeds from the Rights Issue set out above.

2.3 Overview and outlook of Control System Business and Building Intelligence Business

According to the Letter from the Board and the Directors, the demand for the Group's products in Control System Business and Building Intelligence Business is highly correlated with the level of property market in the region/nation. As mentioned above in this paragraph, the main Net Proceeds is to be used for meeting the genuine needs identified for the expansion of the Group's Control System Business and Building Intelligence Business in Australia. As discussed with the Directors, we also understand that the Group would like to firstly distribute the products of the Control System Business and Building Intelligence Business in Australia. In light of this, we have researched and studied the data from Australian Bureau of Statistics.

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Statistics of private new capital expenditure of building and structures (non-mining) in Australia

	2020	2021	2022	2023	2024	Compound annual growth rate	First half of 2024	First half of 2025	Growth rate
	AUD (billion)	AUD (billion)	AUD (billion)	AUD (billion)	AUD (billion)	(%)	AUD (billion)	AUD (billion)	(%)
	40	43	48	57	61	11.1	29	32	10.3
Year-on-year change (%)	7.5	11.6	18.7	7.0					

Source: Website of Australian Bureau of Statistics (<https://www.abs.gov.au/>)

As shown in the above table, the private new capital expenditure of building and structures (non-mining) in Australia increased from approximately AUD40 billion for the year of 2020 to approximately AUD61 billion for the year of 2024, representing a compound annual growth rate of approximately 11.1%. For the six months ended 30 June 2025, the private new capital expenditure of building and structures (non-mining) in Australia was approximately AUD32 billion, representing an increase of approximately 10.3% as compared with that of the same period of 2024. Such growths in private new capital expenditure of building and structures (non-mining) in Australia demonstrate that the investment in city development and construction would remain positive and drive the growth of investment in the property market in Australia.

Statistics of new residential units approved in Australia

	2020	2021	2022	2023	2024	Compound annual growth rate	First half of 2024	First half of 2025	Growth rate
	(units)	(units)	(units)	(units)	(units)	(%)	(units)	(units)	(%)
Number of new residential units approved	186,400	228,119	190,437	162,878	172,878	(1.87)	79,175	92,087	16.3
Year-on-year change (%)		22.4	(16.5)	(14.5)	6.1				
	AUD (billion)	AUD (billion)	AUD (billion)	AUD (billion)	AUD (billion)	(%)	AUD (billion)	AUD (billion)	(%)
Amount of new residential units approved	62	80	79	75	85	8.2	38	47	23.7
Year-on-year change (%)		29.0	(1.3)	(5.1)	13.3				

Source: Website of Australian Bureau of Statistics (<https://www.abs.gov.au/>)

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As shown in the above table, the number of new residential units approved firstly increased from 186,400 units for the year of 2020 to 228,119 units for the year of 2021, representing a growth of approximately 22.4%. Also, the amount of new residential units approved firstly increased from approximately AUD62 billion for the year of 2020 to approximately AUD80 billion for the year of 2021, representing an increase of approximately 29.0%.

However, during the years of 2022 and 2023, the number and amount of new residential units approved demonstrated a decline in the residential property market in Australia. The number of new residential units approved decreased from 228,119 units for the year of 2021 to 190,437 units for the year of 2022 and further dropped to 162,878 units for the year of 2023. The amount of new residential units approved also decreased from approximately AUD80 billion for the year of 2021 to approximately AUD79 billion for the year of 2022 and further dropped to approximately AUD75 billion for the year of 2023. Such decrease in the number and amount of new residential units approved during the years of 2022 and 2023 was mainly due to the continuous increase in interest rate of Australian dollars announced by Reserve Bank of Australia. The interest rate of Australian dollars started increasing from approximately 0.10% in January 2022 to 0.35% in May 2022 and further rose to approximately 3.10% in December 2022. For the year of 2023, the interest rate of Australian dollars continuously increased from approximately 3.10% in January 2023 to 4.35% in December 2023. After that, the interest rate of Australian dollars remained constant at 4.35% for the year of 2024 and started decreasing from approximately 4.35% in December 2024 to 3.60% in November 2025.

Therefore, we noted that the number and amount of new residential units approved started recovering since 2024. The number of new residential units approved increased from 162,878 units for the year of 2023 to 172,878 units for the year of 2024, representing an increase of approximately 6.1%. The amount of new residential units approved also recovered from approximately AUD75 billion for the year of 2023 to approximately AUD85 billion for the year of 2024, representing an increase of approximately 13.3%.

For the six months ended 30 June 2025, (i) the number of new residential units approved was 92,087 units, representing an increase of approximately 16.3% as compared with that of the same period of 2024 (i.e. 79,175 units); and (ii) the amount of new residential units approved was approximately AUD47 billion, representing an increase of approximately 23.7% as compared with that of the same period of 2024 (i.e. approximately AUD38 billion).

Despite there was a drop in number and amount of new residential units approved during the years of 2022 and 2023 caused by the increase in interest rate of Australian dollars during that period, having considered, (i) the private new capital expenditure of building and structures (non-mining) in Australia kept increasing in the past five years and remained growth for the first half of 2025; (ii) the interest rate of Australian dollars has remained constant for the year of 2023 and even has fallen down since January 2025; and (iii) the number and amount of new residential units approved has recovered for the year of 2024 and remained growth for the first half of 2025, we consider that the property market in Australia would remain positive and give positive aspect for the demand of the Group's products in Control System Business and Building Intelligence Business.

2.4 Other financing alternatives

We have also made enquiry to the Directors, other financing alternatives, including debt financing, and other forms of equity financing such as open offer, placing have been considered.

The Directors advised us that debt financing and bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders. The Directors also advised that debt financing may require lengthy due-diligence and negotiation process and may not be achievable on favourable terms in a timely manner. We have also reviewed the Annual Report 2025 and noted that as at 31 March 2025, the Group has bank borrowings of approximately HK\$43.0 million which was already pledged by the buildings under property, plant and equipment of approximately HK\$19.2 million (representing approximately 95.6% of the property, plant and equipment) and a leasehold land under right-of-use assets of approximately HK\$6.7 million (representing approximately 89.4% of the right-of-use assets). The Group does not have other material tangible assets which may be satisfactory to the banks to be served as collaterals. Based on the current financial position of the Company, the Directors consider that it is difficult to raise fund by debt financing.

In addition to debt financing, we understand that the Directors had considered to conduct other equity financing such as open offer. According to the Directors, open offer while it is similar to a rights issue, offering the Qualifying Shareholders to participate in the fund-raising activity. In terms of the theoretical value dilution effect of fund-raising, open offer and rights issue would not have any difference if the principal terms (including the discount represented by the subscription price to the closing price of shares, number of offer shares/rights shares to be issued and the size of fund-raising) are the same. The Rights Issue allows the Qualifying Shareholders to (i) increase their respective interests in the shareholding of the Company by acquiring additional nil-paid Rights Shares in the market; or (ii) reduce their respective interests in the shareholding of the Company by disposing of their nil-paid Rights Shares in the market. The Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell their nil-paid Rights Shares in the market. However, an open offer does not allow free trading of rights entitlements in the open market. Therefore, the Directors consider that the Rights Issue would be more preferable to an open offer as it offers the Qualifying Shareholders an option to sell their nil-paid Rights Shares in the market.

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According to the Directors, placing of new Shares would lead to direct and immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company. If the placing of new Shares is conducted on a general mandate, it is relatively smaller in scale as compared to fund-raising through the Rights Issue. If the placing of new Shares is conducted on a specific mandate, shall the fund-raising size be similar as the Rights Issue to meet the funding needs as mentioned in the sub-paragraph headed “2.2 The intended use of proceeds from the Rights Issue” above in this paragraph, it may lead to direct and high dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company. For illustration purpose only, based on (i) the Subscription Price and the benchmarked price of HK\$0.2100 per Share; and (ii) the number of 897,482,880 Rights Shares, if the Company conducts a placing of new Shares under specific mandate, placing of such amount of new Shares (a) would directly dilute the shareholding of the existing public Shareholders from approximately 64.62% to 21.54%; and (b) would create a direct theoretical value dilution effect of approximately 23.81% to the existing Shareholders. Furthermore, we consider that it would be difficult in procuring placees given the size of the funding needs under the thin liquidity of the Share as discussed in the paragraph headed “3. Principal terms of the Rights Issue – 3.3 Trading liquidity of the Shares” below in this letter.

In view of the above, the Directors considered that the Rights Issue is the most suitable equity financing method available to the Group as:

- (i) the Qualifying Shareholders have the option to subscribe for the Rights Shares at their sole discretion;
- (ii) the Qualifying Shareholders who do not take up their entitlements can sell the nil-paid Rights Shares in the market; and
- (iii) the Rights Issue offers all the Qualifying Shareholders equal opportunities to participate in the enlargement of the Group’s capital base and enables the Shareholders to maintain their proportionate interests in the Company and continue to participate in development of the Company in the future should they wish to do so.

