THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Tongda Hong Tai Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

通達宏泰
TONGDA HONG TAI

TONGDA HONG TAI HOLDINGS LIMITED
通達宏泰控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2363)

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON RECORD DATE; (2) CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT AND SET OFF OF SHAREHOLDER'S LOANS; AND (3) APPLICATION FOR WHITEWASH WAIVER; AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

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

邁時資本
MAXA CAPITAL

Terms in this cover page have the same meanings as defined in this circular.

A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 53 to 107 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 51 to 52 of this circular.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. These certain events are set out in the paragraph headed ''Termination of the Underwriting Agreement'' on pages 16 to 17 of this circular. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

A notice convening the EGM to be held at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 11 January 2022 at 10:30 a.m. is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding the EGM, i.e. Sunday, 9 January 2022 at 10:30 a.m. (Hong Kong time), or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire.

Please see the section headed "Precautionary Measures for the EGM" in this circular for measures being taken to try to prevent and control the spread of the COVID-19 Pandemic at the EGM.

21 December 2021

Reference to the "Joint Statement in relation to General Meetings in light of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation" jointly issued by the Stock Exchange and the SFC on 1 April 2020 in relation to the arrangement of the EGM.

VOTING BY PROXY IN ADVANCE OF THE EGM

The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect the Shareholders from possible exposure to the COVID-19 Pandemic. For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy instead of attending the EGM in person. Physical attendance is not necessary for the purpose of exercising Shareholders' rights. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should they subsequently so wish.

PREVENTIVE MEASURES AT THE EGM

The Company will implement the following preventive measures at the EGM to safeguard the health and safety of the attending Shareholders, staff and other stakeholders:

(i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.5 degrees Celsius will be requested to stay in an isolated place for completing the voting procedures;

(ii) all Shareholders, proxies and other attendees are required to complete and submit at the entrance of the EGM venue a declaration form confirming their names and contact details, and confirming that they have not travelled to, or had physical contact with any person who to their best of knowledge has recently travelled to, any affected countries or areas outside Hong Kong (as per guidelines issued by the Hong Kong Government at www.chp.gov.hk/en/features/102742.html) at any time in the preceding 14 days. Any person who does not comply with this requirement will be requested to stay in an isolated place for completing the voting procedures;

(iii) every attendee will be required to wear a surgical face mask throughout the EGM. Please note that no masks will be provided at the EGM venue and attendees should bring and wear their own masks;

(iv) seating at the EGM will be arranged so as to reduce interaction between participants; and

(v) no refreshments will be served and there will be no corporate gifts.

In the interest of all stakeholders' health and safety and consistent with recent guidelines for prevention and control of the COVID-19 Pandemic, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

The Company will closely monitor the development of the COVID-19 Pandemic and any regulations or measures introduced or to be introduced by the Hong Kong Government in relation to the COVID-19 Pandemic. The Company will ensure that the EGM will be conducted in compliance with the regulations or measures of the Hong Kong Government and Shareholders will not be deprived of their right of voting on the resolutions to be proposed at the EGM. Further announcements will be made by the Company as soon as possible if there is any update to the preventive measures as mentioned above.

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

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"Announcement"	the announcement of the Company dated 23 November 2021 in relation to, among other things, the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver
"associates"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Business Day"	any day (other than a Saturday or Sunday or public holiday or a day on which extreme conditions caused by super typhoons are announced or remain in force or a tropical cyclone warning signal no. 8 or above or "black" rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"ChinaClear"	China Securities Depository and Clearing Corporation Limited
"Company"	Tongda Hong Tai Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange (stock code: 2363)
"connected person"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules

"COVID-19 Pandemic"	the Coronavirus (Covid-19) pandemic
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held to consider and approve the Rights Issue, the Set Off, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder
"E-Growth Resources"	E-Growth Resources Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Wang
"E-Growth Undertaking"	the irrevocable undertaking given by E-Growth Resources in favour of the Company and the Underwriter, details of which is set out in the paragraph headed "E-Growth Undertaking" in this circular
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent board committee of the Company, comprising all independent non-executive Directors, which has been established by the Board for the purpose of advising the Independent Shareholders on the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver and as to voting

"Independent Financial Adviser" or "Maxa Capital"	Maxa Capital Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver and as to voting
"Independent Shareholders"	Shareholders other than (i) Landmark Worldwide, E-Growth Resources, the Wong Brothers and the parties acting in concert with any of it/him; (ii) any Shareholders who are involved in or interested in the Rights Issue, the Set Off, the Underwriting Agreement and/or the Whitewash Waiver; and (iii) those Shareholders who have a material interest in the Rights Issue, the Set Off, the Underwriting Agreement and/or the Whitewash Waiver different from other Shareholders, including but not limited to those Directors who have a personal interest in the Shares (namely, Mr. Wong Ah Yu and Mr. Wang), who shall be required under the Listing Rules and/or the Takeovers Code to abstain from voting on the resolutions to approve the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver at the EGM
"Independent Third Parties"	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 its connected persons or any of their respective associates
"Irrevocable Undertakings"	collectively, the Landmark Undertaking, the E-Growth Undertaking and the Wong Brothers' Undertakings

"Landmark Undertaking"	the irrevocable undertaking given by Landmark Worldwide in favour of the Company, details of which is set out in the paragraph headed "Landmark Undertaking" in this circular
"Landmark Worldwide" or "Underwriter"	Landmark Worldwide Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being a substantial shareholder and the underwriter to the Rights Issue pursuant to the Underwriting Agreement, which is beneficially owned as to 25% by each of Mr. Wong Ah Yu, an executive Director, Mr. Wang, a non-executive Director, Mr. Wong Ah Yeung and Mr. Wang Ya Hua
"Last Trading Day"	23 November 2021, being the last full trading day of the Shares on the Stock Exchange prior to the release of the Announcement
"Latest Lodging Time"	4:00 p.m. on Friday, 14 January 2022 or such other time and/or date as the Underwriter and the Company may agree, being the latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue
"Latest Practicable Date"	17 December 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Latest Time for Acceptance"	4:00 p.m. on Friday, 11 February 2022 or such other time and/or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares under the Rights Issue
"Latest Time for Termination"	4:00 p.m. on Thursday, 17 February 2022 or such later time and/or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Loan Agreements"	the loan agreements dated 17 March 2021 and 21 May 2021 entered into between Mr. Wang, as the lender, and the Company, as the borrower, in relation to the shareholder's loans in the aggregate principal amount of HK$32 million
"Mr. Wang"	Mr. Wang Ya Nan, being a non-executive Director, a substantial shareholder of the Company and a party acting in concert with Landmark Worldwide
"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 Shares placed by the Placing Agent under the Placing Agreement) pursuant to the Unsubscribed Arrangements
"No Action Shareholders"	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) in their assured entitlements, or Non-Qualifying Shareholders (as the case may be)
"Non-Qualifying Shareholder(s)"	those 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 of 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 Shareholder(s)"	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

"PAL(s)"	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
"Period"	the six months ended 30 June 2021
"Placing Agent"	Sinomax Securities Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
"Placing Agreement"	the placing agreement dated 23 November 2021 and entered into between the Company and the Placing Agent in respect of the Unsubscribed Arrangements, pursuant to which the Placing Agent has agreed to procure placees on a best effort basis to subscribe for the Unsubscribed Shares
"Placing End Date"	Wednesday, 16 February 2022, 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 Shares under the Placing Agreement
"Placing Period"	the period from Tuesday, 15 February 2022 up to 4:00 p.m. on Wednesday, 16 February 2022, 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 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 Shares during the placement process
"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

"PRC Southbound Trading Investors"	the PRC investors who hold the shares of Hong Kong listed companies through ChinaClear as nominee under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect
"Prospectus"	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
"Prospectus Documents"	the Prospectus and the PAL
"Prospectus Posting Date"	Monday, 24 January 2022, or such other day as may be agreed between the Company and the Underwriter for the despatch of the Prospectus Documents
"Qualifying Shareholder(s)"	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
"Record Date"	Friday, 21 January 2022 or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue
"Registrar"	Union Registrars Limited of Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, being the Company's branch share registrar and transfer office in Hong Kong
"Relevant Period"	the period commencing six months prior to the date of the Announcement and ending on the Latest Practicable Date
"Rights Issue"	the proposed issue by way of rights on the basis of two Rights Shares for every one existing 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 the Underwriting Agreement and the Prospectus Documents

"Rights Share(s)"	Shares to be issued and allotted under the proposed Rights Issue on the basis of two Rights Shares for every one existing Share in issue on the Record Date, being 453,831,276 Shares based on the Company's issued share capital as at the Latest Practicable Date
"Set Off"	the set off of the Subscription Price against the Shareholder's Loans for the Rights Shares to which Landmark Worldwide, E-Growth Resources and the Wong Brothers are entitled under the Rights Issue and the Underwritten Shares to be taken up by Landmark Worldwide as underwriter in the Rights Issue
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of issued Share(s)
"Shareholder's Loans"	the shareholder's loans in the aggregate principal amount of HK$32.0 million advanced by Mr. Wang to the Company at the interest rate of 2% per annum for a term of one year pursuant to the Loan Agreements
"Shishi Investment"	通達(石獅)投資諮詢有限公司 (Tongda (Shishi) Investment Consulting Co., Ltd.*), a company established in the PRC with limited liability and is wholly-owned by Mr. Wang
"Specified Event"	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$0.133 per Rights Share
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Tongda"	Tongda Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 698)
"Tongda Shishi"	Tongda Electrics Company Limited, Shishi City Fujian Province (福建省石獅市通達電器有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Tongda
"Tongda Suzhou"	Tongda HT Technology (Suzhou) Company Limited (通達宏泰科技(蘇州)有限公司), a limited liability company established in the PRC and an indirectly wholly-owned subsidiary of the Company
"Underwriting Agreement"	the underwriting agreement dated 23 November 2021 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
"Underwritten Share(s)"	332,952,776 Rights Shares, being the total number of Rights Shares which the Shareholders are entitled pursuant to the Rights Issue less the aggregate of 120,878,500 Rights Shares that will be provisionally allotted to and subscribed for by Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings

"Unsubscribed Arrangements"	arrangements to place the Unsubscribed 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 Share(s)"	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)
"Untaken Rights Shares"	all such Unsubscribed Shares that have not been placed by the Placing Agent or they have been placed but the placees have not paid therefore at 4:00 p.m. on the Placing End Date
"Whitewash Waiver"	a waiver in respect of the obligation of Landmark Worldwide to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by Landmark Worldwide and the parties acting in concert with it as a result of the underwriting of the Rights Shares in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code
"Wong Brothers"	collectively, Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua
"Wong Brothers' Undertakings"	irrevocable undertakings given by each of the Wong Brothers in favour of the Company and the Underwriter, details of which is set out in the paragraph headed "Wong Brothers' Undertakings" in this circular
"Zhong Jia Securities"	Zhong Jia Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"RMB"	Renminbi, the lawful currency of the PRC
"USD"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

* *For identification purpose only*

The expected timetable for the Rights Issue set out below is indicative only and has been prepared on the assumption that the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver will be approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	Time and Date
	2021
Despatch date of the Company's circular, proxy form and notice of EGM	Tuesday, 21 December
	2022
Latest time for lodging transfer of Shares in order to qualify for attendance and voting at the EGM	4:00 p.m. on Wednesday, 5 January
Register of members of the Company closed for EGM (both days inclusive)	Thursday, 6 January to Tuesday, 11 January
Latest time for lodging proxy forms for the EGM	10:30 a.m. on Sunday, 9 January
Record date for determining entitlement for attendance and voting at the EGM	Tuesday, 11 January
EGM	10:30 a.m. on Tuesday, 11 January
Announcement of results of EGM to be published on the Stock Exchange website	Tuesday, 11 January
Register of members of the Company re-opens	Wednesday, 12 January
Last day of dealings in Shares on a cum-rights basis	Wednesday, 12 January
First day of dealings in Shares on an ex-rights basis	Thursday, 13 January
Latest Lodging Time	4:00 p.m. on Friday, 14 January

Register of members of the Company closes for Rights Issue (both days inclusive)	Monday, 17 January to Friday, 21 January
Record Date for determining entitlements to the Rights Issue	Friday, 21 January
Register of members of the Company re-opens	Monday, 24 January
Despatch of the Prospectus Documents (in case of the Non-Qualifying Shareholders, the Prospectus only)	Monday, 24 January
First day of dealing in nil-paid Rights Shares	9:00 a.m. on Wednesday, 26 January
Latest time for splitting of the PAL	4:00 p.m. on Friday, 28 January
Last day of dealing in nil-paid Rights Shares	Tuesday, 8 February
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 Friday, 11 February
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Friday, 11 February
Announcement of the number of the Unsubscribed Shares subject to the Unsubscribed Arrangements	Monday, 14 February
Commencement of placing of the Unsubscribed Shares subject to the Unsubscribed Arrangements	Tuesday, 15 February

Placing End Date for placing the Unsubscribed Shares	4:00 p.m. on Wednesday, 16 February
Latest time for termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Thursday, 17 February
Announcement of the results of the Rights Issue (including results of the placing of the Unsubscribed Shares and the amount of Net Gain per Unsubscribed Share under the Unsubscribed Arrangements)	Monday, 21 February
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, for Rights Shares	Tuesday, 22 February
Expected first day of dealings in fully-paid Rights Shares	Wednesday, 23 February
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	Wednesday, 23 February
Payment of Net Gain (if any) to relevant No Action Shareholders	Tuesday, 15 March
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares	Wednesday, 16 March

All times stated above refer to Hong Kong times.

EFFECT OF BAD WEATHER AT THE LATEST TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a "black" rainstorm warning or extreme conditions caused by super typhoons:

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 11 February 2022. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 11 February 2022. Instead the latest time for acceptance of and payment for the Rights Shares 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 of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Friday, 11 February 2022, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination:

(1) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:

(a) 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 nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Announcement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of the Underwriter, a material omission in the context of the Rights Issue; or

(7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements in connection with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriting Agreement further contains provisions that the Underwriter may terminate its commitment under the Underwriting Agreement if prior to the Latest Time for Termination, there is:

(a) any material breach of any of the representations, warranties or undertakings under the Underwriting Agreement comes to the knowledge of the Underwriter; or

(b) any Specified Event comes to the knowledge of the Underwriter.

If the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination or does not become unconditional, the Rights Issue will not proceed.

TONGDA HONG TAI HOLDINGS LIMITED
通達宏泰控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2363)

Executive Directors:
Mr. Wong Ming Li
Mr. Wong Ah Yu
Mr. Wang Ming Zhi

Non-executive Director:
Mr. Wang Ya Nan *(Chairman)*

Independent non-executive Directors:
Ms. Leung Pik Kwan
Mr. Sun Wai Hong
Mr. Wu Kin San Alfred

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

Principal place of business in Hong Kong:
Room 1203, 12th Floor
Shui On Centre
6–8 Harbour Road
Wanchai, Hong Kong

21 December 2021

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON RECORD DATE; (2) CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT AND SET OFF OF SHAREHOLDER'S LOANS; AND (3) APPLICATION FOR WHITEWASH WAIVER; AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver.

The purpose of this circular is to provide you with among other things, details of (i) the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver; (ii) the recommendation of the Independent Board Committee in relation to the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver; and (iv) a notice convening the EGM.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of two Rights Shares for every one existing Share held on the Record Date at the Subscription Price of HK$0.133 per Rights Share, to raise approximately HK$60.4 million before the Set Off by issuing 453,831,276 Rights Shares to the Qualifying Shareholders.

Landmark Worldwide, a substantial shareholder, beneficially holding 35,712,250 Shares, representing approximately 15.74% of the issued share capital of the Company as at the Latest Practicable Date, has conditionally agreed to fully underwrite all the Untaken Rights Shares, on the terms and conditions set out in the Underwriting Agreement. The Company will ensure there is sufficient public float as required under the Listing Rules upon completion of the Rights Issue.

Issue statistics

Basis of the Rights Issue:	two Rights Shares for every one existing Share held on the Record Date
Subscription Price:	HK$0.133 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	226,915,638 Shares
Number of Rights Shares:	453,831,276 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	HK$4,538,312.76 (assuming no change in the number of Shares in issue on or before the Record Date)

Number of Shares as enlarged by the allotment and issue of the Rights Shares:	680,746,914 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Number of Rights Shares Underwritten:	332,952,776 Rights Shares, being the total number of Rights Shares which the Shareholders are entitled pursuant to the Rights Issue less the aggregate of 120,878,500 Rights Shares that will be provisionally allotted to and subscribed for by Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings, has been underwritten by the Underwriter The Underwriter and Zhong Jia Securities have entered into arrangements for the sub-underwriting of 4,000,000 Rights Shares underwritten by the Underwriter
Gross proceeds to be raised from the Rights Issue before the Set Off:	Approximately HK$60.4 million
Gross proceeds to be raised from the Rights Issue after the Set Off:	Approximately HK$28.4 million
Net proceeds to be raised from the Rights Issue before the Set Off	Approximately HK$57.1 million
Net proceeds to be raised from the Rights Issue after the Set Off	Approximately HK$25.1 million

As at the Latest Practicable Date, the Company has no outstanding derivatives, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares. The Company has no intention to issue any new Shares and any other securities before the completion of the Rights Issue.

Assuming there is no change in the number of issued Shares on or before the Record Date, 453,831,276 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 200% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 66.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price is HK$0.133 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price of HK$0.133 per Rights Share represents:

(i) a discount of approximately 30.00% to the closing price of HK$0.19 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 30.73% to the average of the closing prices of approximately HK$0.192 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 22.22% to the closing price of HK$0.171 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(iv) a discount of approximately 12.50% to the theoretical ex-rights price of HK$0.152 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK$0.19 per Share as quoted on the Stock Exchange on the Last Trading Day;

(v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 20.83% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK$0.152 per Share (taking into account the closing price of the Last Trading Day of HK$0.19 per Share and the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of approximately HK$0.192 per Share);

(vi) a discount of approximately 82.55% to the audited consolidated net asset value per Share of approximately HK$0.762 (based on the latest published audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK$144,031,000 and 189,115,638 Shares in issue as at 31 December 2020); and

(vii) a discount of approximately 72.84% to the unaudited consolidated net asset value per Share of approximately HK$0.490 (based on the latest published unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK$111,138,000 and 226,915,638 Shares in issue as at 30 June 2021).

The net Subscription Price per Rights Share (after deducting the relevant expenses) will be approximately HK$0.126 per Rights Share.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, (i) the market price of the Shares; (ii) the prevailing market conditions; (iii) the Group's current financial position; and (iv) the amount of fund the Company intends to raise under the Rights Issue. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its existing shareholding in the Company.

During the two months up to and including the Last Trading Day, the closing price of the Shares was on a general downward trend. On 24 September 2021, the closing price of the Shares was HK$0.2 per Share. Although the closing price of the Shares reached a high of HK$0.216 per Share on 7 October 2021, the closing price of the Shares was seen to be on a general downward trend and reached a low of HK$0.17 per Share on 15 November 2021 and closed at a price of HK$0.19 per Share on the Last Trading Day. In view of the aforementioned general downward trend of the closing price of the Shares, and in order to enhance the attractiveness of the Rights Issue to Shareholders, the Subscription Price was set at a material discount to the then market prices of the Shares as mentioned above.

Further, the Board considered the recent volatility in the capital market in Hong Kong since June 2021 in determining the Subscription Price. During the five months up to and including the Last Trading Day, the Hang Seng Index fluctuated between a high of approximately 29,288 at closing on 25 June 2021 and approximately 23,966 at closing on 6 October 2021 and closed at approximately 24,651 on the Last Trading Day. The Board considered that such volatility may affect investors' confidence in the market and therefore set the Subscription Price at a discount to the then market prices of the Shares to encourage Shareholders to participate in the Rights Issue.

The net proceeds from the Rights Issue (after deducting the estimated expenses, and after the Set Off of approximately HK$32.0 million) are estimated to be approximately HK$25.1 million. The Company intends to apply the net proceeds from the proposed Rights Issue of approximately HK$25.1 million as follows: as to (i) approximately HK$7.0 million for staff costs of the Group; (ii) approximately HK$16.0 million for payment to the Group's suppliers; and (iii) approximately HK$2.1 million as general working capital of the Group. In the event that the amount of the actual net proceeds from the Rights Issue exceeds HK$25.1 million, the Company intends to apply the surplus proceeds as general working capital of the Group, which includes but not limited to the settlement of monthly utilities expenses and legal and professional fees, such as monthly professional service fee and audit fee for the forthcoming annual audit of the Company.

Taking into account that (i) the closing price of the Shares was on a general downward trend during the two months up to and including the Last Trading Day; (ii) the recent volatility in the capital market in Hong Kong since June 2021 may affect investors' confidence in the market; (iii) the material discount of the Subscription Price to the then market prices of the Shares enhanced the attractiveness of the Rights Issue to the Shareholders and potential investors of the Company; and (iv) the Rights Issue enables the Company to raise the necessary funds for financing the Group's long-term growth, the Board considered that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Directors (excluding (i) Mr. Wong Ah Yu and Mr. Wang, each of whom are beneficially holding 25% of the issued shares in Landmark Worldwide and/or parties acting in concert with it; and (ii) the independent non-executive Directors who will give their view after taking into consideration of the advice of the Independent Financial Adviser) consider the Subscription Price is 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 and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Qualifying Shareholders and PRC Southbound Trading Investors

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus with the Overseas Letter to them for their information only, but no PAL will be sent to the Non-Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

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

In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by no later than the Latest Lodging Time.

As at the Latest Practicable Date, the PRC Southbound Trading Investors held a total of 325,750 Shares. The PRC Southbound Trading Investors may participate in the Rights Issue through ChinaClear. ChinaClear will provide nominee services for the PRC Southbound Trading Investors to (a) sell their nil-paid Rights Shares on the Stock Exchange; and/or (b) subscribe for their pro-rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations.

The PRC Southbound Trading Investors (or the relevant ChinaClear participants as the case may be) whose stock accounts in ChinaClear are credited with nil-paid Rights Shares can only sell those nil-paid Rights Shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect if such nil-paid Rights Shares are listed on the Stock Exchange but cannot purchase any nil-paid Rights Shares or transfer such nil-paid Rights Shares to other PRC Southbound Trading Investors.

The PRC Southbound Trading Investors should consult their intermediary (including brokers, custodians, nominees or ChinaClear participants) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear, and provide instructions to such intermediary in relation to the acceptance and/or sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates set out in the Prospectus and otherwise in accordance with the requirements of the intermediary of the PRC Southbound Trading Investors and/or ChinaClear in order to allow sufficient time to ensure that such instructions are given effect.