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Shall the Rights Issue create a theoretical value dilution effect if the Qualifying Shareholders do not take up their entitlements in full of the Rights Shares, after considering that (i) debt financing would increase the Group's interest burden and may require the provision of security and creditors will rank before the Shareholders; (ii) the dilutive nature in the shareholding and theoretical value dilution effect to the Shareholders are inherent for both open offer and rights issue under the same principal terms (including the discount represented by the subscription price to the closing price of shares, number of offer shares/rights shares to be issued and the size of fund-raising); (iii) open offer does not offer the Qualifying Shareholders the option to sell the nil-paid Rights Shares in the market; (iv) placing of new shares without first offering the existing Shareholders the opportunity to participate in the Company's equity fund-raising exercise would even result in direct dilution of shareholding of the existing Shareholders and a direct theoretical value dilution effect to the existing Shareholders; (v) the Rights Issue will enable the Shareholders to maintain their proportionate interests in the Company should they so wish; and (vi) for those Qualifying Shareholders who do not wish to take up their entitlements in full of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market, we concur with the Directors' view that the Rights Issue is the best option of fund-raising activity.

2.5 Our view

Taking into account,

- (i) the Group's home automation markets of Building Intelligence Business in Australia is part of the ordinary and usual course of the Group's business;
- (ii) the Group and Mr. Han Weining, the substantial shareholder and executive Director of the Company demonstrate adequate knowledge and experience in the development of the Building Intelligence Business in Australia;
- (iii) the recent preliminary actions performed by the Group show the clear intention of the Group to expand its business to Australia so as to reduce the Group's concentration risk in the PRC's business, establish a foundation for the sustainable growth and ultimately to improve the Group's financial performance;
- (iv) the prospect of the Group's products in Control System Business and Building Intelligence Business would remain positive as discussed above in this paragraph;
- (v) the continuous loss-making positions of the Group in the past three years;
- (vi) the instability of the Group's cash and cash equivalents' position in the past three years;
- (vii) the Net Proceeds from the Rights Issue would strengthen the capital base and financial position of the Group and support the expected Group's expansion of the Building Intelligence Business in Australia;

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(viii) other financing alternatives may not be feasible as discussed above in this paragraph; and

(ix) the Rights Issue offers all the Qualifying Shareholders equal opportunities to participate in the enlargement of the Group's capital base and continue to participate in development of the Company,

we concur with the Directors' view that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole.

3. Principal terms of the Rights Issue

The Company proposed to raise gross proceeds of up to approximately HK\$121.2 million before expenses (assuming full subscription under the Rights Issue) by issuing up to 897,482,880 Rights Shares (assuming no further issue or repurchase of the Shares on or before the Record Date) by way of rights issue at the Subscription Price of HK\$0.135 per Rights Share, on the basis of two Rights Shares for every one Share held on the Record Date and payable in full on acceptance.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to the independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any). Qualifying Shareholders must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholders in order to qualify for the Rights Issue.

For details of the Rights Issue, please refer to the paragraph headed "Proposed Rights Issue" in the Letter from the Board.

3.1 The Subscription Price

The Subscription Price of HK\$0.135 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 33.50% to the closing price of HK\$0.2030 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 35.71% to the closing price of HK\$0.2100 as quoted on the Stock Exchange on the Last Trading Day (the "**LTD Discount**");

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- (iii) a discount of approximately 35.71% to the average closing price of HK\$0.2100 as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day (the “**5 Days Discount**”);
- (iv) a discount of approximately 36.68% to the average closing price of approximately HK\$0.2132 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 15.63% to the theoretical ex-rights price of approximately HK\$0.1600 per Share based on the closing price of HK\$0.2100 per Share as quoted on the Stock Exchange on the Last Trading Day and number of Shares in issue as at the date of the Announcement (the “**TERP Discount**”);
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 23.81%, which is calculated based on the benchmarked price of HK\$0.2100 per Share (as defined under Rule 7.27B of the Listing Rules, taking account the higher of (i) the closing price of HK\$0.2100 per Share as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of HK\$0.2100 per Share as quoted on the Stock Exchange for the previous five consecutive trading days prior the Last Trading Day); and
- (vii) a discount of approximately 43.75% to the audited NAV per Share of approximately HK\$0.2400 based on the latest audited consolidated NAV of the Group of approximately HK\$107.7 million as at 31 March 2025 and the number of Shares in issue as at the Latest Practicable Date (i.e. 448,741,440 Shares).

According to the Directors, the net price per Rights Share (i.e. Subscription Price with cost and expenses incurred in the Rights Issue deducted) upon full acceptance of the provisional allotment of Rights Shares is estimated to be approximately HK\$0.133.

As stated in the Letter from the Board, the benchmarked price, and theoretical dilution effect for the Rights Issue are approximately HK\$0.2100 per Share and 23.81%, respectively. Despite the theoretical dilution effect of 23.81%, it is the combined effect of achieving the fund-raising requirement and the determination of the Subscription Price to attract Shareholders in participating in the Rights Issue. The Directors consider that the Rights Issue offers the Group an opportunity to strengthen its capital base by raising additional funds, thereby improving financial performance and facilitating potential business expansion. The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution effect of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

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Pursuant to the Letter from the Board, the Subscription Price was arrived at after an arm's length negotiation, based on, among other things, the prevailing market price of the Shares and the Group's financial conditions. As the Rights Shares are offered to all the Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would encourage the Qualifying Shareholders to participate in the Rights Issue. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/it's existing shareholding in the Company. In determining the Subscription Price, the Directors have considered, among other things as mentioned above, the closing price in the past three months from 14 July 2025 to the Last Trading Day (the **"Relevant Period"**), as a benchmark to reflect the prevailing market conditions and recent market sentiment. The Subscription Price represents a discount of approximately 44.01% to the average closing price of the Shares of approximately HK\$0.2411 per Share under the Relevant Period. Shareholders (including Independent Shareholders) are reminded to read the detailed analysis of the Directors' basis for pricing of the Subscription Price as set out in the paragraph headed "Proposed Rights Issue – Subscription Price" in the Letter from the Board and our analysis on the fairness and reasonableness of the Subscription Price below in this paragraph.

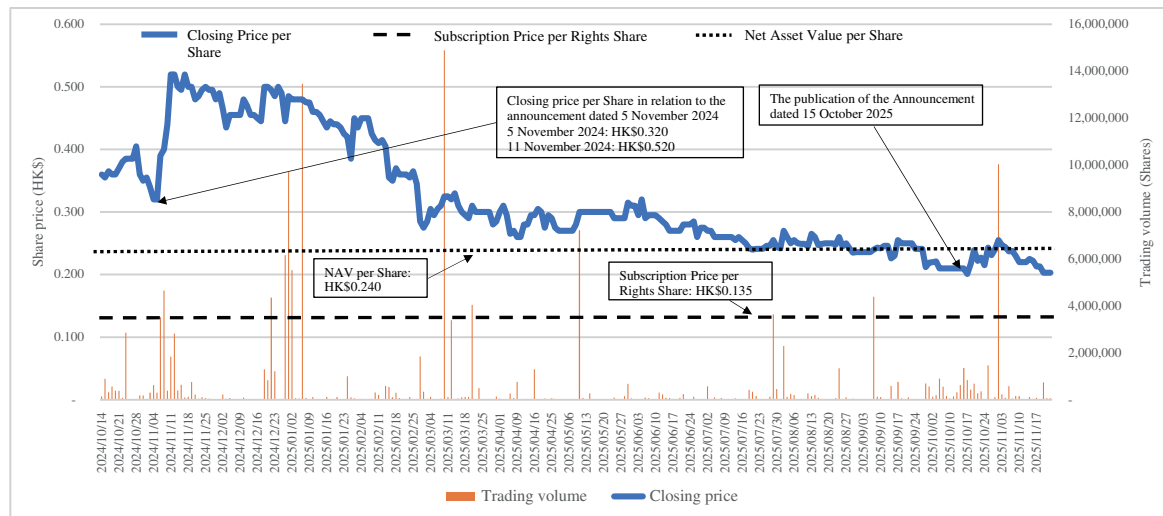
On the other hand, (i) the daily closing price of the Share during the period from 14 October 2024 to 15 October 2025, being the twelve-month period prior to the Last Trading Day (i.e. 15 October 2025) (the **"Pre Announcement Review Period"**) range from the highest of HK\$0.520 per Share to the lowest of HK\$0.210 per Share, with an average of approximately HK\$0.330 per Share; (ii) the closing price of the Share on the Last Trading Day was HK\$0.210 per Share; and (iii) the daily closing price of the Share during the period from 16 October 2025 to the Latest Practicable Date (the **"Post Announcement Review Period"**) range from the highest of HK\$0.255 per Share to the lowest of HK\$0.201 per Share, with an average of approximately HK\$0.225 per Share. We consider that the review period as mentioned above is fair and reasonable to illustrate the general trend and movement of recent closing prices of the Shares.

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3.2 Historical Share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the daily closing price of the Shares (the “**Closing Price(s)**”) during the Pre Announcement Review Period and the Post Announcement Review Period (collectively, the “**Review Periods**”). We consider the Review Periods is adequate to illustrate the recent price movement of the Shares which reflect prevailing market sentiments and the comparison among the Closing Prices, the Subscription Price and the NAV per Share. The chart below illustrates the historical Closing Prices during the Review Periods:

Historical daily closing price of the Share during the Review Periods



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

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Set out below is the comparison between (a) the Subscription Price and the Closing Prices; and (b) the NAV per Share and the Closing Prices during the Review Periods:

Period		Premium/ (Discount) of the Subscription Price over/(to) the respective closing price (%)	Premium/ (Discount) of the NAV per Share as at 31 March 2025 over/(to) the respective closing price (%)
Pre Announcement Review Period	Lowest closing price of HK\$0.210 during the period from 6 October 2025 to the Last Trading Day	(35.71)	14.29
	Highest closing price of HK\$0.520 on 11 November 2024, 12 November 2024 and 15 November 2024	(74.04)	(53.85)
	Average closing price of approximately HK\$0.330	(59.09)	(27.27)
Last Trading Day	Closing price of HK\$0.210	(35.71)	14.29
Post Announcement Review Period	Lowest closing price of HK\$0.201 on 17 October 2025	(32.84)	19.40
	Highest closing price of HK\$0.255 on 31 October 2025	(47.06)	(5.88)
	Average closing price of approximately HK\$0.225	(40.00)	6.67

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Period		Premium/ (Discount) of the Subscription Price over/(to) the respective closing price (%)	Premium/ (Discount) of the NAV per Share as at 31 March 2025 over/(to) the respective closing price (%)
Review Periods	Lowest closing price of HK\$0.201 on 17 October 2025	(32.84)	19.40
	Highest closing price of HK\$0.520 on 11 November 2024, 12 November 2024 and 15 November 2024	(74.04)	(53.85)
	Average closing price of approximately HK\$0.320	(57.81)	(25.00)
Latest Practicable Date	Closing price of HK\$0.203	(33.50)	18.23

During the Pre Announcement Review Period, the highest and the lowest Closing Prices were HK\$0.520 on 11, 12 and 15 November 2024 and HK\$0.210 during the period from 6 October 2025 to 15 October 2025 respectively, with an average closing price of approximately HK\$0.330.

The closing prices of the Shares demonstrated a short fluctuation, ranging from the lowest Closing Price of HK\$0.320 on 4 and 5 November 2024 to the highest Closing Price of HK\$0.405 on 28 October 2024, with an average Closing Price of approximately HK\$0.362 during the period from 14 October 2024 to 5 November 2024. Then, the closing prices of the Shares demonstrated a surge from HK\$0.320 on 5 November 2024 to HK\$0.520 on 11 November 2024, representing an increase of approximately 62.5% (the “**Share Price Surge**”). Save for the publication of the announcement in relation to the subscription of new Shares under general mandate on 5 November 2024, no particular news or announcement were made by the Company on that period, and the Directors are not aware of any reason for the Share Price Surge. After that, the closing prices of the Shares demonstrated a generally decreasing trend from HK\$0.520 per Share on 11 November 2024 to HK\$0.210 per Share on the Last Trading Day.

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After the publication of the Announcement, the closing prices of Shares fluctuated from HK\$0.201 on 17 October 2025 to HK\$0.255 on 31 October 2025 during the Post Announcement Review Period and closed at HK\$0.203 on the Latest Practicable Date.

We noted that the Subscription Price of HK\$0.135 per Rights Share is below all the Closing Prices during the Review Periods. The Subscription Price represents (i) a discount of approximately 74.04% to the highest Closing Price of HK\$0.520 on 11, 12 and 15 November 2024 during the Pre Announcement Review Period; (ii) a discount of approximately 35.71% to the lowest Closing Price of HK\$0.210 during the period from 6 October 2025 to 15 October 2025 during the Pre Announcement Review Period; (iii) a discount of approximately 59.09% to the average Closing Price of approximately HK\$0.330 during the Pre Announcement Review Period; (iv) a discount of approximately 32.84% to the lowest closing price of HK\$0.201 on 17 October 2025 during the Post Announcement Review Period; (v) a discount of approximately 47.06% to the highest closing price of HK\$0.255 on 31 October 2025 during the Post Announcement Review Period; (vi) a discount of approximately 40.00% to the average closing price of approximately HK\$0.225 during the Post Announcement Review Period; and (vii) a discount of approximately 33.50% to the closing price of HK\$0.203 on the Latest Practicable Date.

We also noted that the Closing Prices were generally above the NAV per Share as at 31 March 2025 during the period from 14 October 2024 to 21 July 2025, representing the majority of the Pre Announcement Review Period. The Company's annual results announcement for FY2025 was published on 30 June 2025, representing the first day of disclosing the NAV per Share as at 31 March 2025. After 30 June 2025, the Closing Prices started decreasing from HK\$0.275 on 30 June 2025 to HK\$0.240 on 21 July 2025, representing less than one month of time for such decrease in the Share price and moving toward the NAV per Share as at 31 March 2025 (the "**Second Downward Adjustment**"). During the period from 21 July 2025 to the Last Trading Day, the Closing Prices were close to the NAV per Share as at 31 March 2025, ranging from HK\$0.210 per Share to HK\$0.270 per Share, with an average of approximately HK\$0.240 per Share. During the Post Announcement Review Period, the Closing Prices were continuously close to the NAV per Share as at 31 March 2025, ranging from HK\$0.201 per Share to HK\$0.255 per Share, with an average of approximately HK\$0.225 per Share.

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To further assess the trading behaviour of Shareholders and the investors, we have further reviewed the Company's interim results announcement for the six months ended 30 September 2024 which was published on 29 November 2024, representing the first day of disclosing the NAV per Share as at 30 September 2024. We assessed that the unaudited NAV per Share as at 30 September 2024 was approximately HK\$0.287 per Share which is based on the unaudited consolidated NAV of the Group of approximately HK\$106.5 million as at 30 September 2024 and the number of Shares in issue as at 30 September 2024 (i.e. 370,968,640 Shares). During the period from 29 November 2024 to 24 December 2024, the Closing Prices remained fluctuating from HK\$0.435 to HK\$0.500, with an average of approximately HK\$0.469. After that, the Closing Prices started decreasing from HK\$0.500 on 24 December 2024 to HK\$0.285 on 27 February 2025, representing two months of time for such decrease in Share price and moving toward the NAV per Share as at 30 September 2024 (the **"First Downward Adjustment"**). During the period from 27 February 2025 to 30 June 2025, the Closing Prices were close to the NAV per Share as at 30 September 2024, ranging from HK\$0.260 per Share to HK\$0.330 per Share, with an average of approximately HK\$0.291 per Share.

As mentioned above in this paragraph, save for the publication of the announcement in relation to the subscription of new Shares under general mandate on 5 November 2024, no particular news or announcement were made by the Company during the period from 5 November 2024 to 11 November 2024, and the Directors are not aware of any reason for the Share Price Surge, causing the Share price to be traded above the NAV per Share as at 30 September 2024.

Despite the NAV per Share amounted to approximately HK\$0.287 and HK\$0.240 as at 30 September 2024 and 31 March 2025 respectively which represents a discount to the majority of the Closing Prices during the Pre Announcement Review Period, having considered that (i) except for the Share Price Surge, the closing price of the Shares was on a generally downward trend during the Pre Announcement Review Period; and (ii) the Share Price Surge, the time needed for the First Downward Adjustment and the time needed for the Second Downward Adjustment demonstrate that no clear pattern and consistent direction are seen for the valuation of Shares by using the NAV per Share, we are of the view that Shareholders and the investors might not value the Shares based on the Group's financial position.

Instead, as mentioned the paragraph headed "Proposed Rights Issue – Subscription Price" in the Letter from the Board, the Directors have considered, among other things, the closing price in the Relevant Period, as a benchmark to reflect the prevailing market conditions and recent market sentiment when determining the Subscription Price. Also, with reference to the sub-paragraph headed "3.4 Market comparables analysis" below in this paragraph, we noted that it is a common market practice that the subscription price of a rights issue is set at a discount to the prevailing market prices of the relevant shares to encourage the existing shareholders to participate in a rights issue as to meet the need of equity fund-raising. We concur with the Directors' view that the Subscription Price, which is set at a discount to the prevailing market prices of the Shares by the LTD Discount, the 5 Days Discount and the TERP Discount, is in line with the general market practice and thus acceptable.

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3.3 Trading liquidity of the Shares

We also considered the trading liquidity of the Shares from the average daily trading volume (the “ADTV”) as a percentage to (i) the total number of issued Shares as at the end of the corresponding months/periods; and (ii) the total number of issued Shares held by public Shareholders as at the end of the corresponding months/periods.

Months/Periods	Number of trading days	ADTV of Shares during the months/ periods	Percentage of ADTV to the issued Shares % (Note 1)	Percentage of ADTV to the issued Shares held by public Shareholders % (Note 2)
2024				
From 14 October 2024 to 31 October 2024	14	428,869	0.116	0.141
November	21	810,288	0.181	0.264
December	20	1,202,794	0.268	0.391
2025				
January	19	1,095,030	0.244	0.356
February	20	233,820	0.052	0.076
March	21	1,134,811	0.253	0.357
April	19	145,809	0.032	0.046
May	20	431,300	0.096	0.136
June	21	69,315	0.015	0.022
July	22	277,795	0.062	0.087
August	21	251,267	0.056	0.079
September	22	340,541	0.076	0.107
From 2 October 2025 to 15 October 2025	9	341,568	0.076	0.108
		Maximum	0.268	0.391
		Minimum	0.015	0.022
		Mean	0.117	0.167
The Pre Announcement Review Period	249	526,888	0.117	0.166
From 16 October 2025 to 31 October 2025	11	1,417,670	0.316	0.446
From 3 November 2025 to the Latest Practicable Date	15	154,065	0.034	0.048
The Post Announcement Review Period	26	688,667	0.153	0.217

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

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Notes:

1. It is calculated by dividing the ADTV of Shares for the month/period by the total number of Shares in issue at the end of month/period.; and
2. It is calculated by dividing the ADTV of Shares for the month/period by the total number of Shares in issue held by the public Shareholders at the end of month/period.