The last day of dealing in the Shares on cum-rights basis is Wednesday, 12 January 2022. The Shares will be dealt with on an ex-rights basis from Thursday, 13 January 2022.

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

The PRC Southbound Trading Investors who wish to vote at the EGM for the resolution(s) approving the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver should provide the voting instructions to their intermediary (including brokers, custodians, nominees or ChinaClear participants) in accordance with the requirements of the intermediary and/or ChinaClear in order to allow sufficient time to ensure that such voting instructions are given effect.

Rights of Overseas Shareholders and Non-Qualifying Shareholders

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

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders. As at the Latest Practicable Date, there are two Overseas Shareholders with registered address situated in the PRC.

The basis for excluding the Non-Qualifying Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for 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, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK$100 or less for the benefit of the Company. 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 and, if not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement and/or taken up by Zhong Jia Securities pursuant to the sub-underwriting arrangement.

The Non-Qualifying Shareholders, so long as he/she/it is an Independent Shareholder, will be entitled to vote at the EGM to consider and, if thought fit, for the resolution(s) approving the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver.

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

Closure of register of members

The register of members of the Company will be closed from Thursday, 6 January 2022 to Tuesday, 11 January 2022 (both days inclusive) for determining the eligibility of the Shareholders to attend and vote at the EGM.

The register of members of the Company will be closed from Monday, 17 January 2022 to Friday, 21 January 2022 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

Basis of provisional allotment

The basis of the provisional allotment shall be two Rights Shares for every one existing Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL 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.

Fractional entitlements to the Rights Shares

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

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Rights Issue, the Company has appointed Sinomax Securities Limited as an agent to provide odd lot matching services, on a best effort basis, to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares to a full new board lot during the period from Wednesday, 23 February 2022 to Wednesday, 16 March 2022 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Shareholders who wish to take advantage of this service should contact Mr. Sy Man Chiu of Sinomax Securities Limited at Room 2705-6, 27/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong or at telephone number (852) 3107 8728 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders who are in doubt about this service are recommended to consult their professional advisors.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses at their own risk on or before Tuesday, 22 February 2022. If the Rights Issue is terminated, refund cheques in respect of the applications for Rights Shares are expected to be posted on or before Tuesday, 22 February 2022 by ordinary post to the applicants at their own risk.

No application for excess Rights Shares

No application for excess Rights Shares will be offered to Qualifying Shareholders. Any Untaken Rights Shares will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement and/or taken up by Zhong Jia Securities pursuant to the sub-underwriting arrangement.

The Board considers that since each Qualifying Shareholder will be given equal and fair opportunity to maintain their pro rata shareholding interests in the Company through the Rights Issue, the additional work which may be required to prepare for and administer the excess application arrangement (such as printing excess application forms and incurring professional fees to process and handle the excess applications) may not be justified. The excess application mechanism may be abused by the Qualifying Shareholders by splitting their shareholdings into odd lots to enable them to submit multiple top-up applications and be possibly allocated more excess Rights Shares, which is not considered to be fair and equitable. In addition, the excess application mechanism may result in an unexpected introduction of a new substantial shareholder or controlling shareholder to the Company which may cast uncertainties on the Company's future direction and may not be in the interests of the Company and the Shareholders as a whole.

In light of the above and that the Independent Shareholders are given the opportunity to express their view on the terms of the Rights Issue (including no application for excess Rights Shares) through their votes at the EGM, the Board believes that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements

Pursuant to Rule 7.21(2) of the Listing Rules, as Landmark Worldwide, being a substantial shareholder, shall act as the underwriter of the Rights Issue, the Company must make arrangements as stipulated in Rule 7.21(1)(b) of the Listing Rules to dispose of any Unsubscribed Shares not validly applied for by the No Action Shareholders by offering such Unsubscribed Shares to independent placees for the benefit of those Shareholders. There will be no excess application arrangements in relation to the Rights Issue as stipulated by Rule 7.21(2)(a) of the Listing Rules.

Any Unsubscribed Shares (which comprise (i) Rights Shares that are not subscribed by the Qualifying Shareholders; and/or (ii) Rights Shares which would otherwise have been in the assured allotments of the Non-Qualifying Shareholders) will be first 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, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. If any of the Unsubscribed Shares are not successfully placed out, those Unsubscribed Shares will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement and/or taken up by Zhong Jia Securities pursuant to the sub-underwriting arrangement.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on 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 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) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK$100 for its own benefit.

In order to comply with the Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares at the Placing Price. Any unplaced Unsubscribed Shares will then be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement and/or taken up by Zhong Jia Securities pursuant to the sub-underwriting arrangement.

Principal terms of the Placing Agreement are summarised below:

Date:	23 November 2021 (after trading hours of the Stock Exchange)
Placing Agent:	Sinomax Securities Limited As at the Latest Practicable Date, (i) the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties; and (ii) the Placing Agent and its ultimate beneficial owner(s) are independent from the Underwriter and parties acting in concert with it
Placing commission:	The Company shall pay the Placing Agent a placing commission, being the higher of HK$300,000 and 2% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Shares which are successfully placed by the Placing Agent
Placing Price:	The placing price of the Unsubscribed 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 Shares during the placement process
Placing Period:	The period from Tuesday, 15 February 2022 up to 4:00 p.m. on Wednesday, 16 February 2022, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
Placees:	The Unsubscribed Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties
Condition precedent:	The obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional (save for the condition that the Placing Agreement has become unconditional)

The Placing Agent shall, on a best efforts basis during the Placing Period, seek to procure placees who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties for all (or as many as possible) to subscribe for the Unsubscribed Shares and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis.

The Unsubscribed Arrangements are in compliance with the requirements under Rule 7.21(1)(b) 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 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 Underwriter confirms that it and parties acting in concert with it will not be involved in screening and selecting of placees in relation to the Unsubscribed Shares.

The Placing Agent confirms that it is an Independent Third Party, and that there is no other arrangement, agreement, understanding or undertaking with the Underwriter in relation to the Shares. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate 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 interest of the Independent Shareholders, and are fair and reasonable and 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.

Application for listing of the Rights Shares

The Company will apply to 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. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 2,500 Shares in one board lot.

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 commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be 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.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

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

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

THE UNDERWRITING AGREEMENT

Underwriting Agreement

On 23 November 2021 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to fully underwrite all Underwritten Shares, subject to the terms and conditions of the Underwriting Agreement, other than those Rights Shares provisionally allotted to and undertaken to be subscribed by Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings.

Date:	23 November 2021 (after trading hours of the Stock Exchange)
Underwriter:	Landmark Worldwide Landmark Worldwide is an investment holding company incorporated in the British Virgin Islands with limited liability and is beneficially owned as to 25% by each of Mr. Wong Ah Yu, an executive Director, Mr. Wang, a non-executive Director, Mr. Wong Ah Yeung and Mr. Wang Ya Hua Landmark Worldwide, a substantial shareholder, beneficially holding 35,712,250 Shares, representing approximately 15.74% of the issued share capital of the Company as at the Latest Practicable Date
Number of Right Shares:	453,831,276 Rights Shares
Underwriting commitment of the Underwriter:	Pursuant to the Underwriting Agreement, Landmark Worldwide as the underwriter has conditionally agreed to underwrite the Rights Shares (other than the Rights Shares agreed to be taken up under the Irrevocable Undertakings) which have not been taken up by the Qualifying Shareholders and which have not been placed out by the Placing Agent under the Unsubscribed Arrangements. Accordingly, the Rights Issue is fully underwritten

The Underwriter and Zhong Jia Securities have entered into arrangements for the sub-underwriting of 4,000,000 Rights Shares underwritten by the Underwriter

Underwriting Commission:	No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement Zhong Jia Securities will be entitled to receive sub-underwriting commission of HK$50,000 pursuant to the sub-underwriting arrangement with the Underwriter. The purpose of the said sub-underwriting arrangement was to ensure that there is sufficient public float exists in the Shares upon completion of the Rights Issue

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the following conditions being fulfilled:

(a) the passing by the Independent Shareholders at the EGM of (i) ordinary resolutions to approve the Rights Issue, the Set Off, the Underwriting Agreement and the transactions contemplated thereunder (more than 50% of the Independent Shareholders at the EGM by way of poll); and (ii) a special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders at the EGM by way of poll), in accordance with the Listing Rules and the Takeovers Code by no later than the Prospectus Posting Date;

(b) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked 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;

(c) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;

(d) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purposes only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;

(e) the Executive granting the Whitewash Waiver to Landmark Worldwide and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;

(f) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;

(g) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect; and

(h) the compliance with and performance of all the undertakings and obligations of Landmark Worldwide, E-Growth Resources and the Wong Brothers under the Irrevocable Undertakings.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed.

As at the Latest Practicable Date, save for condition (g), none of the above conditions had been fulfilled.

The Irrevocable Undertakings

Landmark Undertaking

Pursuant to the Landmark Undertaking, Landmark Worldwide has given an irrevocable undertaking in favour of the Company that:

(i) it will subscribe for 71,424,500 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 35,712,250 Shares, representing approximately 15.74% of the total issued share capital of the Company as at the Latest Practicable Date, beneficially held by it;

(ii) it will not dispose of any of the 35,712,250 Shares comprising the current shareholding in the Company owned by Landmark Worldwide, and such Shares will remain beneficially owned by it up to and including the Record Date; and

(iii) it will lodge or procure its acceptance of the 71,424,500 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

E-Growth Undertaking

Pursuant to the E-Growth Undertaking, E-Growth Resources has given an irrevocable undertaking in favour of the Company and the Underwriter that:

(i) it will subscribe for 14,800,000 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 7,400,000 Shares, representing approximately 3.26% of the total issued share capital of the Company as at the Latest Practicable Date, beneficially held by it;

(ii) it will not dispose of any of the 7,400,000 Shares comprising the current shareholding in the Company owned by E-Growth Resources, and such Shares will remain beneficially owned by it up to and including the Record Date; and

(iii) it will lodge or procure its acceptance of the 14,800,000 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

Wong Brothers' Undertakings

Pursuant to the Wong Brothers' Undertakings, the Wong Brothers have given an irrevocable undertaking in favour of the Company and the Underwriter that:

(i) each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua will subscribe for 19,306,000 Rights Shares, 4,822,000 Rights Shares, 5,965,000 Rights Shares and 4,561,000 Rights Shares respectively which comprise the full acceptance of his provisional entitlement in respect of the 9,653,000 Shares, 2,411,000 Shares, 2,982,500 Shares and 2,280,500 Shares, representing approximately 4.25%, 1.06%, 1.32% and 1.00% respectively of the total issued share capital of the Company at the Latest Practicable Date, beneficially held by Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua respectively;

(ii) each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua will not dispose of any of the 9,653,000 Shares, 2,411,000 Shares, 2,982,500 Shares and 2,280,500 Shares respectively comprising the current shareholding in the Company owned by him, and such Shares will remain beneficially owned by Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua up to and including the Record Date; and

(iii) each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua will lodge or procure his acceptance of the 19,306,000 Rights Shares, 4,822,000 Rights Shares, 5,965,000 Rights Shares and 4,561,000 Rights Shares respectively, which will be the number of Rights Shares provisionally allotted to him nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

Save for the undertakings as disclosed above, the Board has not received any information or irrevocable undertakings from any substantial shareholders of their intention to take up the securities of the Company to be offered to them under the Rights Issue.

INFORMATION ON THE PARTIES

The Group is a "one-stop" manufacturing solution provider of casings for notebooks and other accessories. The Group's customers would provide product design blueprints and specifications to the Group while the Group would recommend and provide practical, innovative and customised solutions to its customers with a view to helping them minimise costs and improve the functionality and quality of their products on a continuous basis. After confirming a design with the customer and receiving a purchase order from such customer, the Group will manufacture the products at its production facilities. The Group may from time to time outsource certain manufacturing procedures to third-party subcontractors if the Group does not possess the necessary equipment for the manufacturing or when the Group's production capacity has been optimised.

The Group is based in the PRC and operates a leased factory in Changshu, the PRC. The Group's revenue is predominantly attributable to a single geographical region, being the Mainland China.

Information on the Underwriter

Landmark Worldwide, being the Underwriter, is an investment holding company incorporated in the British Virgin Islands with limited liability. It directly holds 35,712,250 Shares as at the Latest Practicable Date and is a substantial shareholder of the Company.

Landmark Worldwide is beneficially owned as to 25% by each of Mr. Wong Ah Yu, an executive Director, Mr. Wang, a non-executive Director, Mr. Wong Ah Yeung and Mr. Wang Ya Hua, all of whom are brothers.

Prior to approaching Landmark Worldwide to act as the underwriter to fully underwrite the Rights Issue, the Company approached two independent securities brokers to act as the underwriter to fully underwrite the Rights Issue, but none of them was willing to underwrite the Rights Issue of such a scale given the prevailing market conditions and the thin trading volume of the Shares. The Board has considered, among other factors: (i) the terms of the Rights Issue proposed by the underwriters; and (ii) the terms of the underwriting agreement including but not limited to the underwriting commission, in selecting the underwriters.

The Company then approached Landmark Worldwide to act as the underwriter even though it is not in the ordinary course of business of Landmark Worldwide to underwrite issues of shares. Landmark Worldwide's role as an underwriter in respect of the Rights Issue and the Irrevocable Undertakings given by Landmark Worldwide, E-Growth Resources and the Wong Brothers signify strong support from a group of controlling shareholders of the Company to the Group and its confidence in the prospects and development of the Group.

Further, Landmark Worldwide and Zhong Jia Securities entered into arrangements for the sub-underwriting of 4,000,000 Rights Shares underwritten by Landmark Worldwide in order to ensure that there is sufficient public float exists in the Shares upon completion of the Rights Issue. Having considered that the sub-underwriting of 4,000,000 Rights Shares underwritten by Landmark Worldwide only account for approximately 0.59% of the total issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares, Zhong Jia Securities only took up the role as a sub-underwriter instead of an underwriter.

It is the intention of Landmark Worldwide to continue carrying on the businesses of the Group and to continue the employment of the employees of the Group. Landmark Worldwide has no intention to introduce any major changes to the businesses of the Group including redeployment of the fixed assets of the Group.

Information on the Placing Agent

Sinomax Securities Limited, being the Placing Agent, is a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. It is a wholly-owned subsidiary of Fu Shek Financial Holdings Limited (stock code: 2263), 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.

Information on Zhong Jia Securities

Zhong Jia Securities, being the sub-underwriter of the Rights Issue, is a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO. As at the Latest Practicable Date, (i) Zhong Jia Securities and its ultimate beneficial owner(s) are Independent Third Parties; and (ii) Zhong Jia Securities and its ultimate beneficial owner(s) are independent from the Underwriter and parties acting in concert with it.

CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT AND SET OFF OF THE SHAREHOLDER'S LOANS

As disclosed in the interim report of the Company for the Period, the Group faced various challenges during the relevant period including the shortage in the supply of semi-conductors, increase in raw material price and the appreciation of Renminbi against the United States Dollar. Due to the shortages in the supply of semi-conductors, the Group recorded a decrease in placed orders from customers, which led to a decrease in revenue. The increase in the price of raw materials and the appreciation of RMB against USD have created pressure on the Group's gross profit margin. The net loss attributable to the equity holders of the Company had increased from approximately HK$31.4 million during the six months ended 30 June 2020 to approximately HK$44.5 million for the Period.

In view of the above and in order to ensure the Group has sufficient liquidity to meet its short-term working capital needs, Mr. Wang and Shishi Investment, as the lenders, and the Company, as the borrower, entered into the loan agreements from April 2020 to October 2021 pursuant to which Mr. Wang and Shishi Investment advanced the loans in different tranches in the total principal amount of HK$198.5 million to the Company.

As at the Latest Practicable Date, the Company is indebted to Mr. Wang and Shishi Investment the loans in the total principal amount (excluding interest) of approximately HK$198.5 million under the relevant loan agreements, which consists of (i) unguaranteed and unsecured borrowings from Shishi Investment of approximately HK$95.5 million; and (ii) unguaranteed and unsecured Shareholder's loans owing by the Company to Mr. Wang of approximately HK$103.0 million, of which the Shareholder's Loans owing by the Company to Mr. Wang under the Loan Agreements account for approximately HK$32 million. The Shareholder's Loans are unsecured, bearing an interest at 2% per annum and with a term of one year. The maturity dates of the Shareholder's Loans in the principal amount of HK$20 million and HK$12 million shall fall in March 2022 and May 2022 respectively.

As at 30 September 2021, the Group is indebted to over 240 independent creditors in the total amount of approximately HK$141.6 million, which mainly comprised of account payables owing by the Group to its suppliers. With regards to the top ten major independent creditors of the Group, as at 30 September 2021, the outstanding indebtedness of the Group is payable in different tranches with the maturity dates ranging from September 2021 to February 2022. As at 30 November 2021, the Group has settled approximately HK$56.8 million and the remaining outstanding indebtedness of the Group is approximately HK$84.8 million. Given the Group's recoverability from trade debtors has been stable over the years, the Group expects that it will receive funds from trade debtors from December 2021 to February 2022 of not less than HK$84.8 million for the settlement of the outstanding indebtedness of the Group. The Group expects that such funds would be sufficient to settle the payment to these creditors as they fall due. The Company decides to use part of the proceeds from the Rights Issue to Set Off the Shareholder's Loans instead of settling other indebtedness of the Company given that, among others, (i) the set off arrangement in the Rights Issue was one of the key factors affecting the willingness of Landmark Worldwide to act as underwriter for the Rights Issue; and (ii) the maturity dates of the Shareholder's Loans, which shall fall within three months from the expected completion date of the Rights Issue in late February 2022.

Pursuant to the Underwriting Agreement, Landmark Worldwide and the Company have agreed that the Subscription Price payable by Landmark Worldwide, E-Growth Resources and the Wong Brothers for the Rights Shares to which each of them is entitled under the Rights Issue and the Underwritten Shares to be taken up by Landmark Worldwide as underwriter in the Rights Issue will be settled by way of firstly the Set Off and after the Set Off in full, by cash. The Set Off and the Underwriting Agreement constitute connected transactions on the part of the Company.

Although the Rights Issue is fully underwritten, the exact amount of the Shareholder's Loans to be set off for such aggregate Subscription Price depends on the number of Rights Shares to be taken up by the Qualifying Shareholders and the total number of Unsubscribed Shares to be placed by the Placing Agent to the independent placees pursuant to the Unsubscribed Arrangements.

Assuming there is no change in the number of issued Shares from the date of the Announcement up to and including the date of close of the Rights Issue, (i) the minimum amount of the Shareholder's Loans to be Set Off will be approximately HK$16.1 million (assuming all Qualifying Shareholders take up all his/her/its entitlements under the Rights Issue); and (ii) the maximum amount of the Shareholder's Loans to be Set Off will be approximately HK$32.0 million (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Landmark Worldwide) respectively.

Completion of the Set Off, which is subject to the same conditions as the Rights Issue, shall take place simultaneously with the issue of the Rights Shares by the Company pursuant to the terms of the Rights Issue.

Reason for the Set Off

The Directors consider that the Set Off will enable the Group to repay part or whole of the Shareholder's Loans without cash outflow and will allow the Group to reduce its gearing level. The Set Off was agreed after arm's length negotiations between the Company as issuer and Landmark Worldwide as underwriter. In the event of absence of the set off arrangement in the Rights Issue, Landmark Worldwide will have additional cash outflow of approximately HK$32 million under the Rights Issue and this will affect the willingness of Landmark Worldwide to act as underwriter for the Rights Issue.

Taking into account (i) the set off arrangement in the Rights Issue was one of the key factors affecting the willingness of Landmark Worldwide to act as underwriter for the Rights Issue; (ii) Landmark Worldwide will not charge any underwriting commission; (iii) the Shareholder's Loans were utilised towards the general working capital of the Group and repayment of outstanding bank loans of the Company; and (iv) the maturity dates of the Shareholder's Loans, which shall fall within three months from the expected completion date of the Rights Issue in late February 2022, the Directors (excluding the independent non-executive Directors, whose views are set forth in the Letter from the Independent Board Committee in this circular, and Mr. Wong Ah Yu and Mr. Wang, each of whom are beneficially holding 25% of the issued shares in Landmark Worldwide) consider that the Set Off is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, apart from the Shareholder's Loans, the Company is indebted to Mr. Wang and Shishi Investment the shareholder's loans in the total principal amount (excluding interest) of approximately HK$166.5 million under the relevant loan agreements. The Company does not intend to early repay these loans. Save for the Set Off, the Company does not have any similar set-off arrangements in relation to these loans.

Implications under Listing Rules

Since Landmark Worldwide, E-Growth Resources and the Wong Brothers are a group of controlling shareholders, the Set Off and the Underwriting Agreement constitutes connected transactions on the part of the Company under Chapter 14A of the Listing Rules and requires the approval of the Independent Shareholders.

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

As disclosed in the interim report of the Company for the Period, the Group faced various challenges during the relevant period including the shortage in the supply of semi-conductors, increase in raw material price and the appreciation of RMB against USD. Due to the shortages in the supply of semi-conductors, the Group recorded a decrease in placed orders from customers, which led to a decrease in revenue. The increase in the price of raw materials and the appreciation of RMB against USD have created pressure on the Group's gross profit margin. The net loss attributable to the equity holders of the Company had increased from approximately HK$31.4 million during the six months ended 30 June 2020 to approximately HK$44.5 million for the Period.

As at 30 June 2021, (i) the Group had cash and bank balances of approximately HK$10.5 million; and (ii) the total interest-bearing bank borrowings and loans from related parties of the Group repayable within one year were approximately HK$72.2 million and HK$164.5 million respectively.

In light of the financial performance of the Group for the Period, the challenges from the fluctuation of material costs in the Period and the impact from the fluid situation of the COVID-19 Pandemic on the business of the Group in the foreseeable future, the Board considers that it is vital for the Group to have access to additional funding and working capital in order to maintain its competitiveness in the market.

The gross proceeds from the Rights Issue before the Set Off are expected to be approximately HK$60.4 million. The net proceeds from the Rights Issue (after deducting the estimated expenses, and after the Set Off of approximately HK$32.0 million) are estimated to be approximately HK$25.1 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK$0.126.

The Company intends to apply the net proceeds from the proposed Rights Issue of approximately HK$25.1 million as follows: as to (i) approximately HK$7.0 million for staff costs of the Group; (ii) approximately HK$16.0 million for payment to the Group's suppliers; and (iii) approximately HK$2.1 million as general working capital of the Group. In the event that the amount of the actual net proceeds from the Rights Issue exceeds HK$25.1 million, the Company intends to apply the surplus proceeds as general working capital of the Group, which includes but not limited to the settlement of monthly utilities expenses and legal and professional fees, such as monthly professional service fee and audit fee for the forthcoming annual audit of the Company.