As illustrated in the above table, the ADTV of the Shares during the Pre Announcement Review Period ranged from approximately 69,315 Shares to approximately 1,202,794 Shares, representing (i) from approximately 0.015% to approximately 0.268% of the total number of the Shares in issue; or (ii) from approximately 0.022% to approximately 0.391% of the total number of the Shares held by public Shareholders, with an average of approximately 526,888 Shares, representing (i) approximately 0.117% of the total number of the Shares in issue; or (ii) approximately 0.166% of the total number of the Shares held by public Shareholders. We noted from the above table that the liquidity of the Shares was generally thin during the Pre Announcement Review Period. During the Post Announcement Review Period, the ADTV of the Shares remained generally thin at approximately 688,667 Shares, representing (i) approximately 0.153% of the total number of the Shares in issue; or (ii) approximately 0.217% of the total number of the Shares held by public Shareholders.

As aforementioned, the Subscription Price of HK\$0.135 is below all the Closing Prices throughout the Review Periods. Given that (i) the generally thin liquidity of the Shares during the Review Periods; and (ii) the general decreasing trend of the Closing Prices from HK\$0.520 per Share on 11 November 2024 to HK\$0.210 per Share on the Last Trading Day, representing the majority of the Pre Announcement Review Period, we consider that it is reasonable to offer a discount for the Subscription Price to encourage the Qualifying Shareholders to subscribe for the Rights Shares; or the Unsubscribed Rights Shares to the independent Placee(s) pursuant to the Placing Agreement (as supplemented by the Supplemental Placing Agreement).

3.4 Market comparables analysis

We have further performed an analysis on the comparison between the Rights Issue and other rights issues conducted by other listed companies on the Stock Exchange which were announced from 1 January 2025 to the Last Trading Day. We identified an exhaustive list of 13 comparables (the “**Rights Issue Comparables**”) based on the selection criteria that (i) the shares of the company are listed on the Stock Exchange; (ii) the market capitalisation of the company ranges from HK\$50 million to HK\$300 million as at the respective last trading day; and (iii) the rights issue is conducted on a non-underwritten basis. We consider that the aforementioned selection criteria of the Rights Issue Comparables from 1 January 2025 to the Last Trading Day (15 October 2025) allows us to (i) capture the Rights Issue Comparables, which could provide a general reference for the recent market practice in relation to the principal terms of rights issue; and (ii) generate a sufficient sample size for the purpose of our comparable analysis. Shall the Rights Issue Comparables be different in their principal activities, industries, business nature, market capitalisations, financial performance, financial positions and assets compositions as compared to the Company, having considered that our analysis is mainly concerned of the principal terms of the rights issues under the prevailing market condition and sentiment, we consider that the Rights Issue Comparables can provide a general reference in relation to the terms of rights issue under recent market condition and sentiment. In view of the above, we are of the view that the Rights Issue Comparables are fair and representative. Details of the Rights Issue Comparables are set out below:

No.	Name of company (stock code)	Date of initial announcement (market capitalisation as at the respective last trading day)	Net proceeds raised/ to be raised from the rights issue	Discount of the subscription price to the closing price for the last five consecutive trading days up to and including the last trading day	(%)	Discount of the subscription price to the closing price on the last trading day	(%)	Discount of the subscription price to the closing price on the last trading day	(%)	Discount of the subscription price to the closing price on the last trading day	(%)	Discount of the subscription price to the closing price on the last trading day	(%)	Premium/ (Discount) of the subscription price over/(to) the NAV based on the latest annual report/ interim report	(%)	Theoretical dilution effect	(%)	Excess application/ Placing	Fixed placing fee HK\$	Placing commission (%)	Maximum dilution on Latest shareholding (Note 1)	Status of the rights issue as at the Latest Practicable Date
			HK\$ '000	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)								(%)	
1	Colour Life Services Group Co., Limited (1778)	27/1/2025 (HK\$245 million)	60,360	0.00	(2.14)	0.00	(94.98)									0.43		Excess application	N	N	20.00	Completed
2	Timeless Resources Holdings Limited (8028)	27/2/2025 (HK\$66 million)	29,000	(9.64)	(8.72)	(6.81)	(23.28)									3.21		Excess application	N	N	33.33	Completed
3	ISP Holdings Limited (2340)	11/4/2025 (HK\$85 million)	10,130	(74.50)	(73.38)	(66.07)	(85.59)									24.85		Excess application	N	N	33.33	Completed
4	C Cheng Holdings Limited (1486)	29/4/2025 (HK\$88 million)	13,800	(67.21)	(66.44)	(57.75)	(92.75)									22.40		Placing	N	3.00	33.33	Completed
5	SEEC Media Group Limited (205)	7/5/2025 (HK\$106 million)	39,500	(23.61)	(26.17)	(17.29)	(53.78)									10.74		Placing	100,000	3.00	33.33	Completed

No.	Name of company (stock code)	Date of initial announcement (market capitalisation as at the respective last trading day)	Basis of entitlement	Net proceeds raised/ to be raised from the rights issue <i>HK\$'000</i>	Discount of the subscription price to the closing price for the last five consecutive trading days up to and including the last trading day (%)	Discount of the subscription price based on the closing price on the last trading day (%)	Premium/(Discount) of the subscription price over/(to) the NAV based on the respective latest annual report/ interim report (%)	Theoretical dilution effect (%)	Excess application/ Placing (%)	Fixed placing fee <i>HK\$</i>	Placing commission (%)	Maximum dilution on shareholding (<i>Note 1</i>) (%)	Status of the rights issue as at the Latest Practicable Date (%)
6	Greenheart Group Limited (94)	10/6/2025 (HK\$74 million)	1 for 2	31,800	(4.97)	(6.44)	(88.80)	3.00	Placing	150,000	2.00	33.33	Completed
7	Pinestone Capital Limited (804)	10/6/2025 (HK\$68 million)	3 for 2	57,600	(41.55)	(22.14)	(70.77)	24.93	Placing	N	5.00	60.00	Completed
8	Sanergy Group Limited (2459)	7/7/2025 (HK\$205 million)	1 for 2	43,900	(56.30)	(45.50)	(89.00)	18.80	Placing	N	3.50 (<i>Note 2</i>)	33.33	Completed
9	Tomo Holdings Limited (6928)	4/8/2025 (HK\$214 million)	1 for 2	39,500	(63.20)	(52.20)	25.00	21.30	Placing	N	1.00	33.33	Completed
10	Value Convergence Holdings Limited (821)	6/8/2025 (HK\$116 million)	2 for 1	34,700	(5.86)	(1.53)	(71.06)	3.11	Excess application	N	2.50	66.67	Completed

No.	Name of company (stock code)	Date of initial announcement (market capitalisation as at the respective last trading day)	Basis of entitlement	Net proceeds raised/ to be raised from the rights issue HK\$ '000	Discount of the subscription price to the closing price for the last five consecutive trading days up to and including the last trading day (%)	Discount of the subscription price to the closing price on the last trading day (%)	Discount of the subscription price to the closing price on the last trading day (%)	Premium/ (Discount) of the subscription price over/(to) the NAV based on the respective latest annual report/ interim report (%)	Theoretical dilution effect (%)	Excess application/ Placing (%)	Fixed placing fee HK\$	Placing commission (%)	Maximum as at the dilution on Latest Practicable Date (Note 1) (%)	Status of the rights issue
11	Capital VC Limited (2324)	13/8/2025 (HK\$74 million)	1 for 1	52,900	(24.80)	(15.79)	(82.00)		13.60	Placing	100,000	3.00	50.00	Pending for issue of prospectus
12	Many Idea Cloud Holdings Limited (6696)	4/9/2025 (HK\$58 million)	6 for 1	272,200	(24.56)	(4.94)	(90.53)		20.63	Placing	N	0.20	85.71	Pending for extraordinary general meeting
13	Perfectech International Holdings Limited (765)	26/9/2025 (HK\$118 million)	1 for 2	46,740	(20.70)	(12.72)	152.14		6.99	Excess application	N	N	33.33	Acceptance period of the rights issue
				Maximum	(2.14)	0.00	152.14		24.93		150,000	5.00	85.71	
				Minimum	(73.38)	(66.07)	(94.98)		0.43		100,000	0.20	20.00	
				Mean	(31.87)	(23.78)	(51.18)		13.38		116,667	2.58	42.23	

Name of company (stock code)	Date of initial announcement (market capitalisation as at the respective last trading day)	Basis of entitlement	Net proceeds raised/ to be raised from the rights issue	Discount of the subscription price to the closing price for the last five consecutive trading days up to and including the last trading day	Discount of the subscription price to the closing price for the last five consecutive trading days up to and including the last trading day	Discount of the subscription price to the closing price for the last five consecutive trading days up to and including the last trading day	Premium/ (Discount) of the subscription price over/(to) the NAV based on the respective latest annual report/ interim report	Theoretical dilution effect (%)	Excess application/ Placing	Fixed placing fee HK\$	Placing commission (%)	Maximum dilution on shareholding (Note 1) Date	Status of the rights issue as at the Latest Practicable Date
The Company (1613)	15/10/2025 (HK\$94 million)	2 for 1	119,298	(35.71)	(35.71)	(15.63)	(43.75)	23.81	Placing	N	1.00	66.67	Pending for extraordinary general meeting

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

Notes:

- Calculation formula of maximum dilution effect of shareholding: (number of new shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the new shares under the basis of entitlement + number of new shares to be issued under the basis of entitlement) x 100%.
- The placing agents may receive a discretionary commission up to HK\$1.0 million.

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As shown in the above table, we noted that 12 out of 13 Rights Issue Comparables set the subscription price at a discount to their respective last trading days. It demonstrates that it is common to set the subscription price of a rights issue at a discount to its prevailing market price in order to encourage the existing shareholders to participate the rights issue.

Based on the above Rights Issue Comparables, we can also summarise our findings:

- (i) the subscription price to the closing price on the respective last trading day of the Rights Issue Comparables ranged from no discount to a discount of approximately 74.50%, with an average discount of approximately 31.87%. The Subscription Price represents a discount of approximately 35.71% to the closing price per Share on the Last Trading Day, which is close to the average discount of the Rights Issue Comparables;
- (ii) the subscription price to the average closing price for the last five consecutive trading days immediately prior to and including the respective last trading day of the Rights Issue Comparables ranged from a discount of approximately 2.14% to a discount of approximately 73.38%, with an average discount of approximately 32.21%. The Subscription Price represents a discount of approximately 35.71% to the average closing price per Share for the last five consecutive trading days immediately prior to and including the Last Trading Day, which is also close to the average discount of the Rights Issue Comparables;
- (iii) the subscription price to the theoretical ex-rights price on the respective last trading day of the Rights Issue Comparables ranged from no discount to a discount of approximately 66.07%, with an average discount of approximately 23.78%. The Subscription Price represents a discount of approximately 15.63% to the ex-rights price per Share on the Last Trading Day, which is lower than the average discount of the Rights Issue Comparables;
- (iv) the subscription price to the NAV per share of the Rights Issue Comparables ranged from a premium of approximately 152.14% to a discount of approximately 94.98%, with an average discount of approximately 51.18%. The Subscription Price represents a discount of approximately 43.75% to the audited consolidated NAV per Share as at 31 March 2025, which is lower than the average discount of the Rights Issue Comparables; and

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- (v) the theoretical dilution effect of the Rights Issue Comparables ranged from approximately 0.43% to 24.93%, with an average of approximately 13.38%. The theoretical dilution effect of the Rights Issue of approximately 23.81% is within the range of the Rights Issue Comparables.

3.5 Our view on the Subscription Price

Despite (a) the Subscription Price represents a discount to the audited consolidated NAV per Share as at 31 March 2025; (b) the NAV per Share represents a discount to the Closing Prices during the Pre Announcement Review Period; and (c) the theoretical dilution effect of the Rights Issue appears to be at the high end of the Rights Issue Comparables, having taken into account,

- (i) it is a common market practice for the companies listed on the Stock Exchange to set the subscription price of a rights issue at a discount to the market price in order to encourage the existing shareholders to participate the rights issue;
- (ii) the discounts represented by the Subscription Price to the closing price on the Last Trading Day and the average closing price per Share for the last five consecutive trading days immediately prior to and including the Last Trading Day are close to the average discounts of the Rights Issue Comparables;
- (iii) the discount represented by the Subscription Price to the theoretical ex-rights price per Share is lower than the average discount of the Rights Issue Comparables;
- (iv) as analysed in the paragraph headed “1. Background and financial information of the Group” above in this letter, the NAV per Share remained unstable in the past three years and even represented a deterioration from approximately HK\$0.263 per Share as at 31 March 2023 to approximately HK\$0.240 per Share as at 31 March 2025;
- (v) as analysed in the sub-paragraph headed “3.2 Historical Share price performance” above in this paragraph, (a) given that no clear pattern and consistent direction are seen in valuation of Shares by using the NAV per Share during the Review Periods, the discount represented by the NAV per Share to the Closing Prices might not be an absolute indicator in valuing the Shares; and (b) the Closing Prices were close to the NAV per Share as at 31 March 2025 during the period from 21 July 2025 to the Latest Practicable Date. In spite of that, we would also like to emphasize that in fact, the discount represented by the Subscription Price to the NAV per Share as at 31 March 2025 is lower than the average discount and within the range of the Rights Issue Comparables which is generally in line with the market practice, and thus acceptable;

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- (vi) the closing price of the Shares was on a generally downward trend during the Review Periods;
- (vii) the trading volume of the Shares was generally thin during the Review Periods;
- (viii) the prospect of the Group's products in Control System Business and Building Intelligence Business would remain positive as discussed in the paragraph headed "2. Reasons for and benefits of the Rights Issue and intended use of proceeds" above in this letter;
- (ix) it is in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole to raise capital through the Rights Issue for the Group's business expansions as discussed in the paragraph headed "2. Reasons for and benefits of the Rights Issue and intended use of proceeds" above in this letter;
- (x) the Rights Issue would strengthen the capital base and financial position of the Group;
- (xi) other financing alternatives may not be feasible as discussed in the paragraph headed "2. Reasons for and benefits of the Rights Issue and intended use of proceeds" above in this letter;
- (xii) all the Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue and to take up their entitlements in full at the same price to maintain their respective shareholdings in the Company; and
- (xiii) for those Qualifying Shareholders who do not wish to take up their entitlements in full of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market,

we consider that the benefits of the Rights Issue outweigh the discount represented by the Subscription Price to the NAV per Share and the deep theoretical dilution effect of the Rights Issue. We also recognise that the Company is committed to prioritising the participation of the Qualifying Shareholders in the Rights Issue. As a result, the Directors determine the Subscription Price at a discount to the prevailing market prices of the Shares by the LTD Discount, the 5 Days Discount and the TERP Discount in order to encourage the Qualifying Shareholders to participate in the Rights Issue. Accordingly, we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

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4. Principal terms of the Placing Agreement and the Compensatory Arrangements

On 15 October 2025, the Company entered into the Placing Agreement (as supplemented by the Supplemental Placing Agreement) with the Placing Agent, pursuant to which the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period to the independent Placee(s) who and whose ultimate beneficial owner(s) are Independent Third Party(ies) on a best-effort basis. For details of the terms of the Placing Agreement (as supplemented by the Supplemental Placing Agreement) and the Compensatory Arrangements, please refer to the paragraph headed “Proposed Rights Issue – The Placing Agreement” and “Proposed Rights Issue – Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements” in the Letter from the Board respectively.

4.1 The Placing and the Compensatory Arrangements

Pursuant to the Placing Agreement (as supplemented by the Supplemental Placing Agreement), the Placing Price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price. The final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the placement process. Given that (i) the Placing Price shall be not less than the Subscription Price, which is not prejudicial to the interests of the Qualifying Shareholders; and (ii) the Subscription Price is fair and reasonable as discussed in the paragraph headed “3. Principal terms of the Rights Issue” above in this letter, we consider that the Placing Price, which shall be not less than the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

Regarding the Placing and the Compensatory Arrangements, we also note that among the Rights Issue Comparables, 8 out of 13 Rights Issue Comparables had the placing and compensatory arrangements, which suggests that it is a common market practice for such arrangement. Given that the Placing and the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares; (ii) a compensatory mechanism for No Action Shareholders and the Non-Qualifying Shareholders; and (iii) it is a common market practice for the placing and compensatory arrangements, we consider that the Placing and the Compensatory Arrangements are on normal commercial terms so far as the Independent Shareholders are concerned.

4.2 The placing commission

Pursuant to the terms of the Placing Agreement (as supplemented by the Supplemental Placing Agreement), subject to the completion of the Placing, the Company shall pay the Placing Agent a placing commission, being 1% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Rights Shares which are successfully placed by the Placing Agent.

As stated in the Letter from the Board, the term of the Placing Agreement (as supplemented by the Supplemental Placing Agreement), including the placing commission, were determined after an arm’s length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Directors considers the terms to be on normal commercial terms.

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According to the Rights Issue Comparables in the sub-paragraph headed “3.4 Market comparables analysis” under the paragraph headed “3. Principal terms of the Rights Issue” above in this letter, we noted that the placing commission rate of the Rights Issue Comparables ranged from 0.20% to 5.00%, with an average of 2.58%. The placing commission rate of 1.00% under the Placing Agreement (as supplemented by the Supplemental Placing Agreement) is lower than the average placing commission rate of the Rights Issue Comparables. Furthermore, according to the Placing Agreement (as supplemented by the Supplemental Placing Agreement), there is no fixed placing fee to be payable by the Company. We are of the view that the placing commission rate of 1.00% under the Placing Agreement (as supplemented by the Supplemental Placing Agreement) is fair and reasonable so far as the Independent Shareholders are concerned.