The Company has considered (i) placing of new shares; (ii) debt financing; (iii) disposal of assets; and (iv) open offer as fund raising alternatives in comparison to the Rights Issue. However, placing would only be available to certain placees and debt financing would result in additional finance costs and increase the Group's liabilities burden. The Board also considered that debt financing cannot address the high gearing ratio of the Group, and the disposal of assets is not a viable solution to the Group due to the absences of liquid and valuable assets that can generate significant cashflow to improve the financial position of the Group within short time interval. On the other hand, the Board considered that the fundraising by way of the Rights Issue will improve the financial position of the Group immediately. The Board has also considered that open offer is less favorable to the Shareholders compared to the Rights Issue due to the flexibility of the Shareholders being able to sell their entitled nil-paid rights when they do not wish to take up the entitlements under the Rights Issue.

The Rights Issue is an offer to existing Shareholders to participate in the enlargement of the capital base of the Company 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. However, those Shareholders who do not participate in the Rights Issue to which they are entitled should note that their shareholding interest in the Company will be diluted.

The Directors (excluding the independent non-executive Directors, whose views are set forth in the Letter from the Independent Board Committee in this circular, and Mr. Wong Ah Yu and Mr. Wang, each of whom are beneficially holding 25% of the issued shares in Landmark Worldwide) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market; (ii) the proposed Rights issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Rights Issue is set out below:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up all his/her/its entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings; and (b) all the Unsubscribed Shares were placed to Independent Third Parties under the Unsubscribed Arrangements) *(Note 8)*		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Landmark Worldwide and Zhong Jia Securities) *(Note 8)*	
	No. of Shares	*Approx. percentage %*	*No. of Shares*	*Approx. percentage %*	*No. of Shares*	*Approx. Percentage %*	*No. of Shares*	*Approx. Percentage %*
Landmark Worldwide *(Note 1)*	35,712,250	15.74	107,136,750	15.74	107,136,750	15.74	436,089,526	64.06
E-Growth Resources *(Note 2)*	7,400,000	3.26	22,200,000	3.26	22,200,000	3.26	22,200,000	3.26
Mr. Wang *(Note 3)*	9,653,000	4.25	28,959,000	4.25	28,959,000	4.25	28,959,000	4.25
Mr. Wang Ah Yu *(Note 4)*	2,411,000	1.06	7,233,000	1.06	7,233,000	1.06	7,233,000	1.06
Mr. Wong Ah Yeung *(Note 5)*	2,982,500	1.32	8,947,500	1.32	8,947,500	1.32	8,947,500	1.32
Mr. Wang Ya Hua *(Note 6)*	2,280,500	1.00	6,841,500	1.00	6,841,500	1.00	6,841,500	1.00
Subtotal for Landmark Worldwide and its concert parties, including E-Growth Resources and the Wong Brothers	60,439,250	26.63	181,317,750	26.63	181,317,750	26.63	510,270,526	74.96
Zhong Jia Securities *(Note 7)*	–	–	–	–	–	–	4,000,000	0.59
Independent placees	–	–	–	–	332,952,776	48.92	–	–
Public Shareholders	166,476,388	73.37	499,429,164	73.37	166,476,388	24.45	166,476,388	24.45
Total	**226,915,638**	**100.00**	**680,746,914**	**100.00**	**680,746,914**	**100.00**	**680,746,914**	**100.00**

Notes:

1. Landmark Worldwide is an investment holding company incorporated in the British Virgin Islands with limited liability, the issued share capital of which is beneficially owned as to 25% by each of Mr. Wong Ah Yu, an executive Director, Mr. Wang, a non-executive Director, Mr. Wong Ah Yeung and Mr. Wang Ya Hua. Save for Mr. Wong Ah Yu and Mr. Wang, none of the Directors hold any Shares. Mr. Wang is the sole director of Landmark Worldwide.

2. E-Growth Resources is an investment holding company incorporated in the British Virgin Islands with limited liability, the issued share capital of which is wholly and beneficially owned by Mr. Wang. Under the SFO, Mr. Wang is deemed to be interested in 7,400,000 Shares held by E-Growth Resources. Mr. Wang is the sole director of E-Growth Resources.

3. Mr. Wang is the younger brother of Mr. Wong Ah Yeung, Mr. Wong Ah Yu and Mr. Wang Ya Hua.

4. Mr. Wong Ah Yu is the younger brother of Mr. Wong Ah Yeung and the elder brother of Mr. Wang Ya Hua and Mr. Wang.

5. Mr. Wong Ah Yeung is the elder brother of Mr. Wong Ah Yu, Mr. Wang Ya Hua and Mr. Wang.

6. Mr. Wang Ya Hua is the elder brother of Mr. Wang and the younger brother of Mr. Wong Ah Yeung and Mr. Wong Ah Yu.

7. The Underwriter and Zhong Jia Securities have entered into arrangements for the sub-underwriting of 4,000,000 Rights Shares underwritten by the Underwriter. Pursuant to such arrangements, Zhong Jia Securities will be entitled to receive sub-underwriting commission of HK$50,000. Accordingly, upon completion of the Rights Issue, the Company will comply with the public float requirements under the Listing Rules.

8. Further announcement will be made by the Company as soon as practicable when the total number of Unsubscribed Shares to be placed by the Placing Agent to the independent placees and the number of placees are confirmed.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below are the fund raising activities conducted by the Company in the past 12 months immediately preceding the Latest Practicable Date:

Date of initial announcement	Event	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds
9 April 2021	Placing under general mandate for up to 37,800,000 Shares	Estimate net proceeds: HK$11 million Actual net proceeds: HK$11 million	HK$11 million for repayment of outstanding bank loans.	Fully utilised as intended

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

APPLICATION FOR WHITEWASH WAIVER

Assuming (i) there is no change in the number of issued Shares from the Latest Practicable Date up to and including the date of close of the Rights Issue; and (ii) none of the Qualifying Shareholders other than Landmark Worldwide, E-Growth Resources and the Wong Brothers have taken up their entitlements under the Rights Issue; and (iii) none of the Unsubscribed Shares have been taken up under the Unsubscribed Arrangements, the aggregate shareholding of Landmark Worldwide and parties acting in concert with it in the Company upon the close of the Rights Issue will increase from the current level of approximately 26.63% to approximately 74.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. Landmark Worldwide will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it pursuant to Rule 26 of the Takeovers Code. **If the Whitewash Waiver is approved by the Independent Shareholders, the maximum potential holding of voting rights of the Company held by Landmark Worldwide and parties acting in concert with it as a result of the underwriting of the Rights Shares by Landmark Worldwide pursuant to the Underwriting Agreement will exceed 50% of the voting rights of the Company. Landmark Worldwide and parties acting in concert with it may further increase their holdings of voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.**

An application has been made by Landmark Worldwide to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are casted either in person or by proxy by the Independent Shareholders at the EGM by way of poll, and the Rights Issue, the Set Off, the Underwriting Agreement and the transactions contemplated thereunder would be subject to, among others, the approval by more than 50% of the Independent Shareholders at the EGM by way of poll. The Executive may or may not grant the Whitewash Waiver. As it is a condition precedent to the completion of the Rights Issue that the Whitewash Waiver is granted by the Executive, the Rights Issue will not proceed if the Whitewash Waiver is not granted by the Executive or if any other conditions precedent under the Underwriting Agreement is not fulfilled.

The Company believes that the Rights Issue, the Set Off, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this circular, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the whitewash circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue, the Set Off, the Underwriting Agreement and the transactions contemplated thereunder do not comply with other applicable rules and regulations.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding 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 at the EGM.

As at the Latest Practicable Date, Landmark Worldwide, being the single largest shareholder of the Company and a substantial shareholder, is beneficially owned as to 25% by Mr. Wong Ah Yeung, 25% by Mr. Wong Ah Yu, 25% by Mr. Wang Ya Hua and 25% by Mr. Wang. On the basis that the Wong Brothers have decided to restrict their ability to exercise direct control over the Company by holding their interests through a common investment holding company, namely Landmark Worldwide, it is presumed that the Wong Brothers are a group of controlling shareholders. As such, Landmark Worldwide, E-Growth Resources and the Wong Brothers shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the Latest Practicable Date, Landmark Worldwide, being a substantial shareholder and the Underwriter under the Underwriting Agreement, is a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement and the Set Off constitute connected transactions of the Company under the Listing Rules and the Underwriting Agreement and the Set Off are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Wong Ah Yu and Mr. Wang are beneficially holding 25% of the issued shares in Landmark Worldwide and have a personal interest in the Shares, Mr. Wong Ah Yu and Mr. Wang have abstained from voting on the board resolutions to approve the Rights Issue, the Set Off, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder. Save for Mr. Wong Ah Yu and Mr. Wang, none of the Directors hold any Shares or has any material interest in the Rights Issue, the Set Off, the Underwriting Agreement and/or the Whitewash Waiver.

GENERAL

Independent Board Committee

An Independent Board Committee, comprising all independent non-executive Directors, namely Ms. Leung Pik Kwan, Mr. Sun Wai Hong and Mr. Wu Kin San Alfred, in compliance with Rule 2.8 of the Takeovers Code, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. Mr. Wang, a non-executive Director who has a material interest in the Set Off and the Underwriting Agreement, has been excluded from the Independent Board Committee due to his conflict of interests.

Independent Financial Adviser

Maxa Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable, in the interests of the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote. The appointment of Maxa Capital has been approved by the Independent Board Committee.

EGM

A notice convening the EGM to be held at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 11 January 2022 at 10:30 a.m. is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding the EGM, i.e. Sunday, 9 January 2022 at 10:30 a.m. (Hong Kong time), or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire.

Landmark Worldwide and parties acting in concert with it and any Shareholders who are involved in or interested in the Rights Issue, the Set Off, the Underwriting Agreement and/or the Whitewash Waiver and those Shareholders who have a material interest in the Rights Issue, the Set Off, the Underwriting Agreement and/or the Whitewash Waiver different from other Shareholders, including but not limited to those Directors who have a personal interest in the Shares (namely, Mr. Wong Ah Yu and Mr. Wang) shall abstain from voting on the resolutions to approve the Rights Issue, the Underwriting Agreement, the Set Off and the Whitewash Waiver at the EGM.

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders.

RECOMMENDATION

The Directors (excluding the independent non-executive Directors, whose views are set forth in the Letter from the Independent Board Committee in this circular, and Mr. Wong Ah Yu and Mr. Wang, each of whom are beneficially holding 25% of the issued shares in Landmark Worldwide and may thus have conflict of interests in the Set Off and the Underwriting Agreement and the Whitewash Waiver) consider that the terms of the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 51 and 52 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM and the letter from Maxa Capital set out on pages 53 to 107 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders in relation to the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver.

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

Yours faithfully,
For and on behalf of the Board
Tongda Hong Tai Holdings Limited
Wang Ya Nan
Chairman

通達宏泰
TONGDA HONG TAI

TONGDA HONG TAI HOLDINGS LIMITED
通達宏泰控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2363)

21 December 2021

To the Independent Shareholders

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON RECORD DATE; (2) CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT AND SET OFF OF SHAREHOLDER'S LOANS; AND (3) APPLICATION FOR WHITEWASH WAIVER; AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the circular of the Company dated 21 December 2021 (the "**Circular**") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. Maxa Capital has been appointed as the Independent Financial Adviser to advise you and us in this respect.

We wish to draw your attention to (i) the letter of advice from Maxa Capital as set out on pages 53 to 107 of the Circular; and (ii) the letter from the Board as set out on pages 18 to 50 of the Circular and the additional information set out in the appendices to the Circular.

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser, we are of the opinion that the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver are on normal commercial terms, are in the interests of the Company and the Independent Shareholders as a whole, and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. 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 Set Off, the Underwriting Agreement and the Whitewash Waiver.

Yours faithfully,
For and on behalf of
Independent Board Committee of
Tongda Hong Tai Holdings Limited

Ms. Leung Pik Kwan	**Mr. Sun Wai Hong**	**Mr. Wu Kin San Alfred**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter from Maxa Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders setting out its advice in respect of the terms of the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver, which has been prepared for the purpose of inclusion in this circular.

邁時資本
MAXA CAPITAL

Unit 1908, Harbour Center
25 Harbour Road
Wan Chai
Hong Kong

21 December 2021

To: The Independent Board Committee and
the Independent Shareholders of Tongda Hong Tai Holdings Limited

Dear Sir or Madam,

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON RECORD DATE; (II) CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT AND SET OFF OF SHAREHOLDER'S LOANS; AND (III) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 21 December 2021 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 23 November 2021 (the "**Announcement**"). As set out in the Announcement, on 23 November 2021, the Company proposes to implement the Rights Issue on the basis of two Rights Shares for every one existing Share held on the Record Date at the Subscription Price of HK$0.133 per Rights Share, to raise approximately HK$60.4 million before the Set Off by issuing 453,831,276 Rights Shares to the Qualifying Shareholders. Landmark Worldwide, a substantial shareholder, beneficially holding 35,712,250 Shares, representing approximately 15.74% of the issued share capital of the Company as at the Latest Practicable Date, has conditionally agreed to fully underwrite all the Untaken Rights Shares, on the terms and conditions set out in the Underwriting Agreement. The Company will ensure there is sufficient public float as required under the Listing Rules upon completion of the Rights Issue.

Pursuant to the Underwriting Agreement, Landmark Worldwide and the Company have agreed that the Subscription Price payable by Landmark Worldwide, E-Growth Resources and the Wong Brothers for the Rights Shares to which each of them is entitled under the Rights Issue and the Underwritten Shares will be settled by way of firstly the Set Off and after the Set Off in full, by cash. The Set Off and the Underwriting Agreement constitute connected transactions on the part of the Company.

LISTING RULES AND TAKEOVERS CODE IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding 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 at the EGM.

As at the Latest Practicable Date, Landmark Worldwide, being a substantial shareholder and the Underwriter under the Underwriting Agreement, is a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement and the Set Off constitute connected transactions of the Company under the Listing Rules and the Underwriting Agreement and the Set Off are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Assuming (i) there is no change in the number of issued Shares from the Latest Practicable Date up to and including the date of close of the Rights Issue; (ii) none of the Qualifying Shareholders other than Landmark Worldwide, E-Growth Resources and the Wong Brothers have taken up their entitlements under the Rights Issue; and (iii) none of the Unsubscribed Shares have been taken up under the Unsubscribed Arrangements, the aggregate shareholding of Landmark Worldwide and parties acting in concert with it in the Company upon the close of the Rights Issue will increase from the current level of approximately 26.63% to approximately 74.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. Landmark Worldwide will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it pursuant to Rule 26 of the Takeovers Code. If the Whitewash Waiver is approved by the Independent Shareholders, the maximum potential holding of voting rights of the Company held by Landmark Worldwide and parties acting in concert with it as a result of the underwriting of the Rights Shares by Landmark Worldwide pursuant to the Underwriting Agreement will exceed 50% of the voting rights of the Company. Landmark Worldwide and parties acting in concert with it may further increase their holdings of voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

An application has been made by Landmark Worldwide to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are casted either in person or by proxy by the Independent Shareholders at the EGM by way of poll, and the Rights Issue, the Set Off, the Underwriting Agreement and the transactions contemplated thereunder would be subject to, among others, the approval by more than 50% of the Independent Shareholders at the EGM by way of poll. As it is a condition precedent to the completion of the Rights Issue that the Whitewash Waiver is granted by the Executive, the Rights Issue will not proceed if the Whitewash Waiver is not granted by the Executive or if any other conditions precedent under the Underwriting Agreement is not fulfilled.

As at the Latest Practicable Date, Landmark Worldwide, being the single largest shareholder of the Company and a substantial shareholder, is beneficially owned as to 25% by Mr. Wong Ah Yeung, 25% by Mr. Wong Ah Yu, 25% by Mr. Wang Ya Hua and 25% by Mr. Wang. On the basis that the Wong Brothers have decided to restrict their ability to exercise direct control over the Company by holding their interests through a common investment holding company, namely Landmark Worldwide, it is presumed that the Wong Brothers are a group of controlling shareholders. As such, Landmark Worldwide, E-Growth Resources and the Wong Brothers shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

An Independent Board Committee, comprising all independent non-executive Directors, namely, Ms. Leung Pik Kwan, Mr. Sun Wai Hong and Mr. Wu Kin San Alfred, has been established to advise the Independent Shareholders as to whether the terms of the Rights issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable, in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote. Mr. Wang, a non-executive Director who has a material interest in the Set Off and the Underwriting Agreement, has been excluded from the Independent Board Committee due to his conflict of interests. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise them and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company and any of their respective associates that could reasonably be regarded as relevant to our independence and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders. In the past two years, except for (i) the independent financial adviser engagement by the Company in relation to a proposed open offer and connected transactions announced by the Company on 24 August 2020; and (ii) the independent financial adviser engagement by Tongda Group Holdings Limited, a company controlled by Landmark Worldwide and parties acting in concert with it, in relation to a proposed spin-off and major transaction announced by Tongda Group Holdings Limited on 3 September 2021, there have been no other engagements between the Company and us. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates.

BASIS OF OUR OPINION

In formulating our opinion, we have reviewed, among other things: (i) the Underwriting Agreement; (ii) the Placing Agreement; (iii) the Irrevocable Undertakings; (iv) the Loan Agreements; (v) the Circular; and (vi) the annual reports of the Company for the year ended 31 December 2019 and 2020 and the interim reports of the Company for the six months ended 30 June 2020 and 2021. We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group (the "**Management**"). We have also reviewed, inter alia, the statements, the information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the Management. We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the EGM. With the information provided, we have also discussed and reviewed the information provided to us by the Company, the Directors and the Management regarding the business and outlook of the Group. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representation and opinions expressed by the Company, its advisers, the Directors and the Management. 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 verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

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

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. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion, we have taken into consideration the following principal factors and reasons:

1 Background information of the Group

The Group is a "one-stop" manufacturing solution provider of casings for notebooks and other accessories. The Group's customers would provide product design blueprints and specifications to the Group while the Group would recommend and provide practical, innovative and customised solutions to its customers with a view to helping them minimise costs and improve the functionality and quality of their products on a continuous basis. After confirming a design with the customer and receiving a purchase order from such customer, the Group will manufacture the products at its production facilities. The Group may from time to time outsource certain manufacturing procedures to third-party subcontractors if the Group does not possess the necessary equipment for the manufacturing or when the Group's production capacity has been optimised.

The Group is based in the PRC and operates a leased factory in Changshu, the PRC. The Group's revenue is predominantly attributable to a single geographical region, being the Mainland China.

Set out below is the summarised financial information of the Group for the two years ended 31 December 2019 and 2020 ("**FY2019**" and "**FY2020**", respectively) as extracted from the annual report for the year ended 31 December 2020 and for the six months ended 30 June 2020 and 2021 ("**1H2020**" and "**1H2021**", respectively) as extracted from the interim report for the six months ended 30 June 2021 (the "**2021 IR**"):

	For the year ended 31 December		**For the six months ended 30 June**	
	2019	**2020**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(unaudited)*	*(unaudited)*
Revenue	532,939	472,368	188,011	167,772
Gross Profit/(Loss)	19,876	(17,464)	9,387	1,927
Loss for the year/period	(68,121)	(165,274)	(31,371)	(44,521)

The Group's revenue decreased from approximately HK$532.9 million for FY2019 to approximately HK$472.4 million for FY2020, representing a decrease of approximately 11.4%. Sales of notebooks casings continued to be the largest revenue stream of the Group as it accounted for approximately 98.8% and 97.5% of the Group's total revenue for FY2019 and FY2020, respectively. The Group's business during FY2020 was inevitably impacted by the outbreak of the COVID-19 pandemic (the "**Pandemic**"), the quarantine measures imposed by the government authorities during the early phase of the COVID-19 outbreak had caused blockage to the logistic chain, transit of employees, procurement of raw materials, including plastic grains and aluminum plates which are major raw materials used for the Group's production, and shipment of finished goods; therefore, resulting in disruption to the Group's operation. The Group recorded gross loss of approximately HK$17.5 million for FY2020 as compared to the gross profit of approximately HK$19.9 million for FY2019, such deterioration in the gross profit was primarily attributable to (i) the Group's average sales price remained under pressure while facing a decline in sales volume for FY2020; (ii) the appreciation of RMB to United States Dollar ("**USD**") during the second half of FY2020 further eroded the gross profit of the Group as its product pricings are mainly denominated in USD whereas the raw materials are mainly denominated in RMB; and (iii) the increase in inventory provision of approximately HK$32.6 million made for FY2020 as compared to approximately HK$22.7 million for FY2019. The Group's loss for the year significantly increased from approximately HK$68.1 million for FY2019 to approximately HK$165.3 million for FY2020, which was primarily attributable to (i) the change from gross profit for FY2019 to gross loss for FY2020 due to the abovementioned factors; and (ii) the impairment of property, plant and equipment of approximately HK$52.5 million and right-of-use assets of approximately HK$5.7 million made for FY2020, respectively.

The Group's revenue decreased from approximately HK188.0 million for 1H2020 to approximately HK$167.8 million for 1H2021, representing a decrease of approximately 10.7%. The Group's gross profit decreased from approximately HK$9.4 million for 1H2020 to approximately HK$1.9 million for 1H2021. Such decreases in both revenue and gross profit were primarily attributable to (i) decrease in placed orders from customers resulting from the shortages in supply of semi-conductors; (ii) the increase in costs of raw materials and the appreciation of RMB against USD in 1H2021 have created pressure on the gross margin of the Group's products. As a result of the foregoing, the Group recorded an increase in loss for the period from approximately HK$31.4 million for 1H2020 to approximately HK$44.5 million for 1H2021.

	As at 31 December		As at 30 June
	2019	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(unaudited)*
Inventories	341,965	278,148	306,595
Trade and bills receivables	259,850	241,613	152,874
Cash and bank balances *(Note 1)*	31,246	37,199	14,049
Total assets	**754,790**	**611,895**	**531,324**
Trade payables	129,556	153,147	138,578
Interest-bearing bank borrowings	282,309	194,649	72,153
Loans from related parties	–	78,475	164,516
Total liabilities	**455,729**	**467,864**	**420,186**
Total equity	**299,061**	**144,031**	**111,138**
Gearing ratio *(Note 2)*	**84.0%**	**163.8%**	**200.4%**

Notes:

1. The balance includes the amount classified as "cash and bank balances" and "restricted bank balances" in the Group's consolidated statement of financial position.

2. Gearing ratio is calculated by net debt/ total equity. Net debt is calculated by the aggregate amount of interest-bearing bank borrowings and loans from related parties net of cash and bank balances.