5. Potential dilution effect of the Rights Issue on the shareholding structure of the Group

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 completion of the Rights Issue. According to the paragraph headed “Effects on the shareholding structure of the Company” in the Letter from the Board, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum of approximately 66.67%. It should be noted that the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, such as the results of acceptance of the Rights Issue.

We are aware of the potential dilution effects of the Rights Issue. Nonetheless, we consider that the foregoing should be balanced by the following factors:

- (i) it is in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole to raise capital through the Rights Issue for the Group’s business expansions as discussed in the paragraph headed “2. Reasons for and benefits of the Rights Issue and intended use of proceeds” above in this letter;
- (ii) the Rights Issue would strengthen the capital base and financial position of the Group;
- (iii) the Qualifying Shareholders have their choices of whether to accept the Rights Issue or not;
- (iv) the Qualifying Shareholders are provided an equal opportunity to subscribe for their assured entitlements under the Rights Issue for the purpose of maintaining their respective existing shareholding interests in the Company;
- (v) the Qualifying Shareholders have the opportunity to sell their nil-paid Rights Shares in the market if they do not wish to take up the Rights Issue entitlements;

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- (vi) the Qualifying Shareholders who wish to increase their shareholding interests in the Company through the Rights Issue, may, subject to availability, acquire additional nil-paid Rights Shares in the market;
- (vii) the Compensatory Arrangements will provide a compensatory mechanism for the No Action Shareholders and the Non-Qualifying Shareholders;
- (viii) the maximum dilution effect on the shareholding of the Rights Issue of approximately 66.67% is within the range of the maximum dilution of the Rights Issue Comparables;
- (ix) despite theoretical dilution effect of the Rights Issue of approximately 23.81% appears to be at the high end of the Rights Issue Comparables, such theoretical dilution effect of the Rights Issue is within the range of the Rights Issue Comparables, and complies with the dilution limit under the Listing Rules; and
- (x) the Independent Shareholders are offered a chance to express their views on the terms of the Rights Issue through their votes at the EGM.

Having considered the above, we are of the view that the potential dilution effect on the shareholding is acceptable.

6. Possible financial effect of the Rights Issue

Shareholders should consider the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as stated in the section headed “Appendix II Unaudited pro forma financial information of the Group” (the “**Pro Forma Information**”) in this Circular.

According to the Pro Forma Information, as at 31 March 2025, the Group had audited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$86.1 million. As stated in the Pro Forma Information, assuming completion of the Rights Issue took place on 31 March 2025, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company would increase from approximately HK\$86.1 million to HK\$205.4 million.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Rights Issue.

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RECOMMENDATION

Having taken into consideration of the above factors and reasons, we concur with the Directors' view that 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 (including the Independent Shareholders) as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) at the EGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Dakin Capital Limited
Tam Kin Fong
Managing Director

Note: Mr. Tam Kin Fong is a responsible officer of Dakin Capital Limited, which is licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has been active in the field of corporate finance advisory for over 20 years, and has been involved in and completed various corporate finance advisory transactions.

FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 March 2023, 2024 and 2025 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<http://www.synertone.net>), respectively:

- (i) annual report of the Company for the year ended 31 March 2023 (pages 87 to 176)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0728/2023072800667.pdf>)
- (ii) annual report of the Company for the year ended 31 March 2024 (pages 83 to 174)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0730/2024073000351.pdf>)
- (iii) annual report of the Company for the year ended 31 March 2025 (pages 77 to 170)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0730/2025073000576.pdf>)

STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2025, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the Group had the following indebtedness:

Lease liabilities

As at 30 September 2025, the Group had lease liabilities of approximately HK\$1.2 million, which were unsecured and unguaranteed.

Contingent liabilities

As at 30 September 2025, the Group had a joint guarantee given to bank in respect of a loan, with a principal amount of approximately HK\$3.8 million, that had been granted to a former subsidiary.

Save as disclosed above and apart from intra-group liabilities, the Company did not have any other outstanding bank or other borrowings, mortgages, charges, debentures or other loan capital, bank overdrafts, loans or other similar indebtedness, guarantee, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase or other finance lease commitments or other contingent liabilities.

Saved as disclosed above, the Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Company since 30 September 2025 up to the Latest Practicable Date.

SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful enquiries, are of the opinion that following Completion, after taking into account the Group's internal resources, cash flow from operations, and facilities available to the Group, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular, in the absence of unforeseeable circumstances.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 March 2025, being the date to which the latest published audited consolidated financial statements of the Company were made up.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group's principal operations include (i) the design, development, and sale of automation control systems and solutions; (ii) the design, research and development, manufacturing, and sale of intelligent systems and related products, including video intercom and surveillance systems for residential properties and commercial buildings; (iii) rental and maintenance services related to computer equipment, machinery, information technology infrastructure, and other associated services; and (iv) smartphone distribution.

For the year ended 31 March 2025 (“FY2025”), the Group faced considerable challenges due to persistent economic headwinds in China, including high inflation, elevated interest rates, and ongoing Sino-U.S. tensions, which adversely affected consumer demand and business investment. These factors contributed to a challenging operating environment, which impacted the Group's overall performance. The building intelligence operations, focused on the “MOX” brand from the Jiaxing Science City base, encountered difficulties in maintaining momentum amid a prolonged downturn in the property sector. While opportunities exist in 5G, IoT, and smart home technologies, weak consumer spending and cautious market sentiment have constrained growth, resulting in revenue falling short of the previous year's level. The control system operations, serving industries such as steel and public utilities, remained stable but faced similar challenges, with declining revenues reflecting diminished demand and heightened competition. Additionally, the smartphone distribution sector has struggled to establish a foothold in a competitive market. Despite efforts to reallocate resources from data center operations, profitability remained elusive due to intense competition and initial operational challenges.

In response to these challenges, the Group remains steadfast in its commitment to leveraging its technical capabilities, established sales network, and the internationally recognised MOX brand to explore new opportunities. The building intelligence business, which originated in Australia and was subsequently relocated to China, is currently assessing the feasibility of returning manufacturing operations to Australia. This strategic move would facilitate sales in markets that remain cautious about Chinese products due to security concerns, while avoiding any tariff-related costs associated with recent U.S. tariffs. The Group is actively pursuing this relocation opportunity.

The launch of the smartphone distribution business during FY2025 signifies the Group's proactive approach to diversifying its revenue streams. By upholding rigorous cost controls and investigating high-potential sectors such as 5G and IoT, the Group aims to successfully navigate prevailing economic challenges and position itself for recovery and growth in the coming years.

Presently, the Company is committed to exploring new business opportunities and potential investments, including mergers and acquisitions, to expand or diversify the Group's operations and yield long-term benefits. To support the financing of current ventures or any prospective investments, the Company continues to seek and evaluate potential fundraising initiatives, which may involve the issuance of new shares or convertible securities for the Company or its subsidiaries.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

(A) 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 attributable to the owners of the Company 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 if the Rights Issue had taken place on 31 March 2025.

The statement of unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared for illustrative purposes only based on the judgements and assumptions of the directors of the Company and because of its hypothetical nature, it may not give a true picture of the consolidated financial position of the Group following the Rights Issue been completed as at 31 March 2025 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 March 2025, which is extracted from the published annual report of the Company for the year ended 31 March 2025, and adjusted as described below.

		Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2025 HK\$'000 (note 1)	Estimated net proceeds from the Rights Issue HK\$'000 (note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2025 immediately after the completion of the Rights Issue HK\$'000	Audited consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share as at 31 March 2025 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 March 2025 immediately after the completion of the Rights Issue HK\$ (note 4)
Based on 897,482,880 Rights Shares to be issued at the Subscription Price of HK\$0.135 per Rights Share		86,081	119,298	205,379	0.19	0.15

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 March 2025 is extracted from the published annual report of the Company for the year ended 31 March 2025, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at 31 March 2025 of approximately HK\$107,992,000 after deducting goodwill as at 31 March 2025 of approximately HK\$21,911,000.
- (2) The estimated net proceeds from the Rights Issue of approximately HK\$119,298,000 are based on 897,482,880 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\$0.135 per Rights Share, after deduction of estimated related expenses payable by the Company amounting to HK\$1,862,000.
- (3) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 March 2025 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 March 2025 of approximately HK\$86,081,000 divided by 448,741,440 ordinary shares
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 March 2025 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\$205,379,000 divided by 1,346,224,320 ordinary shares which represents 448,741,440 ordinary shares and 897,482,880 Rights Shares, assuming the Rights Issue had been completed on 31 March 2025.
- (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 March 2025.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, Prism Hong Kong Limited, Certified Public Accountants, Hong Kong.

To the Board of Directors
Synertone Communication Corporation
Room 1012, 10/F,
Tsim Sha Tsui Centre,
66 Mody Road,
Kowloon,
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 Synertone Communication Corporation (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 March 2025 and related notes as set out on pages II-1 to II-2 of Appendix II to the circular dated 24 November 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-3 to II-5 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 share held on the record date at the subscription price of HK\$0.135 per rights share (the “**Rights Issue**”) on the Group’s financial position as at 31 March 2025 as if the Rights Issue had taken place as at 31 March 2025. 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 March 2025, 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.