The Group's total assets decreased from approximately HK$754.8 million as at 31 December 2019 to approximately HK$611.9 million as at 31 December 2020, which was mainly attributable to the combined effects of (i) the decrease in property, plant and equipment and right-of-use assets of approximately HK$57.9 million and HK$9.1 million, respectively, due to the impairment of property, plant and equipment and right-of-use assets in aggregate of approximately HK$58.2 million made for FY2020; and (ii) the decrease in inventories of approximately HK$63.8 million to approximately HK$278.1

million as at 31 December 2020. The Group's inventory turnover days increased from approximately 251.7 days for FY2019 to approximately 260.8 days for FY2020. Also, the Group's trade and bills receivables turnover days increased from approximately 185.3 days for FY2019 to approximately 193.7 days for FY2020, which was contributed by thelower sales recognised during the early phase of COVID-19 outbreak at the beginning of FY2020. The Group's total assets decreased from approximately HK$611.9 million as at 31 December 2020 to approximately HK$531.3 million as at 30 June 2021, which was mainly due to the decrease in trade and bills receivables by approximately HK$88.7 million to approximately HK$152.9 million as at 30 June 2021. Both the Group's inventory turnover days and trade and bills receivables turnover days for 1H2021 increased to 351.5 days and 214.6 days as compared to 260.8 days and 193.7 days for FY2020, respectively. The increase in inventory turnover days and trade and bills receivables turnover days for 1H2021 was mainly due to the decline in sales as the shortages of semi-conductor supply and seasonal effect as the Group's products usually face a higher demand during the second half of the year.

The Group's cash and bank balances decreased from approximately HK$31.2 million as at 31 December 2019 to approximately HK$14.0 million as at 30 June 2021. On 3 May 2021, the Group completed a placing of new shares under general mandate to raise net proceeds of approximately HK$11.0 million (the "**General Mandate Placing**") for the repayment of outstanding bank loans. The net proceeds from the General Mandate Placing have been fully utilised as intended as at 30 June 2021. In addition, the Company raised IPO net proceeds of approximately HK$48.5 million from the listing of its shares on the Stock Exchange in March 2018. As of 30 June 2021, the unutilised amount of the IPO net proceeds amounted to approximately HK$7.1 million, which will be mainly used for (i) lease of factory; and (ii) capital expenditure for additional production facilities and machineries.

The Group's total liabilities mainly comprise of trade payables, interest-bearing bank borrowings and loans from related parties. The Group's total liabilities increased from approximately HK$455.7 million as at 31 December 2019 to approximately HK$467.9 million as at 31 December 2020. The Group's total liabilities decreased by approximately HK$47.7 million to approximately HK$420.2 million as at 30 June 2021, which was primarily attributable to the combined effects of (i) the decrease in interest-bearing bank borrowings by approximately HK$122.5 million as a result of repayment of the bank borrowings; and (ii) the increase in loans from related parties of approximately HK$86.0 million.

As at 30 June 2021, all of the Group's bank borrowings were with maturity date within next 12 months. The loans from related parties as at 30 June 2021 comprised of loans from Shishi Investment of approximately HK$60.6 million and loans from Mr. Wang of approximately HK$103.9 million. Due to the deterioration in the Group's financial results as mentioned above, the Group's total equity decreased from approximately HK$299.1 million as at 31 December 2019 to approximately HK$111.1 million as at 30 June 2021. The Group's gearing ratio increased from approximately 84.0% as at 31 December 2019 to approximately 200.4% as at 30 June 2021. The increase in gearing ratio was mainly due to the decrease of the Group's total equity while there was no significant reduction in the Group's overall net debt position.

Based on our analysis on the financial information of the Group for FY2019, FY2020, 1H2020 and 1H2021 (collectively, the "**Relevant Period**"), we note that (i) there was an increasing trend in the Group's loss for the year/period over the Relevant Period, which was primarily attributable to the fact that Group's business was inevitably impacted by the Pandemic and the relevant quarantine measures imposed by the government authorities during the early phase of the COVID-19 outbreak; (ii) there was a decreasing trend in the Group's total assets, in particular, the decrease in cash and bank balances by approximately 55.1% from approximately HK$31.2 million as at 31 December 2019 to approximately HK$14.0 million as at 30 June 2021; and (iii) there was an increasing trend in the Group's gearing ratios from approximately 84.0% as at 31 December 2019 to approximately 200.4% as at 30 June 2021. Having considered (i) the Group's less than favourable financial results over the Relevant Period; and (ii) the significant increase in its gearing ratio from 31 December 2019 to 30 June 2021 resulting from the Group's interest-bearing borrowings and loans remained at high level, and thus we are of the view that the Group has imminent funding need to strengthen its capital base and improve its liquidity position.

To evaluate the prospect of the Group, we have discussed with the Management and we are given to understand that the shortage in supply of semi-conductors, which is a major component being used in the manufacturing process of the Group's customers, leading to the decline of placed orders from customers, and the Pandemic will remain the biggest challenges and uncertainties for the Group's performance in the near future, and therefore the Group has the intention to streamline the business structure and reduce the allocation of resources on products with relatively low gross profit margin. In order to understand the future demand of the Group's products, we have reviewed (i) the press release[1], namely "Gartner Says Global Chip Shortage Expected to Persist Until Second Quarter of 2022" published by Gartner, Inc., a research and advisory company in the United States in May 2021 and we note that the shortage of semi-conductors is expected to

[1] The website for the press release: https://www.gartner.com/en/newsroom/press-releases/2021-05-12-gartner-says-global-chip-shortage-expected-to-persist-until-second-quarter-of-2022

be pushed out in second quarter of 2022; and (ii) the press release[2], namely "Semiconductor Market to Grow By 17.3% in 2021 and Reach Potential Overcapacity by 2023, IDC Reports", published by International Data Corporation (IDC), a global provider of market intelligence and advisory services and events for information technology, telecommunications and consumer technology markets in September 2021 and we note that the semi-conductor industry is expected to see normalisation and balance by the middle of 2022. Despite the Group's operation is expected to be continually under pressure in the short term, we consider the adoption of a streamlined business structure and the gradual recovery of the demand on Group's products resulting from normalisation of the semi-conductor's industry would improve the financial performance of the Group in the long term.

In view of the above and further taking into account of (i) the financial position of the Group as at 30 June 2021; (ii) the financial performance of 1H2021 has shown no sign of recovery, in particular the gross profit margin continually remained under pressure; (iii) the liquidity position of the Group would be improved upon the completion of the Rights Issue; (iv) the imminent funding need of the Group; and (v) the prospect of the Group is expected to improve gradually, we consider the Rights Issue is beneficial to the Company and the Shareholder as a whole.

2 Reasons for and benefits of the Rights Issue

2.1 Background and reasons for the Rights Issues

As disclosed in the 2021 IR, the Group faced various challenges including the shortage in the supply of semi-conductors, increase in raw material prices and the appreciation of RMB against USD. Due to the shortages in the supply of semi-conductors, the Group recorded a decrease in placed orders from customers. As a result, the Group's revenue and gross profit decreased by approximately 10.7% and 79.5% to approximately HK$167.8 million and HK$1.9 million, respectively, for 1H2021. The net loss for the period increased from approximately HK$31.4 million for 1H2020 to approximately HK$44.5 million for 1H2021. In light of the financial performance of the Group for 1H2021, the challenges from the fluctuation of material costs and the impact from the fluid situation of the Pandemic on the business of the Group in the foreseeable future, the Directors consider that it is vital for the Group to have access to additional funding and working capital in order to maintain its competitiveness in the market. In this regard, we have enquired the Management and we note that (i) the major raw materials that were used in the

2 The website for the press release: https://www.idc.com/getdoc.jsp?containerId=prAP48247621#:~:text=19%20Sep%202021-,Semiconductor%20Market%20to%20Grow%20By%2017.3%25%20in%202021%20and%20Reach,2021%20versus%2010.8%25%20in%202020.

operation of the Group are aluminum plates and plastic grains; and (ii) the quarantine measures have been enhanced given the resurgence of the Pandemic. As such, we have reviewed (i) the breakdown of the cost of goods sold for 1H2021 provided by the Management and note that the cost of materials is the major contributor of the cost of goods sold; (ii) the market data released by Changjiang Nonferrous Metals Network (長江有色金屬網) and note that the price of aluminum plates has been fluctuating during 1H2021; and (iii) the price adjustment notices issued by the supplier of the Group and note that the price of plastic grains has demonstrated an upward trend in 1H2021. In addition, in order to understand the Pandemic situation in PRC, we have reviewed the official daily reports released by the National Health Commission of the People's Republic of China regarding the updates of the Pandemic in PRC, and note that there is sign of resurgence as the number of domestic infected cases have been increased and fluctuated throughout 1H2021.

As at 30 June 2021, the Group had cash and bank balance of approximately HK$14.0 million, interest-bearing bank borrowings of approximately HK$72.2 million and loans from related parties of approximately HK$164.5 million. We note from the 2021 IR that, out of the HK$14.0 million cash and bank balance as at 30 June 2021, the unutilised amount of the IPO net proceeds was approximately HK$7.1 million, which had been earmarked for leasing of factory and capital expenditure purposes. Therefore, the cash and bank balance available for general working capital as at 30 June 2021 amounted to approximately HK$6.9 million. We have discussed with the Management and note that the Group has been utilising its banking facilities as the primary source of financing the working capital needs of its PRC subsidiary. The banking facilities are supported by the corporate guarantees provided by the Company and Landmark Worldwide. We note that the amount of the Group's banking facilities decreased from approximately HK$325.6 million as 31 December 2019 to approximately HK$285.9 million as at 31 December 2020, of which the aggregate amount of approximately HK$271.1 million and HK$187.6 million were utilised as at 31 December 2019 and 2020, respectively. As at 31 October 2021, the Group's banking facilities further decreased to approximately HK$202.6 million and approximately HK$64.4 million was utilised.

The Management advises that due to the Group's loss-making positions for FY2019 and FY2020 and the increase in the Group's gearing level, there are practical difficulties for the Group to increase the amount of the existing banking facilities or secure new banking facilities from other financial institutions. In order to replenish the Group's working capital and prevent disruption to the Group's operation, the Management approached Mr. Wang and Shishi Investment, a company established in the PRC and wholly-owned by Mr. Wang, for financial assistance. With a view to provide support for the Group's development and in order to ensure the Group has sufficient liquidity to meet its short-term working capital needs, Mr. Wang and Shishi Investments, as the lenders and the Company as the borrower, entered into the loan agreements from April 2020 to October 2021 pursuant to which Mr. Wang and Shishi Investment advanced the loans in different tranches in the total principal amount of approximately HK$198.5 million to the Company, of which the Shareholder's Loans accounted for approximately HK$32.0 million. The Shareholder's Loans are unsecured, bearing an interest rate at 2% per annum and with a term of approximately one year. The maturity dates of the Shareholder's Loans in the principal amount of HK$20.0 million and HK$12.0 million shall fall due in March and May 2022, respectively.

We understand from the Management that due to (i) the less than satisfactory financial performance of the Group; (ii) the adverse impact from the Pandemic which caused the shortage of semi-conductors, which is major component being used in the manufacturing process of the Group's customer, and led to the decline of placed orders from customers; and (iii) the uncertainties brought by the Pandemic given the resurgence of the Pandemic in PRC, the Company should take appropriate measures to strengthen its capital base and improve its liquidity position. Therefore, the Directors consider that the Rights Issue would enable the Group to have access to additional funding and reduce the Group's gearing level.

As stated in the Letter from the Board, the gross proceeds from the Rights Issue before the Set Off are expected to be approximately HK$60.4 million. Assuming there is no change in the number of issued Shares from the Latest Practicable Date up to and including the date of close of the Rights Issue, (i) the minimum amount of the Shareholder's Loans to be Set Off will be approximately HK$16.1 million (assuming all Qualifying Shareholders take up all his/her/its entitlements under the Rights Issue); and (ii) the maximum amount of the Shareholder's Loans to be Set Off will be approximately HK$32.0 million (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Landmark Worldwide) respectively. Accordingly, the net proceeds from the Rights Issue (after deducting the estimated expenses, and after the Set Off of approximately HK$32.0 million) are estimated to be approximately HK$25.1 million.

The Company intends to apply the net proceeds from the proposed Rights Issue of approximately HK$25.1 million as follows: as to (i) approximately HK$7.0 million for staff costs of the Group; (ii) approximately HK$16.0 million for payment to the Group's suppliers; and (iii) approximately HK$2.1 million as general working capital of the Group. In the event that the amount of the actual net proceeds from the Rights Issue exceeds HK$25.1 million, the Company intends to apply the surplus proceeds as general working capital of the Group, which includes but not limited to the settlement of monthly utilities expenses and legal and professional fees, such as monthly professional service fee and audit fee for the forthcoming annual audit of the Company. As advised by the Management, the net proceeds will be mainly used by the Group's PRC subsidiary to cover its overhead expenses and settle the payments with onshore suppliers. Based on the amount of the onshore entities' cash and bank balances available as at 30 June 2021, the Management estimates that such cash and bank balances, without any additional funding by way of equity or debt financing, will only be sufficient to cover the Group's PRC subsidiary's operation for the next nine months to twelve months. Given the Company and its offshore subsidiaries, which are incorporated in British Virgin Islands and Hong Kong and intermediary holding companies of the PRC subsidiary, do not possess any material tangible assets that can be used as collaterals, the Management advises that it would be difficult to secure financing from offshore financial institutions without incurring relatively high financing cost. Furthermore, the Company has already executed its corporate guarantee to support its PRC subsidiary's banking facilities and therefore would not be feasible for the Group to obtain offshore bank financing through the Company's corporate guarantee arrangement. Therefore, the Directors consider that the net proceeds raised from the Rights Issue is necessary for the Group's PRC subsidiary to maintain sufficient funding to meet its payment obligations and avoid any disruption to its operation.

As disclosed in the Letter from the Board, as at 30 September 2021, the Group was indebted in the total amount of approximately HK$141.6 million to its suppliers. While we note that out of the net proceeds of approximately HK$25.1 million raised from the Rights Issue, only approximately HK$16.0 million will be applied for settling the Group's trade payables. We have discussed with the Management and understand that the Group would be able to generate sufficient funds through recoverability of its trade receivables to settle the outstanding indebtedness to its suppliers (please refer to the section headed "3. The Set Off" below for details). Notwithstanding that the net proceeds of approximately HK$25.1 million raised from the Rights Issue only accounts for a relatively small portion of the Group's total outstanding indebtedness, we note that immediately upon completion of the Rights Issue, the Group's overall financial position would be improved as its current ratio would increase from approximately 1.20 times as at 30 June 2021 to approximately 1.36 times, whereas its gearing ratio would decrease from approximately 200.4% as at 30 June 2021 to 98.4%. For details regarding the financial impact of the Rights Issue to the Group's financial position, please refer to the section headed "5. Financial effects of the Rights Issue and Set Off" below.

2.2 Fund raising alternatives

As disclosed in the Letter from the Board, the Company has considered alternative means of fund raising before resolving to the Rights Issue, the final selection of Rights issue was principally considered with respect to cost, accessibility and timing. The Company has considered (i) placing of new shares; (ii) debt financing; (iii) disposal of assets; and (iv) open offer as fund raising alternatives. To our best effort, we do not identify any other alternative options, other than the alternatives which have been mentioned above. Regarding placing of new Shares, the Directors are of the view that placing of new Shares may only raise funds in a relatively small amount and dilute the shareholding of the existing

Shareholders which the existing Shareholders do not have right to participate in the development of the Group, therefore is considered unfair to the existing Shareholders due to limited accessibility to the placing by the existing Shareholders. Regarding debt financing, the Group's gearing ratio has increased from approximately 84.0% as at 31 December 2019 to approximately 200.4% as at 30 June 2021 as discussed in the section headed "1. Background information of the Group" above. If the Group were to endure a higher gearing ratio, there would be a probability that it would create liquidity issue when the debts reach upon maturity, coupled with the low level of cash and bank balances of HK$14.0 million as at 30 June 2021, it would not be considered as a viable option for the Group to improve its financial position. Disposal of assets is considered not a viable solution to the Group due to the absences of liquid and valuable assets that can generate significant cashflow to improve the financial position of the Group within a short time interval. Open offer is less favourable to the Shareholders compared to the Rights Issue due to the flexibility of the Shareholders being able to sell their entitled nil-paid rights when they do not wish to take up the entitlements under the Rights Issue.

After taking into account all of the above factors and considerations, we concur with the Directors' view that the current fund-raising method by way of the Rights Issue, which provides opportunities for the Shareholders to maintain their stakes in the Company and allow the Group to reduce its gearing level and improve its liquidity position, is appropriate and acceptable for the Company and its Shareholders as a whole.

3 The Set Off

As mentioned in the section headed "2.1 Background and reasons for the Rights Issue" above, the Company is indebted to Mr. Wang and Shishi Investment the loans in the total principal amount (excluding interest) of approximately HK$198.5 million, of which the Shareholder's Loans in the principal amount of HK$20.0 million and HK$12.0 million shall fall due in March and May 2022, respectively. The Directors consider that the Set Off will enable the Group to repay part or whole of the Shareholder's Loans without cash outflow and will allow the Group to reduce its gearing level. The Shareholder's Loans were made by Mr. Wang to the Group at the material time in order to meet the Group's short-time working capital needs.

We note that the maturity dates of the Shareholder's Loans will fall in March and May 2022 and that based on the 2021 IR, the Group had trade payables and interest-bearing bank borrowings of approximately HK$138.6 million and HK$72.2 million respectively. We understand from the Management that it was Mr. Wang's intention for the Shareholder's Loans to be relatively short-term in nature in order to meet the Group's working capital needs. Mr. Wang was willing to provide the Shareholder's

Loans at a term of approximately one year so as to allow the Company to have more flexibility in raising additional funding through equity or debt financing in the near future to repay the Shareholder's Loans. However, given the limited fund-raising options as discussed in the section headed "2.2 Funding raising alternatives" above and the prevailing market condition, the Directors consider that the Rights Issue is the most viable option for the Company to raise fund. In addition, the Company had difficulties in identifying any independent brokers that are willing to act as the underwriter for the Rights Issue. As disclosed in the Letter from the Board, the Set Off was agreed after arm's length negotiations between the Company as issuer and Landmark Worldwide as underwriter. As Mr. Wang and his associates had already provided considerable amount of financial assistance to the Group (please refer to the section headed "2.1 Background and reasons for the Rights Issue" above for details) in order to meet its working capital needs since April 2020, it would exert greater financial pressures to Mr. Wang, Landmark Worldwide and parties acting concert with them if they are required to provide additional funding to the Group through the Rights Issue. In the event of the absence of the Set Off arrangement, it will affect the willingness of Landmark Worldwide to act as underwriter for the Rights Issue as Mr. Wang, Landmark Worldwide and parties acting concert with them will need to subscribe for the Untaken Rights Shares with additional funding. We consider that the Set Off is part of the arrangement under the Rights Issue which incentivise Landmark Worldwide to act as the underwriter to fully underwrite the Untaken Rights Shares.

We concur with the Directors' view that the Company's financial position will be strengthened by the Set Off by way of reduction in the Group's liabilities and increase in its equity. As a result of the Set Off, Mr. Wang's role will, through the subscription of the Rights Share, change from a creditor of the Shareholder's Loans to a Shareholder by extinguishment of the Shareholder's Loans and increase his equity interests in the Company. Through conversion into Shareholder, Mr. Wang is giving up his right as a creditor in terms of relative certainty of the right to interest repayment (as compared to shareholder's right to dividend payment), and claims over the Group's assets upon winding up (as compared to shareholder's right to surplus assets (if any) upon liquidation). Instead, in light of the deterioration in the Group's financial position, the Set Off signifies Mr. Wang's continued support to the Group as he is still willing to increase his equity investment in the Company through the Set Off arrangement to help reduce gearing level of the Group upon completion of the Rights Issue. As discussed in the section headed "4.3.1 Principal terms of the Underwriting Agreement" below, given the thin trading volume of the Shares, we consider that Landmark Worldwide did not charge any commission on underwriting the Rights Issue is beneficial to the Company by avoiding any additional transaction cost to be incurred for the Rights Issue should the Company appoint an independent broker to act as underwriter for the Rights Issue. In view of the above, we consider that both the Set Off and the Underwriting Agreement are part of the terms to facilitate the Company to conduct the fund-raising activity by way of the Rights Issue in order to alleviate the Group's financial pressure.

As disclosed in the Letter from the Board, as at 30 September 2021, the Group was indebted to over 240 independent creditors in the total amount of approximately HK$141.6 million, which mainly comprised of account payables owing by the Group to its suppliers. With regards to the top ten major independent creditors of the Group, as at 30 September 2021, the outstanding indebtedness of the Group was payable in different tranches with the maturity dates ranging from September 2021 to February 2022. As at 30 November 2021, the Group has settled approximately HK$56.8 million and the remaining outstanding indebtedness of the Group amounted to approximately HK$84.8 million. Based on the management accounts provided by the Management, we note that, as at 30 September 2021, the Group's trade and bills receivables were approximately HK$181.6 million. We have discussed with the Management and understand that the Group's recoverability from trade debtors has been stable over the years, the Group expects that it will receive funds in aggregate of not less than HK$84.8 million from trade debtors from December 2021 to February 2022 for the settlement of the outstanding indebtedness of the Group. The Group expects that such funds would be sufficient to settle the payment to these creditors as they fall due. As disclosed in the section headed "1. Background information of the Group" above, the Group's trade and bill receivables turnover days were relatively stable during the Relevant Period, ranging from approximately 185.3 days for FY2019 to approximately 214.6 days for 1H2021. In light of the above and taking into account of the Set Off, we consider that the Group would still have sufficient cash inflow generated from its operation to settle its outstanding indebtedness as they fall due.

Having considered that (i) the Set Off, is part of the terms of the Underwriting Agreement, arrived at based on arm's length negotiation between the Company and the Underwriter and, as mentioned in the Letter from the Board, the Set Off arrangement in the Rights Issue was one of the key factors affecting the willingness of the Underwriter to act as underwriter of the Rights Issue; (ii) the Set Off and underwriting the Rights Issue without charging any commission demonstrate Mr. Wang's continued support for the Group's development in the long run by extinguishment of the Shareholder's Loans and increasing his investment in the equity of the Company through the Rights Issue, we consider that the Set Off is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

4 Principal terms of the Rights Issue and the Underwriting Agreement

4.1 Issue statistics

Set out below are the summary of the principal terms of the proposed Rights Issue:

Basis of the Rights Issue	:	two Rights Shares for every one existing Share held on the Record Date
Subscription Price	:	HK$0.133 per Rights Share
Number of Shares in issue at the Latest Practicable Date	:	226,915,638 Shares
Number of Rights Shares	:	453,831,276 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	HK$4,538,312.76 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares	:	680,746,914 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

Number of Rights Shares underwritten	:	332,952,776 Rights Shares, being the total number of Rights Shares which the Shareholders are entitled pursuant to the Rights Issue less the aggregate of 120,878,500 Rights Shares that will be provisionally allotted to and subscribed for by Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings, has been underwritten by the Underwriter The Underwriter and Zhong Jia Securities have entered into arrangements for the sub-underwriting of 4,000,000 Rights Shares underwritten by the Underwriter
Gross proceeds to be raised from the Rights Issue before the Set Off	:	Approximately HK$60.4 million
Gross proceeds to be raised from the Rights Issue after the Set Off	:	Approximately HK$28.4 million
Net proceeds to be raised from the Rights Issue before the Set Off	:	Approximately HK$57.1 million
Net proceeds to be raised from the Rights Issue after the Set Off	:	Approximately HK$25.1 million

As at the Latest Practicable Date, the Group had no outstanding derivatives, options, warrants, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares. The Company has no intention to issue any new Shares and any other securities before the completion of the Rights Issue.

Assuming there is no change in the number of issued Shares on or before the Record Date, 453,831,276 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 200% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 66.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price is HK$0.133 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price of HK$0.133 per Rights Share represents:

(i) a discount of approximately 30.00% to the closing price of HK$0.19 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 30.73% to the average of the closing prices of approximately HK$0.192 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 22.20% to the closing price of approximately HK$0.171 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(iv) a discount of approximately 12.50% to the theoretical ex-rights price of HK$0.152 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK$0.19 per Share as quoted on the Stock Exchange on the Last Trading Day;

(v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 20.83%, which is a function of both the price discount of the Rights Share and the offer basis of the Rights Issue, to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK$0.152 per Share (taking into account the closing price of the Last Trading Day of HK$0.190 per Share and the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of approximately HK$0.192 per Share) and on the basis of two Rights Shares for every one existing Share;

(vi) a discount of approximately 82.55% to the audited consolidated net asset value ("**NAV**") per Share of approximately HK$0.762 (based on the latest published audited consolidated NAV of the Group attributable to the Shareholders of approximately HK$144,031,000 and 189,115,638 Shares in issue as at 31 December 2020); and

(vii) a discount of approximately 72.84% to the unaudited consolidated NAV per Share of approximately HK$0.490 (based on the latest published unaudited consolidated NAV of the Group attributable to the Shareholders of approximately HK$111,138,000 and 226,915,638 Shares in issue as at 30 June 2021).

The net Subscription Price per Rights Share (after deducting the relevant expenses) will be approximately HK$0.126 per Rights Share.

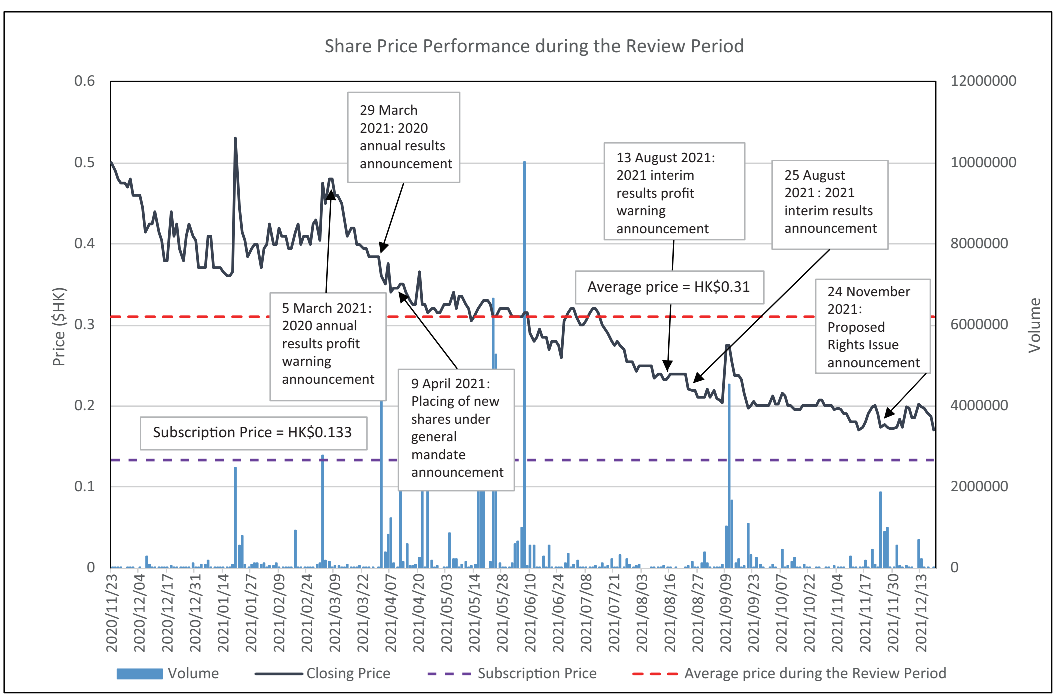
As stated in the Letter from the Board, the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, (i) the market price of the Shares; (ii) the prevailing market conditions; (iii) the Group's current financial position; and (iv) the amount of fund the Company intends to raise under the Rights Issue. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its existing shareholding in the Company.

4.2 *Analysis on the terms of the Rights Issue*

In order to assess the fairness and reasonableness of the terms of the Rights Issue, we have considered the following principal factors based on the Subscription Price:

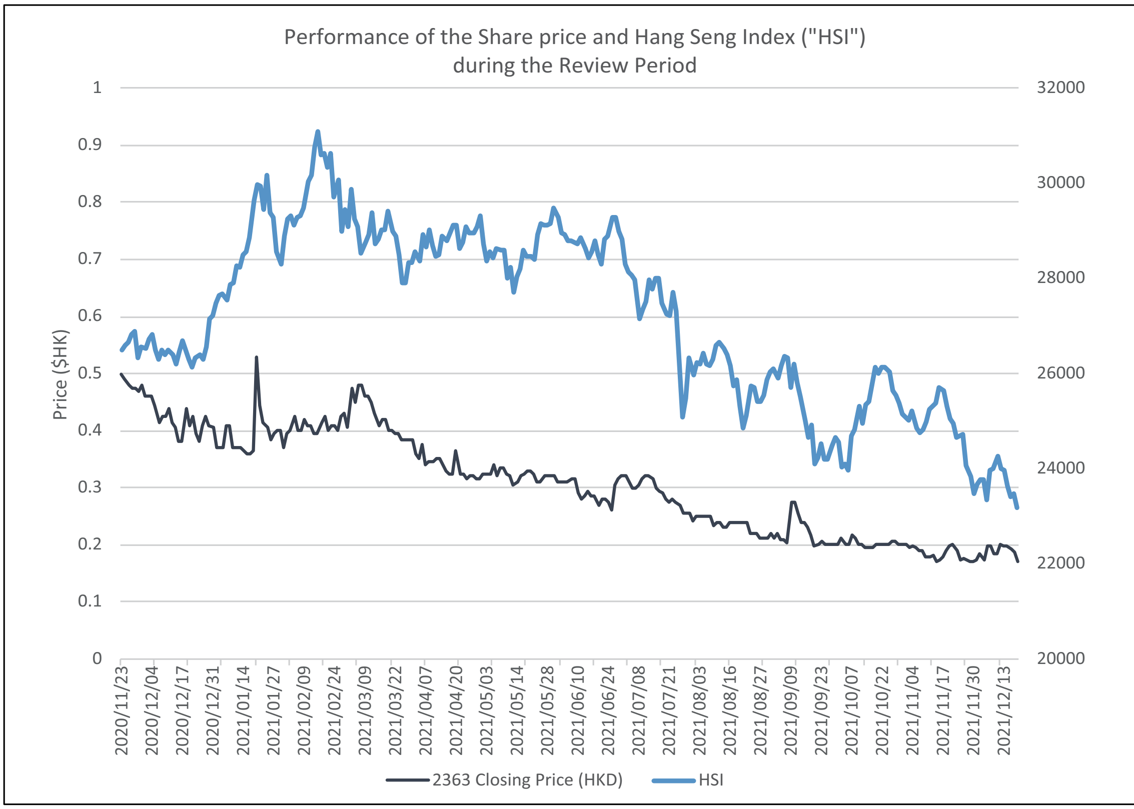
4.2.1 Review of the historical share price performance

We have reviewed the daily closing prices of the Shares for the period from 23 November 2020 to 22 November 2021 (being the 12-month period prior to the Last Trading Day) and up to the Latest Practicable Date (the "**Review Period**"). We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices prior to the Last Trading Day and such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the Share prices before the Last Trading Day represent a fair market value of the Company which the Shareholders expected. The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:



Source: The Stock Exchange

As illustrated in the chart above, during the Review Period, the closing Share price traded at an average of approximately HK$0.308, with the highest and lowest closing prices of the Shares, being approximately HK$0.530 and HK$0.170 recorded on 20 January 2021 and 15 November 2021, respectively. On 5 March 2021, the Company issued a profit warning announcement for FY2020 due to the outbreak of Pandemic at the beginning of 2020 and the quarantine measures had led to disruptions to the Group's operations, resulting in decline of the Group's turnover and profit margin as compared to FY2019. Since then, the Share price demonstrated a general declining trend which we believe could be due to the less than satisfactory financial performance of the Group. Apart from the general declining trend, we note that there were price surges in mid-January and early September 2021. We have reviewed the announcements made by the Company in January and September 2021 and are not aware of any material information that might trigger such price surges. In this regard, we enquire with the Management for the reasons behind such price surges and understand from the Management that saved for the information that was already disclosed in the annual and interim reports of the Company, they are not aware of any material changes in the financial or business outlook of the Group. The Subscription Price represents discounts of approximately 56.85%, 74.91% and 21.76% to the average, highest and lowest closing prices during the Review Period, respectively. After the Announcement, the Share price traded in the region of HK$0.171 to HK$0.202, which decreased by approximately 65.8% and 59.6% as compared to the Share price at the beginning of the Review Period.



Source: The Stock Exchange

As illustrated in the chart above, during the Review Period, the Hang Seng Index (the "**HSI**") reached its highest and lowest points of 31,084 and 23,192 in February and December 2021, respectively, representing increase and decrease of approximately 17.36% and 12.44% as compared to the HSI at the beginning of the Review Period. The declining trend of the HSI began from February 2021, which we believe could be mainly attributable to the unfavourable business environment resulting from the resurgence of the Pandemic.

While we note that both the Share prices and the HSI demonstrated a general declining trend since January and February 2021, the Share prices were relatively weak and underperformed against the HSI. As at the Latest Practicable Date, the Share price has decreased by approximately 65.80% whereas the HSI has decreased by approximately 12.44% as compared to the beginning of the Review Period. We consider that the weak performance of the Share prices was mainly due to the less than satisfactory financial performance of the Group as discussed in the section headed "1. Background information of the Group" above.

4.2.2 Liquidity of the Shares

The following table sets out the total trading volume per month and the average daily trading volume per month of the Shares during the Review Period:

Historical monthly trading volume of the Shares

Months	Total number of issued shares at the end of the month/period	Total trading volume of Shares for the month/ period	Number of trading days	Average daily trading volume *(Note 1)*	Percentage of average daily trading volume to total issued Shares *(Note 2)*
2020					
November (from 23rd to 30th)	189,115,638	38,250	6	6,375	0.0034%
December	189,115,638	674,702	22	30,668	0.0162%
2021					
January	189,115,638	4,851,750	20	242,588	0.1283%
February	189,115,638	1,556,750	18	86,486	0.0457%
March	189,115,638	8,964,000	23	389,739	0.2061%
April	189,115,638	9,650,450	19	507,918	0.2686%
May	189,115,638	20,929,000	20	1,046,450	0.5533%
June	226,915,638	15,048,212	21	716,582	0.3158%
July	226,915,638	1,619,627	21	77,125	0.0340%
August	226,915,638	1,023,750	22	46,534	0.0205%
September	226,915,638	9,725,250	21	463,107	0.2041%
October	226,915,638	1,180,750	18	65,597	0.0289%
November	226,915,638	5,014,500	22	227,932	0.1004%
December (1st to 17th)	226,915,638	1,597,974	13	122,921	0.0542%
Minimum					**0.0034%**
Maximum					**0.5533%**
Average					**0.1414%**

Source: The Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.

2. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue at the end of each month/period.

We note from the above table that the trading volume of the Shares is generally thin during the Review Period, where the percentages of average daily trading volume of the Shares to the total issued Shares during the Review Period is 0.1414%. Due to the thin trading volume of the Shares, we consider that the Company is unlikely to raise fund by way of placing without substantial discount. Even if the Company is able to conduct placing of new shares with a substantial discount, it may not be able to raise a sufficient level of fund as compared to the Rights Issue. Also, we consider that it would be unfair to the existing Shareholders as they will not be able to participate in the placing of new Shares. In view of the declining trend of the Share price and thin liquidity of the Shares during the Review Period, we are of the view that the Rights Issue is an appropriate and equitable way of equity financing for both the Company and the Shareholders.

With reference to the thin trading liquidity of the Shares during the Review Period and the basis of two Rights Shares for every one Share of the Rights Issue, the Qualifying Shareholders who select to take up in full the respective assured entitlements under the Rights Issue would increase its number of Shares held by 200%. We anticipate that the Qualifying Shareholders may have difficulties in selling a significant number of Shares in the open market if the same trading pattern of the Shares persists during and after the completion of the Rights Issue without exerting a downward pressure on the market price of the Shares. We are therefore of the view that the Subscription Price at a discount, which is at a discount of approximately 21.8% to the lowest Share price during the Review Period, would provide greater opportunity for the Qualifying Shareholders to lower his/her overall investment costs per Share should they choose to take up the assured entitlement under the Rights Issue. Therefore, the Subscription Price fixed at a discount to the prevailing market price would be attractive to the Qualifying Shareholders to participate in the Rights Issue.

4.2.3 Comparison with recent rights issues

In assessing the fairness and reasonableness of the Subscription Price, we have conducted a search of recent proposed rights issue transactions based on the following selection criteria: (i) company listed on the Main Board of the Stock Exchange; (ii) rights issue transactions with gross proceeds less than HK$500 million; (iii) rights issue transaction announced since 23 May 2021, being six months prior to the Last Trading Day and up to the Latest Practicable Date (the "**Comparable Review Period**"), to understand the trend of the recent market practice. Based on our research, we have identified an exhaustive list of 16 comparable rights issue transactions (the "**Comparable Rights Issues**") during the Comparable Review Period. We note that the Comparable Rights Issues may have different principal activities and none of them are engaged in manufacturing of casing for notebooks and other accessories. However, we consider that the terms of the rights issue depend on various factors, including the dilution effect to shareholding, funding needs and use of proceeds, discounts to share price, etc., but are often influenced by the recent market trends for rights issue. Notwithstanding that the Comparable Rights Issues include issuers which engaged in different business or with different financial performance, we consider that the Comparable Rights Issues are acceptable to serve as reference for assessing the Subscription Price as (i) all of the Comparable Rights Issues are listed on Main Board of the Stock Exchange; (ii) our analysis is mainly focused on the comparison of the subscription price, theoretical ex-rights price and NAV value, and maximum dilution on the shareholding; and (iii) approximately six months period for selection of the Comparable Rights Issues has resulted in generation of a reasonable sample size, we are of the view that the Comparable Rights Issues are fair, representative and exhaustive samples for our assessment of the Subscription Price.

Comparable Rights Issues

Date of announcement	Company name (stock code)	Nature of business	Market Capitalisation (Note 1) HK$'million	Basis of entitlement	Premium/ Discount of the subscription price to the closing price per share on the last trading day prior to announcement in relation to the respective rights issue approximate (%)	Premium/ Discount of the subscription price to the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to announcement in relation to the respective rights issues approximate (%)	Premium/ Discount of the subscription price to the consolidated net asset value per share approximate (%)	Theoretical dilution effect (Note 5) approximate (%)	Underwriting commission (%)	Excess application (Yes/No)	Placing fee (%)
15-Dec-21	Future World Holdings Limited (572)	Providing financing services and involving in property and securities investment	74.39	3 for 2	-33.82	-16.97	-94.61 (Note 2)	-23.23	5	No	3.5
30-Nov-21	Titan Invo Technology Limited (872)	Engaging in the automotive-grade wireless connectivity business	231.12	1 for 2	-37.50	-28.60	-37.58 (Note 3)	-14.00 (Note 6)	N/A	Yes	N/A

Date of announcement	Company name (stock code)	Nature of business	Market Capitalisation *(Note 1)* *HK$'million*	Basis of entitlement	Premium/ Discount of the subscription price to the closing price per share on the last trading day prior to announcement in relation to the respective rights issue *approximate (%)*	Premium/ Discount of the subscription price to the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to announcement in relation to the respective rights issues *approximate (%)*	Premium/ Discount of the subscription price to the consolidated net asset value per share *approximate (%)*	Theoretical dilution effect *(Note 5)* *approximate (%)*	Underwriting commission *(%)*	Excess application *(Yes/No)*	Placing fee *(%)*
23-Nov-21	Xinyang Maojian Group Limited (362)	Producing heat and power, sales of coal-related chemical	221.71	1 for 2	–4.00	–6.98	140.00	–3.30	3.5	Yes	N/A
16-Nov-21	King Stone Energy Group Limited (663)	Mining and sale of silver mineral, providing asset financing services	340.34	1 for 2	–41.90	–32.40	–30.20	–14.60	N/A	Yes	1
1-Nov-21	Deson Development International Holdings Limited (262)	Developing and investing properties	105.61	1 for 2	–7.40	–5.06	–93.80	–2.53	3.50	Yes	N/A

Date of announcement	Company name (stock code)	Nature of business	Market Capitalisation *(Note 1)* *HK$'million*	Basis of entitlement	Premium/ Discount of the subscription price to the closing price per share on the last trading day prior to announcement in relation to the respective rights issue *approximate (%)*	Premium/ Discount of the subscription price to the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to announcement in relation to the respective rights issues *approximate (%)*	Premium/ Discount of the subscription price to the consolidated net asset value per share *approximate (%)*	Theoretical dilution effect *(Note 5)* *approximate (%)*	Underwriting commission *(%)*	Excess application *(Yes/No)*	Placing fee *(%)*
19-Oct-21	Risecomm Group Holdings Limited (1679)	Designing, developing and sale of power-line communication products	247.44	1 for 2	–0.50	–0.50	101.90	N/A	1 *(Note 7)*	Yes	N/A
15-Oct-21	Link-Asia International MedTech Group Limited (1143)	Providing electronic manufacturing services	133.72	1 for 2	–7.83	–5.35	–61.55	–6.93	3.00	Yes	N/A

Date of announcement	Company name (stock code)	Nature of business	Market Capitalisation *(Note 1)* *HK$'million*	Basis of entitlement	Premium/ Discount of the subscription price to the closing price per share on the last trading day prior to announcement in relation to the respective rights issue *approximate (%)*	Premium/ Discount of the subscription price to the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to announcement in relation to the respective rights issues *approximate (%)*	Premium/ Discount of the subscription price to the consolidated net asset value per share *approximate (%)*	Theoretical dilution effect *(Note 5)* *approximate (%)*	Underwriting commission *(%)*	Excess application *(Yes/No)*	Placing fee *(%)*
7-Oct-21	Great Wall Terroir Holdings Limited (524)	Developing properties and managing hotel	171.98	1 for 5	–23.70	–20.5	150	–8.17	N/A	Yes	N/A
2-Sep-21	Daisho Microline Holdings Limited (567)	Trading petroleum and energy products	145.19	1 for 1	–44.44	–28.57	–15.18	–22.22	2	Yes	N/A
6-Aug-21	LKS Holding Group Limited (1867)	Providing interior fitting-out, renovation, alternation and addition works services	273.28	1 for 5	–9.84	–8.33	109.32	–1.64	1.50	Yes	N/A

Date of announcement	Company name (stock code)	Nature of business	Market Capitalisation *(Note 1)* *HK$'million*	Basis of entitlement	Premium/ Discount of the subscription price to the closing price per share on the last trading day prior to announcement in relation to the respective rights issue *approximate (%)*	Premium/ Discount of the subscription price to the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to announcement in relation to the respective rights issues *approximate (%)*	Premium/ Discount of the subscription price to the consolidated net asset value per share *approximate (%)*	Theoretical dilution effect *(Note 5)* *approximate (%)*	Underwriting commission *(%)*	Excess application *(Yes/No)*	Placing fee *(%)*
3-Aug-21	Kiu Hung International Holdings Limited (381)	Manufacturing and trading of toys and gifts items, exploration of natural resources	65.66	3 for 1	–28.07	–8.89	–88.92	–22.61	N/A	No	0.50
29-Jul-21	China Properties Investment Holdings Limited (736)	Providing education support and investing properties	65.46	1 for 1	–4.10	–2.10	–90.40	–2.00	N/A	No	2.50

Date of announcement	Company name (stock code)	Nature of business	Market Capitalisation (Note 1) *HK$'million*	Basis of entitlement	Premium/ Discount of the subscription price to the closing price per share on the last trading day prior to announcement in relation to the respective rights issue *approximate (%)*	Premium/ Discount of the subscription price to the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to announcement in relation to the respective rights issues *approximate (%)*	Premium/ Discount of the subscription price to the consolidated net asset value per share *approximate (%)*	Theoretical dilution effect (Note 5) *approximate (%)*	Underwriting commission *(%)*	Excess application *(Yes/No)*	Placing fee *(%)*
14-Jul-21	China Baoli Technologies Holdings Limited (164)	Engaging in multi-media technologies, gamma ray, tourism and hospitality businesses	212.13	1 for 2	–29.82	–21.57	N/A *(Note 4)*	–10.34	3.50	Yes	N/A
16-Jun-21	China Environmental Energy Investment Limited (986)	Engaging in jewellery and money lending businesses	66.21	1 for 1	–5.66	–2.91	–79.27	–2.83	N/A	No	2.50

Date of announcement	Company name (stock code)	Nature of business	Market Capitalisation *(Note 1)* *HK$'million*	Basis of entitlement	Premium/ Discount of the subscription price to the closing price per share on the last trading day prior to announcement in relation to the respective rights issue *approximate (%)*	Premium/ Discount of the subscription price to the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to announcement in relation to the respective rights issues *approximate (%)*	Premium/ Discount of the subscription price to the consolidated net asset value per share *approximate (%)*	Theoretical dilution effect *(Note 5)* *approximate (%)*	Underwriting commission *(%)*	Excess application *(Yes/No)*	Placing fee *(%)*
		Sale and develop properties, operate restaurant and hotel	2,512.71								
11-Jun-21	Lai Sun Garment (191)	Developing and sale of properties, operating restaurant and hotel	2,512.71	1 for 2	–65.00	–55.40	–95.90	–21.70	1	Yes	N/A

Date of announcement	Company name (stock code)	Nature of business	Market Capitalisation (Note 1) HK$'million	Basis of entitlement	Premium/ Discount of the subscription price to the closing price per share on the last trading day prior to announcement in relation to the respective rights issue approximate (%)	Premium/ Discount of the subscription price to the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to announcement in relation to the respective rights issues approximate (%)	Premium/ Discount of the subscription price to the consolidated net asset value per share approximate (%)	Theoretical dilution effect (Note 5) approximate (%)	Underwriting commission (%)	Excess application (Yes/No)	Placing fee (%)
1-Jun-21	Green Economy Development Limited (1315)	Engaging in material trading, property maintenance and building construction businesses	306.00	1 for 4	–60.78	–55.36	–15.25	–11.81	N/A	No	2.00 (Note 8)

Date of announcement	Company name (stock code)	Nature of business	Market Capitalisation (Note 1) HK$'million	Basis of entitlement	Premium/ Discount of the subscription price to the closing price per share on the last trading day prior to announcement in relation to the respective rights issue approximate (%)	Premium/ Discount of the subscription price to the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to announcement in relation to the respective rights issues approximate (%)	Premium/ Discount of the subscription price to the consolidated net asset value per share approximate (%)	Theoretical dilution effect (Note 5) approximate (%)	Underwriting commission (%)	Excess application (Yes/No)	Placing fee (%)
				Maximum	–0.50	–0.50	150.00	–1.64	5.00		3.50
				Minimum	–65.00	–55.40	–95.90	–23.23	1.00		0.50
				Average	–25.27	–18.72	–13.43	–11.19	2.67		2.00
				Median	–25.89	–12.93	–37.58	–10.34	3.00		2.25
	The Company			2 for 1	–30.00	–12.50	–82.55	–20.83	Nil	No	2.00 (Note 9)

Source: The Stock Exchange

Notes:

1. The market capitalisation is calculated by multiplying the closing price per share of the last trading prior to announcement in relation to the respective rights issue by the number of total issued shares as at its the respective date of the announcement.