Our firm applies Hong Kong Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements 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 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

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's 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

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 authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately following the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the Record Date) will be, as follows:

(a) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>4,000,000,000</u>	Shares of HK\$0.1 each	<u>400,000,000</u>
<i>Issued and fully paid:</i>		
<u>448,741,440</u>	Shares of HK\$0.1 each	<u>44,874,144</u>

(b) Immediately upon completion of the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
<u>4,000,000,000</u>	Shares of HK\$0.1 each	<u>400,000,000</u>
<i>Issued and fully paid:</i>		
<u>1,346,224,320</u>	Shares of HK\$0.1 each	<u>134,622,432</u>

The Rights Shares, when allotted, issued and fully-paid, shall rank *pari passu* in all respects with the Shares then in issue. Holder of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

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

As at the Latest Practicable Date, the Company has outstanding 10,790,400 Share Options entitling the holders thereof to subscribe for up to an aggregate of 10,790,400 Shares under the Share Option Scheme.

Save for the Share Options, the Company has no outstanding warrants, options or convertible securities in issue or other similar rights entitling holders thereof to convert into or exchange into or subscribe for new Shares as at the Latest Practicable Date.

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 does not hold any treasury shares.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in the Shares and underlying Shares

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 and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which (i) are 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 are taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein; or (iii) are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange are as follows:

Long position in the shares and underlying shares

Name of Directors	Name of interests	Number of Shares	Approximate percentage of the issued share capital of the Company
Mr. Han Weining	Interest in a controlled corporation	43,414,331 (Note 1)	9.68%
	Interest in a controlled corporation	11,800,000 (Note 2)	2.63%
	Beneficial owner	1,632,000	0.36%

Notes:

- These interests in Shares are held by Excel Time Investments Limited ("**Excel Time**"), which is wholly and beneficially owned by Mr. Han Weining, an executive Director. By virtue of the SFO, Mr. Han Weining is deemed to be interested in these 43,414,331 Shares.

2. These interests in Shares are held by Hong Kong Able Trillion Group Limited (“**Able Trillion**”), which is wholly and beneficially owned by Mr. Han Weining, an executive Director. By virtue of the SFO, Mr. Han Weining is deemed to be interested in these 11,800,000 Shares. Mr. Han Weining is the sole director of Able Trillion.
3. The total issued shares of the Company was 448,741,440 as at the Latest Practicable Date.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register as referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders and other persons’ interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as the Directors and chief executive of the Company are aware, other than the Director or chief executive of the Company, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long position in the Shares

Name of Shareholders	Name of interests	Number of Shares	Approximate percentage of the issued share capital of the Company (Note 1)
Lam Siu Sun	Beneficial owner	27,722,880	6.18%
Infinity Holding Resources Limited	Beneficial owner	74,176,000 (Note 2)	16.53%
Nan Yu	Interest in a controlled corporation	74,176,000 (Note 2)	16.53%

Note:

1. Based on 448,741,440 Shares in issue as at the Latest Practicable Date.
2. These interests in Shares are held by Infinity Holding Resources Limited, which is wholly-owned by Mr. Nan Yu.

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

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, 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 March 2025, 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.

5. DIRECTORS' SERVICE CONTRACTS

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

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or controlling shareholders of the Company or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

7. LITIGATION

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

8. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date which are or may be material:

- (i) the Placing Agreement and the Supplemental Placing Agreement; and
- (ii) the sale and purchase agreement dated 25 July 2025 made between Sense Field Group Limited, an indirect non wholly-owned subsidiary of the Company (the “**Vendor**”), Guochuang Financial Limited (the “**Purchaser**”, an independent third party), and MOX Group Limited (the “**Target Company**”), pursuant to which the Vendor agreed to transfer 66.67% interest of the Target Company to the Purchaser at the total consideration of HK\$2,500,000.

9. 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
Dakin Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Prism Hong Kong Limited	Certified Public Accountants

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 advice, letters or reports and the reference to its name and logo in the form and context in which they respectively appear.

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

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

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming the Rights Issue is not fully-subscribed and any Unsubscribed Rights Shares are placed by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK\$1.9 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**Board of Directors***Executive Directors*

Mr. Han Weining

Mr. You Yiyang

Non-executive Director

Ms. Woodham Mostovaya Ekaterina

Independent non-executive Directors

Ms. Li Mingqi

Mr. Xu Wei

Mr. Xu Dongsan

Registered office

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business in Hong Kong

Room 1012, 10/F

Tsim Sha Tsui Centre

66 Mody Road

Kowloon

Hong Kong

Authorised representatives

Mr. He Bianliu

Mr. See Hiu Lun

Business address of all Directors and authorised representatives

Room 1012, 10/F

Tsim Sha Tsui Centre

66 Mody Road

Kowloon

Hong Kong

Company secretary

Mr. See Hiu Lun

*certified public accountant of the Hong Kong
Institute of Certified Public Accountants and
associate member of The Hong Kong Chartered
Governance Institute*

Principal share registrar and transfer office

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal bankers

In Hong Kong:
The Hongkong & Shanghai Banking Corporation Limited
1 Queen's Road Central, Central
Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower, 1 Garden Road
Hong Kong

CMB Wing Lung Bank
45 Des Voeux Road Central
Hong Kong

In the PRC:
Bank of China
No. 388 Wensan Road, Xihu District
Hangzhou City, China

China Construction Bank
1st Floor, Zhongcheng Building
No. 818 Dongfang Road, Pudong New Area
Shanghai, China

Agricultural Bank of China
No. 61-73, Zhonghua Road
Daqiao Town, Nanhu District
Jiaxing City, Zhejiang Province, China

	Industrial and Commercial Bank of China 1st Floor Oriental International Science and Technology Building No. 58 Xiangcheng Road, Pudong New Area Shanghai, China
	China Merchants Bank No. 810 Zhangyang Road, Pudong New Area Shanghai, China
	China Minsheng Bank China Minsheng Bank, 6th Floor, Building B E-commerce Building, No. 166 Shangdu Road Guancheng Hui District, Zhengzhou City Henan Province, China
	Bank of Tianjin No. 110 Hankou Road, Huangpu District Shanghai, China
Auditor and reporting accountants	Prism Hong Kong Limited <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor</i> Unit 1903A-1905 19/F, 8 Observatory Road Tsim Sha Tsui, Hong Kong
Legal advisers to the Company	Neo Solicitors LLP 1603, Wheelock House 20 Pedder Street Central, Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Dakin Capital Limited Suite 3111A, 31/F Tower 2, Lippo Centre 89 Queensway Hong Kong
Placing Agent	Watson Securities International Limited Suite 3605-06 36th Floor, Tower 6 The Gateway Harbour City Tsim Sha Tsui, Kowloon, Hong Kong

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT**a) Biographical details of Directors***Executive Directors*

Han Weining (韓衛寧), (“**Mr. Han**”), aged 63, was appointed as an Executive Director and the Chief Executive Officer of the Company for a term of three years (subject to rotation and re-election) in February 2011 and June 2015, respectively. Mr. Han has resigned from the role of Chief Executive Officer on 18 March 2025 while remaining as an Executive Director. Mr. Han is currently a director of certain subsidiaries of the Company. From 1989 to 2006, he worked at Citect Corporation Limited, later acquired by Schneider Electric and his last position was the Director of Asia Pacific. Mr. Han also served as an Executive Director of MOX Group in Australia. Mr. Han graduated from Zhejiang University (浙江大學) majoring in Wireless Electronic Technology and obtained Bachelor Master Degree in Engineering in 1983 and 1986, respectively. He was elected as a member of the Institution of Engineers in Australia in 1994. Mr. Han is the sole shareholder of Excel Time Investments Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”). Mr. Han is the sole director and sole shareholder of Hong Kong Able Trillion Group Limited.

You Yiyang (游弋洋), (“**Mr. You**”), aged 41, was appointed as an executive Director of the Company for a term of three years (subject to rotation and re-election) in March 2024. Mr. You obtained a bachelor’s degree in finance from the University of International Business and Economics in 2006, followed by a master’s degree in accounting and a master’s degree in logistics management from the University of Sydney in 2008. From 2013 to 2017, Mr. You worked for Kunwu Jiuding Investment Management Co., Ltd.* (昆吾九鼎投資管理有限公司) as the general manager of the South China branch, a member of the investment decision-making committee, a member of the management committee and the deputy general manager. From 2017 to 2023, Mr. You served as the founder and a director of Suzhou Regend Therapeutics Co., Ltd.* (蘇州吉美瑞生醫學科技有限公司). He is currently a director of certain subsidiaries of the Company. Mr. You has worked in professional equity investment institutions for over ten years and has extensive experience in equity investment.

Non-executive Director

Woodham Mostovaya Ekaterina (莫怡娜), (“**Ms. Ekaterina**”), aged 48, was appointed as a non-executive Director of the Company for a term of three years (subject to rotation and re-election) in May 2024. Ms. Ekaterina obtained a Diploma in Orientalist-Economist, Chinese Language Translator with specialization in Regional Studies from the Far Eastern State University, Russia in 2001, followed by a Master of Arts in Communications from California State University, Fullerton in 2006 and a Master of Arts in Conference Interpretation from the Monterey Institute of International Studies in 2010. She also obtained a Diploma in Legal Studies from the University of Hong Kong School of Professional and Continuing Education in 2021. She is also an active member of the International Association of Conference Interpreters. Ms. Ekaterina has more than fifteen years of experience in conference interpretation and business development. She has been working in the asset management industry since 2024. Previously, since 2010, she was working as an interpreter in various United Nations agencies and international organizations by interpreting different languages including English, Chinese and Russian. Between 2006 and 2007, she worked as a business development manager in a design and branding company. Between 2001 and 2004, she was employed as a public relations executive at an airline company.