2. The unaudited net asset value per share is calculated based on the latest published unaudited consolidated net asset value attributable to the shareholders of approximately HK$913,108,000 as at 30 June 2021 and 54,696,092 consolidated shares to be issued, which is on the basis that every 20 existing shares can be consolidated into one consolidated share.

3. The unaudited net asset value per share is calculated based on the latest published unaudited consolidated net asset value attributable to the shareholders of approximately HK$231,414,000 and 2,063,615,283 shares in issue as at 30 June 2021.

4. The subject company recorded net liabilities attributable to shareholders.

5. The theoretical dilution effect is calculated in accordance to Rule 7.27B of the Listing Rules.

6. The theoretical dilution effect has cumulated the effect of both the conversion of the convertible bonds and the rights issue, which are both proposed on the same date.

7. Risecomm Group Holdings Limited shall pay to the underwriters the higher of (i) HK$600,000; and (ii) 1.0% of the aggregate subscription price in respect of the underwritten shares.

8. Green Economy Development Limited shall pay to the placing agent the higher of (i) HK$250,000 or (ii) 2% of the gross proceeds from the subscription of the unsubscribed rights shares and the non-qualifying shareholders unsold rights shares.

9. The Company shall pay to the Placing Agent a placing commission, being the higher of HK$300,000 and 2% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Shares which are successfully placed by the Placing Agent.

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

(i) the discount of the subscription prices to the share price on the last trading day of the Comparable Rights Issues ranged from discounts of approximately 0.50% to 65.00% (the "**Comparable LTD Range**"), with average and median discounts of approximately 25.27% and 25.89%, respectively. The discount of approximately 30.00% to the closing price per Share on the Last Trading Day as represented by the Subscription Price is within the Comparable LTD Range and higher than the average and median discounts of the Comparable Rights Issues;

(ii) the discount of the subscription prices to the theoretical ex-rights price per share based on the last trading day of the Comparable Rights Issues ranged from discounts of approximately 0.50% to 55.40% (the "**Comparable TERP Range**"), with average and median discounts of approximately 18.72% and 12.93%, respectively. The discount of 12.50% to the theoretical ex-rights price per Share on the Last Trading Day as represented by the Subscription Price is within the Comparable TERP Range, lower than the average and the median discounts of the Comparable Rights Issues;

(iii) the discount of the subscription prices to the consolidated NAV per share of the Comparable Rights Issues ranged from premium of approximately 150.00% to discount of approximately 95.90% (the "**Comparable NAV Range**"), with average and median discounts of approximately 13.43% and 37.58%, respectively. The discounts of 82.55% and 72.84% to the consolidated net asset value per Share as at 31 December 2020 and 30 June 2021, respectively as represented by the Subscription Price are within the Comparable NAV Range and higher than the average and median discounts of the Comparable Rights Issues; and

(iv) the theoretical dilution effect of the Comparable Rights Issues ranged from approximately 1.64% to 23.23% (the "**Comparable Dilution Range**"), with average and median dilution effects of approximately 11.19% and 10.34%, respectively. The theoretical dilution effect of the Rights Issue of approximately 20.83% is higher than the average and median dilution effects of the Comparable Rights Issues.

We note that the Subscription Price is at significant discounts of approximately 82.55% and 72.84% to the audited consolidated NAV of approximately HK$0.762 per Share as at 31 December 2020 and unaudited consolidated NAV of approximately HK$0.490 per Share as at 30 June 2021 respectively, and are higher than the average and median discounts of the Comparable Rights Issues. We understand from the Directors that when determining the Subscription Price, the Directors have taken into account the fact that the Subscription Price is at a substantial discount to the consolidated NAV per Share. As discussed in the section headed "4.2.1 Review of the historical share price performance" above, we note that the Share price performance displayed a general declining trend during the Review Period and the closing price per Share for most of the trading days during the Review Period were below consolidated NAV per Share as of 31 December 2020 and 30 June 2021. The highest and lowest closing price of HK$0.53 and HK$0.17 per Share recorded during the Review Period represent (i) discounts of approximately 30.41% and 77.68% to consolidated NAV per Share as at 31 December 2020; and (ii) premium of approximately 8.21% and discount of approximately 65.29% to consolidated NAV per Share as at 30 June 2021, respectively. If the Subscription Price were determined at a lower discount to the NAV per Share, the Subscription Price may represent a premium to the prevailing market price of the Share which we consider would be less attractive to the Qualifying Shareholders. Given the Company's genuine funding needs as discussed in the section headed "2.1 Background and reasons for the Rights Issue" above and the economic uncertainties caused by the Pandemic, we consider that the deep discount to the NAV per Share as represented by the prevailing market price of the Share immediately before the proposed Rights Issue can encourage the Qualifying Shareholders to participate in the Rights Issue and maintain their shareholdings in the Company and benefiting from the future growth of the Company.

While we note that, based on the above comparison analysis:

(i) the discount of the Subscription Price to the Share price on the Last Trading Day is higher than the average and median discounts to the closing price per share on the last trading day of the Comparable Rights Issues;

(ii) the discount of the Subscription Price to the the consolidated NAV per Share are higher than the average and median discounts to the consolidated NAV per share of the Comparable Rights Issues; and

(iii) theoretical dilution effect of the Rights Issue is higher than the average and median dilution effects of the Comparable Rights Issues,

we consider that the relatively higher level of discounts and dilution effect for the Subscription Price and the Rights Issue are justifiable having taken into account the following factors:

(i) given the relatively thin trading volume of the Shares during the Review Period, we consider that the Subscription Price, being fixed at a relatively higher discount to the prevailing market price, would be attractive to the Qualifying Shareholder to participate in the Rights Issues;

(ii) in light of the general downward trend of the Share price during the Review Period and the weak Share price performance as compared to the HSI, the relatively higher discount of the Subscription Price would provide an opportunity for the Qualifying Shareholders to lower his/her overall investment costs per Share should they choose to take up the assured entitlement under the Rights Issue;

(iii) the Share prices for most of the trading days during the Review Period were below audited consolidated NAV per Share as of 31 December 2020 and unaudited consolidated NAV per Share as of 30 June 2021;

(iv) the Group was in loss-making positions for the two years ended 31 December 2019 and 2020 and the six months ended 30 June 2021 and the Group's liquidity position was deteriorating as the gearing ratios of the Group increased from approximately 84.0% as at 31 December 2019 to approximately 200.4% as at 30 June 2021;

(v) the net proceeds from the Right Issues would provide greater financial flexibility for the Group to cater for its working capital needs and improve the Group's overall liquidity position; and

(vi) the Rights Issue will offer the Qualifying Shareholders an equal opportunity to subscribe for their Rights Shares to maintain their respective pro-rata shareholding interests in the Company.

In light of the above, notwithstanding the relatively high discounts of the Subscription Price and dilution effect of the Rights Issue, we consider that the Subscription Price and the offer basis of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

4.2.4 Comparison with comparable companies

In assessing the fairness and reasonableness of the Subscription Price, we have also considered performing the comparable analysis with companies that are engaged in similar line of business of the Company. We have performed research of the comparable companies based the following selection criteria: (i) companies listed on the Main Board of the Stock Exchange; and (ii) over 50% of its revenue generated from manufacturing and sale of casings for electronic products with geographic coverage in the PRC. Based on the above selection criteria, we have, on best-effort basis, identified two comparable companies (the "**Comparable Companies**") which we considered to be fair and representative samples for the purpose of our analysis.

In our assessment, we have considered the price-to-earnings ratio ("**P/E**"), price-to-book ratio ("**P/B**") and price-to-sales ratio ("**P/S**") which are commonly used as benchmarks to assess the valuation of a business entity. As mentioned in the section headed "1 Background information of the Group" above, the Company was loss-making for FY2019 and FY2020 and P/E is not applicable for comparable analysis. Therefore, we proceed with our analysis on P/B and P/S, which we consider to be one of the common valuation multiples used to assess the reasonableness of a business entity's value.

The Comparable Companies set out below represent an exhaustive list of companies comparable to the Company:

Comparable Companies	Principal Business Activities	Closing Market Capitalisation *(HK$' million) (Note 1)*	P/B *(times) (Note 2)*	P/S *(times) (Note 3)*
Karrie International Holdings Limited (1050)	(i) Providing mechanical engineering solutions, manufacturing and sales of metal and plastic parts for information and communication technology industry; (ii) manufacturing and sales of magnetic tape data storage; and (iii) urban renewal, residential real estate project investment and development	3,207.52	2.53	1.00
Ju Teng International Holdings Limited (3336)	Manufacture and sale of casings for notebook computer and handheld devices	1,500.01	0.23	0.15
Average			1.26	0.50
The Company	Manufacture and sale of a variety of casings and components of notebooks	43.11	0.30	0.39

Source: The Stock Exchange/ Wind Info

Notes:

1 The closing market capitalisation is calculated based on their respective closing price as quoted on the Stock Exchange website multiplied by the total issued share capital as at the Last Trading Day.

2 P/B of the Comparable Companies are calculated based on their respective closing market capitalisation per note 1 above and divided by the consolidated NAV attributable to shareholders as at the end of the latest financial period as extracted from their respective interim reports.

3 P/S of the Comparable Companies are calculated based on their respective closing market capitalisation per note 1 above and divided by the total revenue for the latest full financial year as extracted from their respective annual reports.

As illustrated above, the implied historical P/B of the Group is approximately 0.3 time, which is lower than the average P/B of the Comparable Companies of approximately 1.26 times. On the other hand, the P/S of the Group is approximately 0.39 time, which is lower than the average P/S of the Comparable Companies of approximately 0.5 time. Having considered (i) both P/B and P/S of the Group are below the average of the Comparable Companies; and (ii) the less than satisfactory financial performance of the Group due to the Pandemic as discussed in the section headed "2. Reasons for and benefits of the Rights Issue" above, we consider that the Subscription Price, which is determined at a relatively low valuation as compared to the Comparable Companies would be attractive to the Qualifying Shareholders and can encourage the Qualifying Shareholders to participate in the Rights Issue and maintain their shareholdings in the Company and benefiting from the future growth of the Company.

4.3 The Underwriting Arrangement for the Rights Issue

4.3.1 Principal terms of the Underwriting Agreement

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

Date	:	23 November 2021
Underwriter:	:	Landmark Worldwide
		Landmark Worldwide is an investment holding company incorporated in the British Virgin Islands with limited liability and is beneficially owned as to 25% by each of Mr. Wong Ah Yu, an executive Director, Mr. Wang, a non-executive Director, Mr. Wong Ah Yeung and Mr. Wang Ya Hua

		Landmark Worldwide, a substantial shareholder, beneficially holding 35,712,250 Shares, representing approximately 15.74% of the issued share capital of the Company as at the Latest Practicable Date
Number of Right Shares	:	453,831,276 Rights Shares
Underwriting commitment of the Underwriter	:	Pursuant to the Underwriting Agreement, Landmark Worldwide as the underwriter has conditionally agreed to underwrite the Rights Shares (other than the Rights Shares agreed to be taken up under the Irrevocable Undertakings) which have not been taken up by the Qualifying Shareholders and which have not been placed out by the Placing Agent under the Unsubscribed Arrangements. Accordingly, the Rights Issue is fully underwritten The Underwriter and Zhong Jia Securities have entered into arrangements for the sub-underwriting of 4,000,000 Rights Shares underwritten by the Underwriter
Underwriting commission	:	No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement Zhong Jia Securities will be entitled to receive sub-underwriting commission of HK$50,000 pursuant to the sub-underwriting arrangement with the Underwriter. The purpose of the said sub-underwriting arrangement was to ensure that there is sufficient public float exists in the Shares upon completion of the Rights Issue

For further details of the terms and conditions of the Underwriting Agreement, please refer to the paragraph headed ''The Underwriting Agreement'' in the Letter from the Board.

Based on the table set out in the section headed "4.2.3 Comparison with recent rights issue" above, we note that the range of commission received by underwriters of the Comparable Rights Issues ranged from 1.00% to 5.00%, with an average underwriting commission of approximately 2.67%. Pursuant to the Underwriting Agreement, the Underwriter will not charge any underwriting commission for the Rights Issue, which fall below the low end of the Comparable Rights Issues. As mentioned in the section headed "Reasons for and benefits of the Rights Issue and intended use of proceeds" in the Letter from the Board, prior to approaching the Underwriter, the Company approached two independent securities brokers to act as the underwriter to fully underwrite the Rights Issue, but none of them was willing to underwrite the Rights Issue of such a scale given the prevailing market conditions and the thin trading volume of the Shares. The Management believes that even if the Company continues to approach more independent brokers and eventually identify a broker who is willing to act as underwriter for the Rights Issue, a relatively high underwriting commission may be incurred. No commission will be charged by the Underwriter for the Rights Issue is considered to be beneficial to the Company by avoiding any additional transaction cost to be incurred should the Company appoint a willing independent broker to act as the underwriter for the Rights Issue. In view of the above, we concur with the Directors' view that the Underwriting Agreement is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

4.3.2 Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements

As stated in the Letter from the Board, pursuant to Rule 7.21(2) of the Listing Rules, as Landmark Worldwide, being a substantial shareholder, shall act as the underwriter of the Rights Issue, the Company must make arrangements as stipulated in Rule 7.21(1)(b) of the Listing Rules to dispose of any Unsubscribed Shares not validly applied for by the No Action Shareholders by offering such Unsubscribed Shares to independent placees for the benefit of those Shareholders. There will be no excess application arrangements in relation to the Rights Issue as stipulated by Rule 7.21(2)(a) of the Listing Rules.

As further mentioned in the Letter from the Board, it is noted that any Unsubscribed Shares (which comprise (i) Rights Shares that are not subscribed by the Qualifying Shareholders; and/or (ii) Rights Shares which would otherwise have been in the assured allotments of the Non-Qualifying Shareholders) will be first 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, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. If any of the Unsubscribed Shares are not successfully placed out, those Unsubscribed Shares will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement and/or taken up by Zhong Jia Securities pursuant to the sub-underwriting arrangement.

In order to comply with the Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares at the Placing Price.

Principal terms of the Placing Agreement are summarised below:

Date	:	23 November 2021
Placing Agent	:	Sinomax Securities Limited As at the Latest Practicable Date, (i) the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties; and (ii) the Placing Agent and its ultimate beneficial owner(s) are independent from the Underwriter and parties acting in concert with it
Placing commission	:	The Company shall pay the Placing Agent a placing commission, being the higher of HK$300,000 or 2% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Shares which are successfully placed by the Placing Agent
Placing Price	:	The placing price of the Unsubscribed 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 Shares during the placement process
Placing Period	:	The period from Tuesday, 15 February 2022 up to 4:00 p.m. on Wednesday, 16 February 2022, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
Placees	:	The Unsubscribed Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties

Condition precedent	:	The obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional (save for the condition that the Placing Agreement has become unconditional)

The Company has made an arrangement to dispose of any Unsubscribed Shares through the Placing Agent by offering such Unsubscribed Shares to the placees for the benefit of those Shareholders in compliance with Rule 7.21(1)(b) of the Listing Rules. As the Placing Price shall be at least equal to the Subscription Price, it is expected a potential premium over the Subscription Price may occur, and the monetary benefits will be payable to the No Action Shareholders on a pro-rata basis in accordance to the procedures stated in the section headed "Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements" in the Letter from the Board (the "**Net Gain Arrangement**").

We understand that the Unsubscribed Arrangements is a compensatory arrangement at the cost of the Company that would protect the interest of the Company's minority Shareholders in the Rights Issue. The placing of the Unsubscribed Shares may be placed to independent placees under the Unsubscribed Arrangements which will expand the shareholders' base. As 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, the Company has put in place the Unsubscribed Arrangements as required by Rule 7.21(1)(b) of the Listing Rules. Given that the Unsubscribed Arrangements would (i) provide a distribution channel of the Unsubscribed Shares for the Company; (ii) broaden the diversity and base of the Shareholders; (iii) potentially offer monetary benefits to the No Action Shareholders under the Net Gain Arrangement; (iv) facilitate the implementation of the Rights Issue; and (v) the expenses of the Placing Agent to be incurred during the placing of the Shares are borne by the Company, we are of the view that the Unsubscribed Arrangements are fair and reasonable to the Independent Shareholders.

Taking into account the principal terms of the Rights Issue as highlighted above, we consider that the terms of the Rights Issue (including the transactions contemplated under the Underwriting Agreement) are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned.

4.4 *Potential dilution effect on the interests of the Independent Shareholders*

The table below illustrates the possible shareholding structure of the Company as at the Latest Practicable Date and the possible changes upon completion of the Rights Issue (assuming there is no change in the issued share capital of the Company between the Latest Practicable Date and completion date of the Rights Issue):

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up all his/her/its entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertaking; and (b) all the Unsubscribed Shares were placed to Independent Third Parties under the Unsubscribed Arrangements)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Landmark Worldwide and Zhong Jia Securities)	
	No. of Shares	*Approx. percentage* %	*No. of Shares*	*Approx. percentage* %	*No. of Shares*	*Approx. percentage* %	*No. of Shares*	*Approx. percentage* %
Landmark Worldwide	35,712,250	15.74	107,136,750	15.74	107,136,750	15.74	436,089,529	64.06
E-Growth Resources Limited	7,400,000	3.26	22,200,000	3.26	22,200,000	3.26	22,200,000	3.26
Mr. Wang	9,653,000	4.25	28,959,000	4.25	28,959,000	4.25	28,959,000	4.25
Wong Ah Yu	2,411,000	1.06	7,233,000	1.06	7,233,000	1.06	7,233,000	1.06
Wong Ah Yeung	2,982,500	1.32	8,947,500	1.32	8,947,500	1.32	8,947,500	1.32
Wang Ya Hua	2,280,500	1.00	6,841,500	1.00	6,841,500	1.00	6,841,500	1.00

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up all his/her/its entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertaking; and (b) all the Unsubscribed Shares were placed to Independent Third Parties under the Unsubscribed Arrangements)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Landmark Worldwide, E-Growth Resources and the Wong Brothers pursuant to the Irrevocable Undertakings; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by Landmark Worldwide and Zhong Jia Securities)	
	No. of Shares	*Approx. percentage*	*No. of Shares*	*Approx. percentage*	*No. of Shares*	*Approx. percentage*	*No. of Shares*	*Approx. percentage*
Subtotal for Landmark Worldwide and its concert parties, including E-Growth Resources and the Wong Brothers	**60,439,250**	**26.63**	**181,317,750**	**26.63**	**181,317,750**	**26.63**	**510,270,526**	**74.96**
Zhong Jia Securities	–	–	–	–	–	–	4,000,000	0.59
Independent placees	–	–	–	–	332,952,776	48.91	–	–
Public Shareholders	166,476,388	73.37	499,429,164	73.37	166,476,388	24.45	166,476,388	24.45
Total	**226,915,638**	**100.00**	**680,746,914**	**100.00**	**680,746,914**	**100.00**	**680,746,914**	**100.00**

All Qualifying Shareholders are entitled to subscribe for the Right Shares, and for those who take up their full provisional allotments under the Rights Issue, their shareholding interest in the Company remain the same after the Rights Issue. As illustrated above, if (i) no Qualifying Shareholders take up the Rights Issue; (ii) no Unsubscribed Shares can be placed to independent placees; and (iii) all the Unsubscribed Shares are taken up by the Underwriter and Zhong Jia Securities, the shareholding of the public Shareholders would be reduced from approximately 73.37% to 25.04%, including the shareholding interests of the Rights Shares to be sub-underwritten by Zhong Jia Securities, representing a possible dilution of approximately 48.33% in their shareholding interests arising from Rights Issue, and the shareholding of Landmark Worldwide, E-Growth Resources and the Wong Brothers would be increased from approximately 26.63% as at the Latest Practicable Date to approximately 74.96% upon the completion of the Rights Issue.

Taking into account: (i) all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue in that the Qualifying Shareholders have their choice of whether to accept the Rights Issue or not; (ii) the Rights Issue offers the Qualifying Shareholders a chance to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at the Subscription Price; (iii) those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; (iv) the inherent dilutive nature of rights issue in general if the existing shareholders do not subscribe in full for their assured entitlements; (v) the Rights Issue would enable the Group to improve its financial position; and (vi) the Unsubscribed Arrangements will provide a compensatory mechanism at the cost of the Company that would protect the interest of the Company's minority Shareholders in the Rights Issue to address the concern that the Underwriter has the potential to increase its equity interests in the Company at a lower cost because the Subscription Price is at discounts to the recent prevailing market price and the NAV per Share, we are of the view that the potential dilution effect of the Rights Issue is justifiable.

We are of the view that the implementation of the Rights Issue is beneficial to the Company and the Shareholders as a whole despite the potential dilution impact to the shareholding interests of the existing public Shareholders, who do not participate fully or partly in the Rights Issue, having regard to the potential mitigating measure such as the Unsubscribed Arrangements.

5 Financial effects of the Rights Issue and the Set Off

According to the unaudited pro forma financial information of the Group set out in Appendix II to the Circular, the unaudited consolidated net tangible assets, before any adjustments, of the Group attributable to the equity holders of the Company was approximately HK$144.0 million as at 31 December 2020.

5.1 Net assets

Assuming no other issue of Shares on or before the Record Date, (i) the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company would increase by approximately HK$57.1 million as at 31 December 2020 upon completion of the Rights Issue; and (ii) the unaudited consolidated net tangible assets per Share attributable to the equity holders of the Company would decrease from approximately HK$0.7616 to approximately HK$0.2955 as at 31 December 2020.

5.2 Liquidity

According to the 2021 IR, as at 30 June 2021, the cash and bank balances of the Group was approximately HK$14.0 million and the Group had current assets of approximately HK$495.4 million, current liabilities of approximately HK$413.3 million. Accordingly, the current ratio of the Group (being the current assets of the Group divided by the current liabilities of the Group) as at 30 June 2021 was approximately 1.20 times. Assuming the Shareholder's Loans is being Set Off at the maximum amount, the cash and bank balances of the Group after the Set Off is expected to increase by the expected net proceeds from the Rights Issue of approximately HK$25.1 million and the Group's current liabilities after the Set Off is expected to decrease by approximately HK$32.0 million upon the completion of the of the Rights Issue. The current ratio will increase to approximately 1.36 times.

5.3 Gearing ratio

According to the 2021 IR, as at 30 June 2021, the Group has a gearing ratio of 200.4% (being the net debt/total equity). Upon the completion of the Rights Issue and the Set Off, the net debt is expected to decrease by approximately HK$57.1 million and the total equity of the Company will increase by the same amount. As a result, the gearing ratio of the Group is expected to improve to 98.4% upon completion of the Rights Issue.

Although the unaudited pro forma adjusted consolidated net tangible assets value per Share will decrease by approximately 61.2%, the Rights Issue will improve the liquidity position and gearing level of the Group. Thus, we are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

Shareholders should note that the aforesaid analyses are for illustrative purpose only and do not purport to represent the financial position of the Group upon completion of the Rights Issue and due to its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of: (i) the financial position of the Company as at 30 June 2021 or any future date; or (ii) the net tangible assets per Share of the Company as at 31 December 2020 or any future date.

6 Whitewash Waiver

Assuming (i) there is no change in the number of issued Shares from the Latest Practicable Date up to and including the date of close of the Rights Issue; (ii) none of the Qualifying Shareholders other than Landmark Worldwide, E-Growth Resources and the Wong Brothers have taken up their entitlements under the Rights Issue, and (iii) none of the Unsubscribed Shares have been taken up under the Unsubscribed Arrangements, the aggregate shareholding of Landmark Worldwide and parties acting in concert with it in the Company upon the close of the Rights Issue will increase from the current level of approximately 26.63% to approximately 74.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. Landmark Worldwide will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it pursuant to Rule 26 of the Takeovers Code. If the Whitewash Waiver is approved by the Independent Shareholders, the maximum potential holding of voting rights of the Company held by Landmark Worldwide and parties acting in concert with it as a result of the underwriting of the Rights Shares by Landmark Worldwide pursuant to the Underwriting Agreement will exceed 50% of the voting rights of the Company. Landmark Worldwide and parties acting in concert with it may further increase their holdings of voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

An application has been made by Landmark Worldwide to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are casted either in person or by proxy by the Independent Shareholders at the EGM by way of poll.

Based on our analysis of the benefits and terms of the Rights Issue, we consider that the Rights Issue is in the interests of the Company and the Independent Shareholders. If the Whitewash Waiver is not approved by the Independent Shareholders at the EGM, the Rights Issue will not proceed and the Company will lose all the benefits that are expected to be brought by the Rights Issue. Accordingly, we consider that the Whitewash Waiver is to facilitate the implementation of the Rights Issue and in the interests of the Company and the Independent Shareholders.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above and summarised below:

(i) the Rights Issue, which the net proceeds of approximately HK$32.0 million would be contributed to the Set Off while approximately HK$25.1 million would be contributed to settlement of operating costs and general working capital of the Group, is expected to have a positive financial effect on the net assets, liquidity and gearing ratio of the Group, more specially it is expected to lower the liabilities of the Group while increase it equity capital;

(ii) taking into account the benefits and costs of each of the alternatives, the Rights Issue represents an appropriate mean for fund raising to improve the Group's financial position as discussed under the section headed "2.2 Fund raising alternatives" above;

(iii) the Subscription Price and the dilution effects of the Rights Issue are reasonable as discussed in the section headed "4.2 Analysis on the terms of the Rights Issue" above;

(iv) the Rights Issue is conducted on the basis that all the Qualifying Shareholders have been offered the equal opportunity to maintain their proportionate interests in the Company and allows the Qualifying Shareholders to participate in the future growth of the Company, and the maximum dilution effect only occur when the Qualifying Shareholders do not subscribe for their proportionate Rights Shares; and

(v) the analysis on the fairness and reasonableness of the Whitewash Waiver as discussed in the section headed "6. Whitewash Waiver" above,

we are of the opinion that the terms of the Rights Issue (including the transactions contemplated under the Underwriting Agreement), the Set Off and the Whitewash Waiver are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolution(s) on the Rights Issue, the Underwriting Agreement, the Set Off and the Whitewash Waiver to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Maxa Capital Limited

Michael Fok	**Sammy Leung**
Managing Director	*Managing Director*

Mr. Michael Fok is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in the corporate finance industry.

Mr. Sammy Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in the corporate finance industry.

1. THREE-YEAR FINANCIAL SUMMARY

Set out below is a summary of the consolidated financial results of the Group for each of the three years ended 31 December 2018, 2019 and 2020 as extracted from the annual reports of the Company for the years ended 31 December 2018, 2019 and 2020, and the unaudited consolidated interim results of the Group for the six months ended 30 June 2021 as extracted from the interim report of the Company for the six months ended 30 June 2021.

No qualified opinion had been given in the auditor's reports issued by Ernst & Young in respect of the three years ended 31 December 2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Results

	For the six months ended 30 June	For the year ended 31 December		
	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(audited)	(audited)	(audited)
Revenue	**167,772**	472,368	532,939	507,429
Cost of sales	**(165,845)**	(489,832)	(513,063)	(417,341)
Gross profit/(loss)	**1,927**	(17,464)	19,876	90,088
Other income	**889**	1,987	1,834	5,696
Selling and distribution expenses	**(4,244)**	(9,064)	(10,227)	(14,120)
General and administrative expenses	**(35,135)**	(65,527)	(64,875)	(69,119)
Other operating income/(expenses), net	**(5,016)**	(64,648)	709	4,145
Finance costs	**(2,942)**	(10,558)	(15,438)	(12,617)
Profit/(loss) before taxation	**(44,521)**	(165,274)	(68,121)	4,073
Income tax expense	**–**	–	–	–

	For the six months ended 30 June	For the year ended 31 December		
	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(audited)	(audited)	(audited)
Profit/(loss) for the year attributable to:				
Owners of the Company	**(44,521)**	(165,274)	(68,121)	4,073
Non-controlling interests	**–**	–	–	–
Earnings/(loss) per Share attributable to:				
Owners of the Company – basic and diluted	**HK(22.12) cents**	HK(87.39) cents	HK(36.02) cents	HK2.25 cents
Non-controlling interests – basic and diluted	**–**	–	–	–
Total comprehensive expense attributable to:				
Owners of the Company	**(44,611)**	(155,030)	(81,360)	(8,425)
Non-controlling interests	**–**	–	–	–

For each of the three years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021, no dividend or dividend per share has been declared by the Group. Save as disclosed in the consolidated financial statements of the Group for each of the three years ended 31 December 2018, 2019 and 2020 and the unaudited consolidated interim results of the Group for the six months ended 30 June 2021, there were no material items of income or expense for each of the three years ended 31 December 2018, 2019 and 2020 and for the six months ended 30 June 2021.

2. AUDITED FINANCIAL INFORMATION

The Company is required to set out or refer to in this circular the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes of equity and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the "**2018 Financial Statements**"); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the "**2019 Financial Statements**"); (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the "**2020 Financial Statements**"); and (iv) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021 (the "**2021 Interim Financial Statements**"), together with significant accounting policies and the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2018 Financial Statements are set out on pages 36 to 103 of the annual report of the Company for the year ended 31 December 2018, which was published on 10 April 2019 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0410/ltn20190410171.pdf

The 2019 Financial Statements are set out on pages 37 to 107 of the annual report of the Company for the year ended 31 December 2019, which was published on 14 April 2020 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0414/2020041401027.pdf

The 2020 Financial Statements are set out on pages 37 to 103 of the annual report of the Company for the year ended 31 December 2020, which was published on 22 April 2021 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0422/2021042200969.pdf

The 2021 Interim Financial Statements are set out on pages 9 to 33 of the interim report of the Company for the six months ended 30 June 2021, which was published on 15 September 2021 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0915/2021091500418.pdf

3. NO MATERIAL CHANGE

Save as disclosed below, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group for the period commencing since 31 December 2020 (being the date to which the latest published audited financial statements of the Company were made up) up to the Latest Practicable Date:

As disclosed in the interim report of the Company for the Period, during the Period, the Group faced various challenges including the shortage in the supply of semi-conductors, increase in raw material price and the appreciation of RMB against the USD, which as a result have eroded the revenue and the gross profit margin of the Group. During the Period, the revenue of the Group recorded a drop from approximately HK$188.0 million during the six months ended 30 June 2020 to approximately HK$167.8 million. Due to the shortages in the supply of semi-conductors, the Group recorded a decrease in placed orders from customers. The increase in the price of raw materials and the appreciation of RMB against USD have created pressure on the Group's gross profit margin and the gross profit reduced from approximately HK$9.4 million for the six months ended 30 June 2020 to approximately HK$1.9 million for the Period. The net loss attributable to the equity holders of the Company had increased from approximately HK$31.4 million during the six months ended 30 June 2020 to approximately HK$44.5 million for the Period.

4. INDEBTEDNESS

As at the close of business on 31 October 2021, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the respective indebtedness of the Group is as follows:

Borrowings

As at the close of business on 31 October 2021, the Group had outstanding borrowings of approximately HK$262.9 million, comprising (i) bank borrowings of approximately HK$64.4 million, which were secured by corporate guarantees of the Company and a substantial shareholder; (ii) unguaranteed and unsecured borrowings from a related company of approximately HK$95.5 million; (iii) unguaranteed and unsecured Shareholder's loan of approximately HK$103.0 million.

Lease liabilities

As at the close of business on 31 October 2021, the Group had lease liabilities of approximately HK$16.3 million.

Save as disclosed above, at the close of business on 31 October 2021, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts or other similar indebtedness, lease liabilities or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgage, charges, guarantees or other material contingent liabilities.

5. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present financial resources available to the Group, including internally generated funds, the expected renewal and availability of credit facilities; the expected renewal of loans from a related party and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for at least twelve months from the date of this circular.

6. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS

The Group is a "one-stop" manufacturing solution provider of casings for notebooks and other accessories. The Group is principally engaged in the manufacturing and the sales of the casings and components of notebooks.

As set out in the interim report of the Company for the six months ended 30 June 2021, the Group faced various challenges during the relevant period including the shortage in the supply of semi-conductors, increase in raw material price and the appreciation of RMB against USD. The operation and overall economic environment will remain challenge in the second half of 2021. The Group's utmost concern is to maintain its competitiveness though continuing enhancement of operation effectiveness and management efficiency. In addition, the management of the Group will remain vigilant to the market changes and adopt a prudent decision-making approach on resources allocation in order to make a timely and efficient responses and achieve the best outcome for the Group.

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

The unaudited pro forma statement of adjusted consolidated net tangible assets (the "**Unaudited Pro Forma Financial Information**") of the Group has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 31 December 2020.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the published consolidated net assets of the Group as at 31 December 2020, as extracted from the published annual report of the Company for the year ended 31 December 2020 which are published on both the website of the Stock Exchange and the website of the Company, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to equity holders of the Group following the Rights Issue.

	Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2020	Net proceeds from the placing of the Company's shares during the Period	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company prior to completion of the Rights Issue	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company after completion of the Rights Issue	Unaudited consolidated net tangible assets per Share attributable to the equity holders of the Company prior to completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company after completion of the Rights Issue
	(Note 2)	*(Note 3)*		*(Note 4)*		*(Note 5)*	*(Note 6)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$*	*HK$*
Based on 453,831,276 Rights Shares to be issued at the Subscription Price of HK$0.133 per Rights Share *(Note 1)*	144,031	11,105	155,136	57,100	212,236	0.6837	0.3118

Notes:

1. Based on the 453,831,276 Rights Shares to be issued at the Subscription Price of HK$0.133 per Rights Share pursuant to the Rights Issue on the basis of two Rights Shares for every one Share held and 226,915,638 Shares in issue as at the Latest Practicable Date.

2. The audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2020 is based on the capital and reserves attributable to the owners of the Company as at 31 December 2020 of approximately HK$144,031,000, as extracted from the published annual report of the Company for the year ended 31 December 2020.

3. The Company completed the placing of 37,800,000 shares to independent third parties at a placing price of HK$0.31 per share on 3 May 2021. The net proceeds from the placing was HK$11,105,000, after deduction of the related estimated expenses of approximately HK$613,000.

4. The estimated net proceeds from the Rights Issue (prior to the Set Off of the Shareholder's Loans of HK$32,000,000) are based on 453,831,276 Rights Shares to be issued at the Subscription Price of HK$0.133 per Rights Share, after deduction of the related estimated expenses of approximately HK$3,300,000. The proposed set off of the shareholder's loans advanced by Mr. Wang Ya Nan of HK$32 million will not affect the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company after completion of the Rights Issue.

5. The number of Shares used for the calculation of unaudited consolidated net tangible assets per Share attributable to the equity holders of the Company prior to completion of the Rights Issue (the "**Latest Practicable Date**") is 226,915,638 Shares.

6. The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company after completion of the Rights Issue is calculated based on 680,746,914 Shares in issue upon completion of the Rights Issue, which represents the 226,915,638 Shares in issue as at the Latest Practicable Date and 453,831,276 Rights Shares expected to be issued on the completion of the Rights Issue.

2. REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report received from D & Partners CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation into this circular:

D & PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS

To the Directors of Tongda Hong Tai Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Tongda Hong Tai Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 December 2020, and related notes as set out in Appendix II of the circular dated 21 December 2021 issued by the Company (the "**Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed issue of 453,831,276 right shares ("**Rights Share**") at the subscription price of HK$0.133 per Rights Share ("**Subscription Price**") on the basis of two Rights Share for every one existing share held on the record date (the "**Rights Issue**") and connected transactions in relation to the underwriting agreement entered into between the Company and Landmark Worldwide Holdings Limited (the "**Underwriter**") and proposed set off of the Subscription Price against shareholder's loans advanced by Mr. Wang Ya Nan of HK$32 million ("**Shareholder's Loans**") (collectively the "**Transactions**") on the Group's net tangible assets as at 31 December 2020 as if the Transactions had taken place at 31 December 2020. As part of this process, information about the Group's net tangible assets has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2020, on which an annual report had been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the 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 ("**AG**") 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality control

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 Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 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 accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the 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 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 Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Transactions on unadjusted financial information of the Group as if the Transactions 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 Transactions would have been as presented.

A reasonable assurance engagement to report on whether the 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 Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Transactions, and to obtain sufficient appropriate evidence about whether:

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

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

The engagement also involves evaluating the overall presentation of the 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 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 purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

D & PARTNERS CPA LIMITED
Certified Public Accountants
Hong Kong

21 December 2021

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 (other than the information relating to the Underwriter and parties acting in concert with it) 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 (other than the information relating to the Underwriter and parties acting in concert with it) or this circular misleading.

This circular includes particulars given in compliance with the Takeovers Code. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than those relating to Landmark Worldwide and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the sole director of Landmark Worldwide) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The sole director of Landmark Worldwide, namely Mr. Wang, accepts full responsibility for the accuracy of the information contained in this circular (other than those relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this circular (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming there is no change in the number of issued Shares from the Latest Practicable Date up to and including the date of close of the Rights Issue) is set out as follows:

(i) as at the Latest Practicable Date

Authorised capital:		*HK$*
1,000,000,000	Shares	10,000,000.00
Issued and fully paid or credited as fully paid:		
226,915,638	Shares	2,269,156.38

(ii) immediately after completion of the Rights Issue:

Authorised capital:		*HK$*
1,000,000,000	Shares	10,000,000.00
Issued and fully paid or credited as fully paid:		
226,915,638	Shares as at the Latest Practicable Date	2,269,156.38
453,831,276	Number of Rights Shares to be issued	4,538,312.76
680,746,914	Shares upon completion of the Rights Issue	6,807,469.14

All of the Rights Shares to be issued will rank pari passu in all respects with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

As at the Latest Practicable Date, the Company had no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares.

The Company allotted and issued 37,800,000 new Shares on 3 May 2021 pursuant to the placing agreement dated 9 April 2021. Save as disclosed above, the Company had not issued any Shares since 31 December 2020, being the date on which the latest audited financial statements of the Group were made up and up to the Latest Practicable Date.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Rights Shares. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

There is no arrangement under which future dividends are/will be waived or agreed to be waived.

3. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange (i) on the last trading day in the Shares took place at the end of each of the calendar months during the Relevant Period, (ii) on the Last Trading Day, and (iii) on the Latest Practicable Date:

	Closing price per Share *HK$*
31 May 2021	0.320
30 June 2021	0.320
30 July 2021	0.242
31 August 2021	0.211
30 September 2021	0.200
29 October 2021	0.200
23 November 2021 (the Last Trading Day)	0.190
30 November 2021	0.172
17 December 2021 (the Latest Practicable Date)	0.171

The lowest and highest closing prices per Share recorded on the Stock Exchange during the period commencing on 23 May 2021 (being the date falling six months immediately prior to the date of the Announcement) and ending on the Latest Practicable Date were HK$0.170 on 15 December 2021 and HK$0.325 on 24 May 2021 respectively.

4. DISCLOSURE OF INTERESTS

(a) Interests in Landmark Worldwide

As at the Latest Practicable Date, the Company does not have any interest in the equity share capital or any convertible securities, warrants, options or derivatives of Landmark Worldwide, and the Company had not dealt in the equity share capital or any convertible securities, warrants, options or derivatives of Landmark Worldwide during the Relevant Period.

(b) Interest in the Company

(i) Director's and chief executive's interests in the Company or its associated corporations

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

Long position in the Shares:

	Number of shares held, capacity and nature of interest				
Name of director	**Directly beneficially owned**	**Through controlled corporation**	*Notes*	**Total**	**Approximate percentage of the Company's issued share capital**
Mr. Wang	9,653,000	43,112,250	*1, 2*	52,765,250	23.25%
Mr. Wong Ah Yu	2,411,000	35,712,250	*1*	38,123,250	15.74%

Notes:

1. 35,712,250 Shares are held by Landmark Worldwide, the issued share capital of which is beneficially owned as to 25% by each of Mr. Wong Ah Yu, an executive Director, Mr. Wang, a non-executive Director, Mr. Wong Ah Yeung and Mr. Wang Ya Hua.

2. 7,400,000 Shares are held by E-Growth Resources Limited, the entire issued share capital of which is beneficially owned by Mr. Wang.

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

(ii) Substantial shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange 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 issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital:

Long position in the Shares:

	Number of shares held, capacity and nature of interest					
Name of director	Directly beneficially owned	Through controlled corporation	Investment manager	*Note*	Total	Approximate percentage of the Company's issued share capital
Mr. Wong Ah Yeung	2,982,500	35,712,250	–	*1*	38,694,750	17.05%
Mr. Wang Ya Hua	2,280,500	35,712,250	–	*1*	37,992,750	16.74%
Landmark Worldwide	35,712,250	–	–	*1*	35,712,250	15.74%

Note:

1. 35,712,250 Shares are held by Landmark Worldwide, the issued share capital of which is beneficially owned as to 25% by each of Mr. Wong Ah Yu, an executive Director, Mr. Wang, a non-executive Director, Mr. Wong Ah Yeung and Mr. Wang Ya Hua.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 5% or more of the issued share capital of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following Director is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director

Mr. Wang Ya Nan *(Note)*

Note: Mr. Wang Ya Nan is the sole director of Landmark Worldwide, which owns as to approximately 15.74% of the entire issued share capital of the Company and is deemed to be interested in such Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, none of the Directors or a proposed Director is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the Announcement; or (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2020 (being the date to which the latest published audited financial statements of the Group were made up) 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.

7. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, save for the Set Off, the Underwriting Agreement and the Irrevocable Undertakings, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

9. ADDITIONAL DISCLOSURE OF DEALINGS AND INTEREST IN THE SECURITIES OF THE COMPANY

As at the Latest Practicable Date, neither Landmark Worldwide, its ultimate beneficial owners nor any parties acting in concert with it/them:

(a) save for the Shares as set out in the section headed "Changes in Shareholding Structure of the Company arising from the Rights issue", owns, controls or has direction over any Shares and right over Shares, outstanding share options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(b) has received any irrevocable commitment to vote for or against the resolutions to be proposed at the EGM to approve the Rights Issue, the Set Off, the Underwriting Agreement and/or the Whitewash Waiver and to accept or reject the Rights Issue;

(c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(d) save for the Irrevocable Undertakings given by Landmark Worldwide, E-Growth Resources and the Wong Brothers, details of which as set out in the section headed "The Irrevocable Undertakings" of this circular, there are no arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue, the Set Off, the Underwriting Agreement and/or the Whitewash Waiver, with any other persons;

(e) save for the Underwriting Agreement and save that the Rights Issue is conditional upon obtaining of the Whitewash Waiver by Landmark Worldwide as set out in "Conditions of the Underwriting Agreement" of this circular, has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue, the Set Off, the Underwriting Agreement and/or the Whitewash Waiver;

(f) has dealt in any securities of the Company during the Relevant Period; or

(g) has entered into any derivative in respect of the securities in the Company which are outstanding.