Independent non-executive Directors

Li Mingqi (李明綺) (“**Ms. Li**”), aged 57, was appointed as an independent non-executive Director of the Company for a term of three years (subject to rotation and re-election) in October 2016. She is the chairperson of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Ms. Li graduated from Fudan University in Shanghai with a Bachelor’s degree in Economics. She has also obtained a Master’s degree in Economics from the Southern Methodist University and a Master’s degree in Management and Administrative Sciences from the University of Texas. Ms. Li is a Certified Public Accountant in the State of New York, the United States of America and was licensed under license series 7 and 63 at the registered representative level in the United States of America from May 2019. She has extensive experience in financial management. Ms. Li was a senior associate of JP Morgan Chase, associate/portfolio manager of BHF Capital, vice president of Transamerica Business Capital, vice president of Morgan Stanley and hedge fund controller of Mercury Capital Management. She was also an independent non-executive director of Sino Gas International Holdings, Inc., whose shares were previously listed on the Over-The-Counter Bulletin Board in the United States of America, from March 2011 to November 2014. Ms. Li served as a business consultant of Seekers Advisors H.K. Limited from May 2015 to August 2016 and is currently a registered representative of Arkadios Capital and an independent non-executive director of Neo-Neon Holdings Limited (Stock Code: 1868), whose shares are listed on the Main Board of the Stock Exchange.

Xu Wei (徐煒) (“**Mr. Xu**”), aged 47, was appointed as an independent non-executive Director of the Company for a term of three years (subject to rotation and re-election) in December 2023. He is the chairperson of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Xu graduated from Zhejiang University in the People’s Republic of China (“**China**”) with a Bachelor of Laws (International Economics Law) degree. He is a practising lawyer in China and possesses professional qualifications in securities practice, independent directorship, intermediate human resources management and registered corporate legal advisory. Mr. Xu has been the executive officer of a law firm in China since December 2014. He has extensive experience in civil litigations and arbitrations, corporate finance and mergers and acquisitions in China. Mr. Xu was a member of the Merger and Acquisition and Investment Committee* (併購與投資專業委員會) of Hangzhou Lawyers Association* (杭州律師協會) in China from May 2019 to May 2022, and has also been the practical mentor of Hangzhou City University in China since November 2010.

Xu Dongsan (徐冬森) (“**Mr. Xu**”), aged 36, was appointed as an independent non-executive Director of the Company for a term of three years (subject to rotation and re-election) in August 2024. Mr. Xu is the chairperson of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Mr. Xu obtained a Bachelor’s degree in Economics from Xi’an Jiaotong University and followed by a Master’s degree in Taxation from Graduate School of Chinese Academy of Social Sciences. Mr. Xu further obtained an Executive Master of Business Administration from Guanghua School of Management, Peking University. Before joining the Group, Mr. Xu possessed more than 10 years’ experience in the field of operational management and equity investment, Mr. Xu worked as an investment director for a professional equity investment and management company.

b) Business address of the Directors and the senior management of the Company

The business address of the Directors, the senior management and authorised representatives is the same as the Company’s head office and principal place of business in Hong Kong located at Room 1012, 10/F Tsim Sha Tsui Centre, 66 Mody Road, Kowloon, Hong Kong.

13. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board comprised three independent non-executive Directors, namely Ms. Li Mingqi, Mr. Xu Dongsan and Mr. Xu Wei. The audit committee is chaired by Ms. Li Mingqi. The audit committee is responsible for monitoring and reviewing the risk management procedures and internal control system of the Group.

14. DOCUMENTS ON DISPLAY

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

- (a) the annual reports of the Company for each of the three financial years ended 31 March 2023, 2024 and 2025;
- (b) the Placing Agreement;
- (c) the Supplemental Placing Agreement;
- (d) the letter from the Board, the text of which is set out on pages 7 to 33 of this circular;
- (e) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 34 to 35 of this circular;
- (f) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 36 to 75 of this circular;
- (g) the accountant's report on the unaudited pro forma financial information of the Group issued by Prism Hong Kong Limited, the text of which is set out in Appendix II to this circular;
- (h) the material contracts referred to in the paragraph headed "8. Material contracts" of this appendix;
- (i) the written consents from the Experts referred to in paragraph headed "9. Experts and consents" of this appendix; and
- (j) this circular.

15. MISCELLANEOUS

- (a) 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.
- (b) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (c) 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.

* For identification purpose only

NOTICE OF EGM



SYNERTONE

協同通信集團有限公司

SYNERTONE COMMUNICATION CORPORATION

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1613)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Synertone Communication Corporation (the “Company”) will be held at 5th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Monday, 15 December 2025 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT** subject to and conditional upon (i) The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting or agreeing to grant (subject to allotment) and not having revoked the listing of and permission to deal in the Rights Shares (as defined below) to be allotted and issued to the shareholders of the Company (the “**Shareholder(s)**”) pursuant to the terms and conditions of the Rights Issue (as defined below); and (ii) the Placing Agreement (as defined below) becoming unconditional and not being terminated in accordance with its terms
 - (a) issue by way of rights issue (the “**Rights Issue**”) of up to 897,482,880 ordinary shares (the “**Rights Share(s)**”) at the subscription price of HK\$0.135 per Rights Share to the qualifying shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company on the date (the “**Record Date**”) by reference to which entitlement under the Rights Issue will be determined (other than those shareholders (the “**Non-Qualifying Shareholders**”) with registered addresses outside Hong Kong whom the Directors, after making relevant enquiry, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) in the proportion of two (2) Rights Shares for every one (1) share of the Company then held on the Record Date at the subscription price of HK\$0.135 per Rights Share and otherwise on the terms and conditions set out in the circular of the Company dated 24 November 2025 (the “**Circular**”) be and is hereby approved;

NOTICE OF EGM

- (b) placing agreement (the “**Placing Agreement**”) dated 15 October 2025 and the supplemental placing agreement dated 20 November 2025 (“**Supplemental Placing Agreement**”) entered into among the Company and Waton Securities International Limited (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) Directors be and are hereby authorised to allot and issue the Rights Shares pursuant to the Rights Issue notwithstanding the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Directors may (i) make such exclusions or other arrangements in relation to the Non-Qualifying Shareholders as they may deem necessary, desirable or expedient having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong; and (ii) not offer for application under forms of excess application for any Rights Shares provisionally allotted but not accepted; and
- (d) Directors be and are hereby authorised to sign or execute such documents and do all such acts and things in connection with the allotment and issue of the Rights Shares, the implementation of the Rights Issue, the Placing Agreement and the Supplemental Placing Agreement, the exercise or enforcement of any of the Company’s rights under the Placing Agreement and to make and agree to make such variations of the terms of the Placing Agreement as they may in their discretion consider to be appropriate, necessary, desirable or expedient to carry out, to give effect to or in connection with the Rights Issue or any transactions contemplated thereunder.”

By Order of the Board
Synertone Communication Corporation
Han Weining
Executive Director

Hong Kong, 24 November 2025

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

*Head office and principal place of
business in Hong Kong:*
Room 1012, 10/F
Tsim Sha Tsui Centre
66 Mody Road
Kowloon, Hong Kong

NOTICE OF EGM

Notes:

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or, if he is the holder of two or more shares of the Company, more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM, personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or person authorised, and must be deposited with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the EGM or any adjournment thereof.
4. For the purpose of determining members who are qualified for attending and voting at the EGM, the register of members of the Company will be closed from Tuesday, 9 December 2025 to Monday, 15 December 2025, both days inclusive, during which no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Registrar at the address stated in note 3 above not later than 4:30 p.m. on Monday, 8 December 2025 for registration.
5. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above EGM or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, voting on the proposed resolution set out in this notice will be taken by a poll.
7. If a tropical cyclone warning signal no. 8 or above or “extreme conditions” (in the event of, for example, other natural disasters of a substantial scale seriously affects the working public to resume work or bring safety concern for a prolonged period, such as large-scale power outage, extensive fallen windows from high-rises leading to dangerous streetscape, major landslides, extensive flooding, widespread serious obstruction of public transport services) as announced by the Government of the Hong Kong Special Administrative Region or a “black” rainstorm warning is in force at or at any time after 7:30 a.m. on the date of the meeting, the meeting will be postponed. The Company will publish an announcement on the Company’s website at <http://www.synertone.net> and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk to notify members of the date, time and place of the rescheduled meeting.
8. All times and dates specified herein refer to Hong Kong local times and dates.

As at the date hereof, the Board of Directors comprises Mr. Han Weining, and Mr. You Yiyang as Executive Directors, Ms. Woodham Mostovaya Ekaterina as Non-executive Director; and Ms. Li Mingqi, Mr. Xu Wei and Mr. Xu Dongsan as Independent Non-Executive Directors.