As at the Latest Practicable Date:

(a) apart from the Rights Shares to be subscribed and underwritten by Landmark Worldwide and the Set Off, the Company has not paid and will not pay any other consideration, compensation or benefit in whatever form to Landmark Worldwide, its ultimate beneficial owners and any parties acting in concert with it/them in connection with the Rights Issue and the Underwriting Agreement;

(b) apart from the Set Off, the Underwriting Agreement and the Irrevocable Undertakings, there are no other understanding, arrangement or special deal between the Group on the one hand, and Landmark Worldwide, its ultimate beneficial owners and any parties acting in concert with it/them on the other hand;

(c) apart from the Set Off, the Underwriting Agreement and the Irrevocable Undertakings, there is no understanding, arrangement or agreement or special deal between (i) any Shareholders; and (ii) (a) Landmark Worldwide, its ultimate beneficial owners and any parties acting in concert with it/them; or (b) the Company, its subsidiaries or associated companies;

(d) there was no agreement, arrangement or understanding (including any compensation arrangement) between Landmark Worldwide, its ultimate beneficial owners and any parties acting in concert with it/them and other persons in relation to the transfer, charge or pledge of the Shares that may be allotted and issued to Landmark Worldwide, its ultimate beneficial owners and parties acting in concert with it/them under the Rights Issue or as a result of the obligations under the Underwriting Agreement;

(e) save as disclosed in the paragraph headed "4. Disclosure of Interests" in this appendix, none of the Directors was interested in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company or similar rights which are convertible or exchangeable into any Shares. In addition, none of the Directors had dealt for value in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

(f) save for the shares in Landmark Worldwide held by Mr. Wong Ah Yu and Mr. Wang, none of the Company and the Directors had owned or controlled, or had dealt for value in, any shares or any securities, convertible securities, warrants, options or derivatives in respect of the shares or securities of Landmark Worldwide;

(g) save for the Shares held by Mr. Wang, none of the directors of Landmark Worldwide, if any, were interested in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company or similar rights which are convertible or exchangeable into any Shares. In addition, none of the directors of Landmark Worldwide had dealt in any Shares, convertible preference shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

(h) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of "acting in concert" or who was an associate of the Company by virtue of class (2) of the definition of "associate" under the Takeovers Code had owned or controlled, or had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;

(i) there was no benefit to be given to any Directors as compensation for loss of office in any member of the Group or otherwise in connection with the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver;

(j) there was no agreement, arrangement or understanding (including any compensation arrangement) between (i) Landmark Worldwide and parties acting in concert with it and (ii) any of the Directors, recent Directors, Shareholders or recent Shareholders, having any connection with or dependence upon the Rights Issue, the Set Off, the Underwriting Agreement and/or the Whitewash Waiver;

(k) save for the Set Off, the Underwriting Agreement and the Irrevocable Undertakings, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the Rights Issue, the Set Off, the Underwriting Agreement and/or the Whitewash Waiver or otherwise connected therewith;

(l) save for the Set Off, the Underwriting Agreement and the Irrevocable Undertakings, there was no material contract entered into by Landmark Worldwide and parties acting in concert with it in which any Director had a material personal interest;

(m) save for the Set Off, the Underwriting Agreement and Irrevocable Undertakings, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code, and none of them had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;

(n) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;

(o) pursuant to the Irrevocable Undertakings, (i) Landmark Worldwide will accept and pay for its entitlements under the Rights Issue for an aggregate of 71,424,500 Rights Shares; (ii) E-Growth Resources will accept and pay for its entitlements under the Rights Issue for an aggregate of 14,800,000 Rights Shares; and (iii) each of Mr. Wang, Mr. Wong Ah Yu, Mr. Wong Ah Yeung and Mr. Wang Ya Hua will accept and pay for his entitlements for an aggregate of 19,306,000 Rights Shares, 4,822,000 Rights Shares, 5,965,000 Rights Shares and 4,561,000 Rights Shares respectively. Landmark Worldwide is beneficially owned as to 25% by each of Mr. Wong Ah Yu, an executive Director, Mr. Wang, a non-executive Director, Mr. Wong Ah Yeung and Mr. Wang Ya Hua, all of whom are brothers. E-Growth Resources is beneficially owned by Mr. Wang; and

(p) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares.

10. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

11. EXPERTS AND CONSENTS

The following are the qualification of the experts who have given opinion or advice which are contained in this circular:

Name	Qualifications
Maxa Capital	A corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
D & Partners CPA Limited	Certified Public Accountants

Each of Maxa Capital and D & Partners CPA Limited have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letter, report and/or references to their name in the form and context in which they respective appear.

As at the Latest Practicable Date, each of Maxa Capital and D & Partners CPA Limited did not have 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, each of Maxa Capital and D & Partners CPA Limited did not have any direct or indirect interests in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

12. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of the Announcement and up to the Latest Practicable Date and are or may be material:

(a) the placing agreement dated 9 April 2021 and entered into between the Company and Sinomax Securities Limited in relation to the placing of up to 37,800,000 Shares at the placing price of HK$0.31 per Share with gross proceeds of HK$11.7 million;

(b) the Underwriting Agreement; and

(c) the Placing Agreement.

13. EXPENSES

The expenses in connection with the Rights Issue, including placing commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK$3.3 million, which are payable by the Company.

14. CORPORATE INFORMATION

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 1203, 12th Floor Shui On Centre 6–8 Harbour Road Wanchai, Hong Kong
Authorised representatives	Mr. Wang Mr. Wong Ming Li
Company secretary	Mr. Ho Chun Sing, being a member of the Hong Kong Institute of Certified Public Accountants Room 1203, 12th Floor Shui On Centre 6–8 Harbour Road Wanchai, Hong Kong
Legal advisor to the Company	*As to Hong Kong laws:* Michael Li & Co. Room 901 & 19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong *As to Cayman Islands laws:* Conyers Dill & Pearman, Cayman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Independent financial adviser to the Independent Board Committee in relation to the Rights Issue, the Set Off, the Underwriting Agreement and the Whitewash Waiver	Maxa Capital Unit 1908, Harbour Centre 25 Harbour Road Wanchai Hong Kong
Financial adviser	VBG Capital Limited 18/F, Prosperity Tower 39 Queen's Road Central Central Hong Kong
Auditor	D & Partners CPA Limited *Certified Public Accountants* 2201, 22/F, West Exchange Tower 322 Des Voeux Road Central Sheung Wan Hong Kong
Placing agent	Sinomax Securities Limited Room 2705-6, 27/F Tower One, Lippo Centre 89 Queensway Hong Kong
Underwriter	Landmark Worldwide Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Sole director of the Underwriter	Mr. Wang Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong

Shareholders of the Underwriter	Mr. Wong Ah Yu Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
	Mr. Wang Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
	Mr. Wong Ah Yeung Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
	Mr. Wang Ya Hua Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Principal share registrar	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Hong Kong branch share registrar	Union Registrars Limited Suites 3301-04, 33/F. Two Chinachem Exchange Square 338 King's Road North Point, Hong Kong
Principal bankers	China Construction Bank Changshu Branch 34 North Hai Yu Road Changshu Jiangsu Province PRC
	United Overseas Bank (China) Limited Suzhou Branch Unit 1801, Tower 1 Jinghope Square No. 88, Huachi Street Suzhou Industrial Park Suzhou Jiangsu Province PRC

15. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Correspondence address
Executive Directors	
Mr. Wong Ming Li	Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Mr. Wong Ah Yu	Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Mr. Wang Ming Zhi	Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Non-executive Director	
Mr. Wang	Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong

Name	Correspondence address
Independent non-executive Directors	
Ms. Leung Pik Kwan	Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Mr. Sun Wai Hong	Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Mr. Wu Kin San Alfred	Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Senior management	
Mr. Guo Qi Cai	Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Mr. Ba Ping An	Room 1203 12th Floor Shui On Centre 6-8 Harbour Road Wanchai Hong Kong

Executive directors

Mr. Wong Ming Li, aged 40, is an executive Director and the chief executive officer (the "**CEO**") of the Group. He is responsible for overall strategic directions and business operations of the Group. He has been the general manager of Tongda Suzhou since May 2010 and was re-designated as an executive Director on 21 March 2016 and appointed as the CEO on 24 September 2018. He was employed by Tongda Shishi as a manager of the procurement department from September 2007 to May 2010. Tongda Shishi principally manufactures and sells casings and accessories for handsets and electrical appliance products and Mr. Wong Ming Li was responsible for the overall management of the procurement cycle. He graduated from Macquarie University, Australia with a bachelor's degree of Commerce in April 2007. He has over 11 years' experience in the electronics and electrical industry. He is a son of Mr. Wong Ah Yu, an executive Director and nephew of Mr. Wang, a non-executive Director and the nephew of Mr. Wong Ah Yeung and Mr. Wang Ya Hua, each of whom is a substantial shareholder of the Company.

Mr. Wong Ah Yu, aged 69, is an executive Director. He is responsible for overall strategic directions and business operations of the Group. He has been the executive director of Tongda Suzhou since March 2010 and was re-designated as an executive Director on 19 April 2016. Mr. Wong Ah Yu has joined Tongda since December 1988 and has been an executive director of Tongda since September 2000 before the listing of the Company's shares on the Main Board of the Stock Exchange, and he is responsible for the overall strategic directions, financial management, human resources and administration of Tongda. He was re-designated as the non-executive director of Tongda from March 2018 to October 2019. He has over 35 years' experience in the electronics and electrical industry. He is a brother of Mr. Wang, a non-executive Director and father of Mr. Wong Ming Li, an executive Director and CEO. He is also the brother of Mr. Wong Ah Yeung and Mr. Wang Ya Hua, each of whom is a substantial shareholder of the Company.

Mr. Wang Ming Zhi, aged 40, is an executive Director and is responsible for overall strategic directions and financial reporting of the Group. He was appointed as a financial manager of Tongda Suzhou in May 2010 and was re-designated as an executive Director on 21 March 2016. He was an accounting, financial laws and regulations teacher in Shishi Peng Shan Trade and Industrial School* (石獅鵬山工貿學校) from August 2004 to September 2006. From September 2006 to October 2009, he served as an office supervisor in Shishi Wannian Plastic Co., Ltd.* (石獅萬年塑料有限公司) which principally operates in the plastic packaging business and he was responsible for the overall human resources and administration of the company. He has held the position of leader of cost department in Tongda Shishi from October 2009 to May 2010, which he was mainly responsible for cost control, budget forecast and cost analyses of Tongda Shishi. He has over 10 years' experience in the electronics and electrical industry. He obtained a bachelor's degree in Management (School of Tourism) from Fujian Agriculture and Forestry University (福建農林大學) in July 2004.

Non-executive Director

Mr. Wang, aged 64, is a non-executive Director and the chairman of the Board. He is responsible for overall strategic directions of the Group. He is currently an executive director, the chairman and chief executive officer of Tongda. Mr. Wang Ya Nan has joined Tongda since December 1988 and has been an executive director of Tongda since September 2000, and he is mainly responsible for the overall strategic planning and business development of Tongda. He was appointed as a non-executive Director of the Group on 19 April 2016. He has over 35 years' experience in the electronics and electrical industry. He graduated with an Executive Master of Business Administration degree from Xiamen University in December 2012 and serves as a member of the Standing Committee of the Chinese People's Political Consultative Conference. He is a brother of Mr. Wong Ah Yu, an executive Director and an uncle of Mr. Wong Ming Li, an executive Director. He is also the brother of Mr. Wong Ah Yeung and Mr. Wang Ya Hua, each of whom is a substantial shareholder of the Company.

Independent non-executive Directors

Ms. Leung Pik Kwan, aged 43, was appointed as an independent non-executive Director on 8 February 2018. Ms. Leung is currently a certified public accountant practising as a sole proprietor and provides audit and assurance services. Ms. Leung obtained a bachelor's degree of Arts in Accountancy from the Hong Kong Polytechnic University in November 2001. Ms. Leung was admitted as a member of the HKICPA in January 2005 and a practicing member of the HKICPA since 2009.

Ms. Leung commenced her career with Deloitte Touche Tohmatsu from September 2001 to August 2006 as a staff accountant and she became a senior accountant before she left. She was a manager in KPMG from February 2007 to May 2008. During her employment with the international accounting firms, Ms. Leung was mainly involved in audit engagements of various manufacturing companies. From June 2008 to December 2010, she worked as financial controller in Kerson Technology Limited and was responsible to solve accounting issues and improve internal control. She has over 15 years of experience in accounting, auditing and financial management.

Mr. Sun Wai Hong, aged 36, was appointed as an independent non-executive Director on 8 February 2018. Mr. Sun obtained a bachelor's degree of Professional Accountancy from Chinese University of Hong Kong in December 2007. He was admitted as a member of the HKICPA in January 2011.

Mr. Sun was previously employed by Deloitte Touche Tohmatsu from September 2007 to January 2012 and became a senior associate in audit department before he left. He worked as financial analyst at Hutchison Telecommunications (Hong Kong) Limited from February 2012 to April 2013 and then joined the working holiday scheme in Australia from April 2013 to March 2014. He worked as business consultant at Whim Consultatory Limited, a business consulting company from April 2014 to November 2014. Mr. Sun is the co-founder and has been a director of eLabs Company Limited, one of the incubatees of Hong Kong Science and Technology Park, since April 2014 up to the present. He is responsible for its strategic planning, business development, sales and marketing planning, investor and finance management, and product design.

Mr. Wu Kin San Alfred, aged 40, was appointed as an independent non-executive Director on 8 February 2018. Mr. Wu obtained a bachelor's degree of Arts in Accounting and Financial Analysis and a Master's degree of Arts in International Financial Analysis from University of Newcastle upon Tyne (currently known as Newcastle University), the United Kingdom in July 2002 and December 2003, respectively. He has been a member of the HKICPA since March 2009.

Mr. Wu has over 15 years of experience in auditing, corporate finance and investment banking. Mr. Wu worked in the audit department of Deloitte Touche Tohmatsu, from January 2004 to August 2007 when he left the firm as a senior. Mr. Wu then commenced his career in corporate finance and investment banking in August 2007 when he served as an analyst in the investment banking division in ICEA Capital Limited which was a licensed corporation under SFC. In April 2009, Mr. Wu joined the investment banking division in ICBC International Holdings Limited until February 2010 when he left that company as an associate. In February 2010, Mr. Wu joined as a vice president in CMB International Capital Corporation Limited, a licensed corporation under the SFC, and left the company in May 2013. In May 2013, Mr. Wu joined the corporate finance department in Haitong International Capital Limited, a corporate finance firm (being a subsidiary of Haitong International Securities Group Limited, a financial institution whose shares are listed on the Main Board of the Stock Exchange (stock code: 665)) until August 2014 when he left that company as a vice president. In August 2014, Mr. Wu joined the investment banking department for IPO execution in Guosen Securities (HK)

Financial Holdings Co., Ltd. until April 2016 when he left that company as a director and a responsible officer. From April 2016 to present, Mr. Wu is a Managing Director and Co-head in the corporate finance department of Fortune Financial Capital Limited, being a subsidiary of China Fortune Financial Group Limited, a financial institution whose shares are listed on the Main Board of the Stock Exchange (stock code: 290). Since May 2019, Mr. Wu has been an independent non-executive director of Novacon Technology Group Limited, a company listed on the GEM of the Stock Exchange (stock code: 8635).

Senior management

Mr. Guo Qi Cai, aged 71, has been a deputy general manager and a chief engineer of the Group since May 2010 who is primarily responsible for the overall research and development activities for mould fabrication and technologies applied by the Group. Before joining the Group, Mr. Guo worked in Nanjing 6902 Factory* (南京6902工廠) from 1970 to 1985 as an engineer. He then worked in Xiamen Gaoning Electronics Co., Ltd.* (廈門高寧電子有限公司) from 1985 to 1994 and his last position was a general manager. Mr. Guo worked in Tongda Shishi from 1994 to 2010 as the assistant general manager and chief engineer. He has over 40 years of experience in design and development of moulds in the electronics industry. He studied machinery manufacturing in Chongqing Institution of Communication Engineering* (重慶通訊工程學院) from 1975 to 1978. He has not held any directorships in any public listed companies in the past three years.

Mr. Ba Ping An, aged 46, is the head of the engineering department and is primarily responsible for the overall project development and to improve the production process of the Group. He studied plastic moulding technology and its related equipment in Huazhong University of Science and Technology, Hankou Branch (華中理工大學(漢口分校)) (currently known as Jianghan University) from September 1992 to July 1995. Mr. Ba has over 10 years of experience in engineering field and specialises in computer applicant moulding design in the PRC. Before he joined the Group, Mr. Ba worked in Dading Company Accessory (Shanghai) Co., Ltd. (大碇電腦配件(上海)有限公司) from July 2004 to March 2012 and his last position was an assistant manager in the engineering department. Mr. Ba joined the Group in April 2012 as a manager of the engineering department and has been promoted as the head of the engineering department since April 2014. He has not held any directorships in any public listed companies in the past three years.

16. MISCELLANEOUS

(i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits from Hong Kong or repatriation of capital of the Company into Hong Kong.

(ii) The English text of this circular shall prevail over Chinese text in case of any inconsistency.

17. DOCUMENTS ON DISPLAY

Pursuant to paragraph 43 of Appendix 1B to the Listing Rules, the issuer shall set out in the listing document the details of a reasonable period of time (being not less than 14 days) during which the documents as required under the paragraph are published on the Stock Exchange's website and the issuer's own website.

Accordingly, copies of the following documents will be published on the websites of the Company (www.tongdahongtai.com), the Stock Exchange (www.hkexnews.hk) and the SFC (www.sfc.hk) between the period from the date of this circular up to and including the date of the EGM:

(a) the memorandum of association and the articles of association of the Company;

(b) the memorandum of association and the articles of association of Landmark Worldwide;

(c) the letter from the Board, the text of which is set out on pages 18 to 50 of this circular;

(d) the letter from the Independent Board Committee, the text of which is set out on pages 51 to 52 of this circular;

(e) the letter from Maxa Capital, the text of which is set out on pages 53 to 107 of this circular;

(f) the annual reports of the Company for each of the years ended 31 December 2018, 2019 and 2020 and the interim report of the Company for the six months ended 30 June 2021;

(g) the report from D & Partners CPA Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;

(h) the written consents referred to in the paragraph headed "Experts and consents" in this appendix; and

(i) the material contracts as referred to in the paragraph headed "Material contracts" in this appendix.

TONGDA HONG TAI HOLDINGS LIMITED
通達宏泰控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2363)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Tongda Hong Tai Holdings Limited (the "**Company**") will be held at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 11 January 2022 at 10:30 a.m. to consider and, if thought fit, pass with or without amendments, the following resolutions of the Company (unless otherwise indicated, capitalised terms used in this notice have the same meanings as those defined in the circular of the Company dated 21 December 2021 (the "**Circular**")):

ORDINARY RESOLUTIONS

1. "**THAT** subject to and conditional upon fulfillment of the conditions of the Underwriting Agreement (as defined below), the Rights Issue (as defined below) and the transactions contemplated thereunder be and are hereby approved:

   (a) for the purpose of these resolutions, "Rights Issue" means the proposed issue by way of rights issue of 453,831,276 shares (the "**Rights Share(s)**") of HK$0.01 each in the capital of the Company at the subscription price of HK$0.133 per Rights Share to the qualifying shareholders (the "**Qualifying Shareholders**") of the Company whose names appear in the register of members of the Company on the 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 (the "**Directors**") of the Company, 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 Rights Shares for every one share (the "**Share(s)**") of the Company held on the Record Date subject to the fulfilment of the conditions and terms set out in the Underwriting Agreement (as defined below);

(b) the placing agreement dated 23 November 2021 (the "**Placing Agreement**") (copy of which, signed by the Chairman of the Meeting for the purposes of identification, has been produced to the Meeting marked "**A**") entered into between the Company and Sinomax Securities Limited in relation to the placing of the 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) (the "**Unsubscribed Shares**") at the placing price of at least HK$0.133 per Unsubscribed Share on a best effort basis and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(c) the 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 make such exclusions or other arrangements in relation to the Non-Qualifying Shareholders as they may deem necessary, desirable or expedient to 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 recognized regulatory body or any stock exchange in, any territory outside Hong Kong; and

(d) the Directors be and are hereby authorised to do all such things and acts and execute all documents which they consider necessary, desirable or expedient to implement or to give effect to any matters relating to the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder."

2. "**THAT** the entering into of the underwriting agreement dated 23 November 2021 (the "**Underwriting Agreement**") (copy of which, signed by the Chairman of the Meeting for the purposes of identification, has been produced to the Meeting marked "**B**") entered into between the Company and the Underwriter in relation to the Rights Issue and the transactions contemplated thereunder (including but not limited to the arrangements for taking up of the Untaken Rights Shares, if any, by the Underwriter) be and are hereby approved, confirmed and ratified and the Directors be and are hereby authorised to do all such things and acts and execute all documents which they consider necessary, desirable or expedient to implement or to give effect to any matters relating to the Underwriting Agreement."

3. "**THAT** the Subscription Price payable by Landmark Worldwide, E-Growth Resources and the Wong Brothers for the Rights Shares to which each of them is entitled under the Rights Issue and the Underwritten Shares to be taken up by Landmark Worldwide as underwriter in the Rights Issue to be settled by way of the set off (the "**Set Off**") against the shareholder's loans (the "**Shareholder's Loans**") in the total principal amount of HK$32 million indebted by the Company to Landmark Worldwide in first place and the remaining balance of the Subscription Price, if any, in cash and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified and the Directors be and are hereby authorised to do all such things and acts and execute all documents which they consider necessary, desirable or expedient to implement or to give effect to any matters relating to the Set Off."

SPECIAL RESOLUTION

4. "**THAT** the terms of the application for a waiver (the "**Whitewash Waiver**") granted or to be granted by the Executive to the Underwriter pursuant to Note 1 on the Dispensations from Rule 26 of the Takeovers Code from an obligation to make a general mandatory offer for all the issued Shares not already owned by Landmark Worldwide and the parties acting in concert with it as a result of the underwriting of the Rights Shares by Landmark Worldwide pursuant to the Underwriting Agreement be and are hereby approved and the Directors be and are hereby authorised to do all such things and acts and execute all documents which they consider necessary, desirable or expedient to implement or to give effect to any matters relating to the Whitewash Waiver."

By order of the Board
Tongda Hong Tai Holdings Limited
Wang Ya Nan
Chairman

Hong Kong, 21 December 2021

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

Principal place of business in Hong Kong:
Room 1203, 12th Floor
Shui On Centre
6–8 Harbour Road
Wanchai, Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation shall be entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.

2. The instrument appointing a proxy shall 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 its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

3. To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof must be deposited at the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding the EGM, i.e. Sunday, 9 January 2022 at 10:30 a.m. (Hong Kong time), or any adjournment thereof.

4. The register of members of the Company will be closed from Thursday, 6 January 2022 to Tuesday, 11 January 2022, both days inclusive, to determine the eligibility of the Shareholders to attend and vote at the Meeting. The record date for determining the entitlement of the Shareholders to attend and vote at the Meeting will be Tuesday, 11 January 2020. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration no later than Wednesday, 5 January 2022 at 4:00 p.m. (Hong Kong time).

5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

7. The voting at the Meeting shall be taken by way of poll.