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

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

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Almana Limited

曼纳有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0.8.1.8.6)

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE SHARE HELD ON THE RECORD DATE AND NOTICE OF SPECIAL GENERAL MEETING

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



中毅資本有限公司
Grand Moore Capital Limited

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

A letter from the Board is set out on pages 7 to 23 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 24 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 51 of this circular. A notice convening the SGM to be held at 11:30 a.m. on Thursday, 21 September 2023 through live webcast and a form of proxy for use at the SGM are enclosed with this circular. This circular and the proxy form are also published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.mfpy.com.hk.

The SGM will be conducted via electronic means (through a live webcast) which can be accessed on a computer, tablet or any browser enabled device. Shareholders and/or their proxy will not be able to attend the SGM in person but can view and listen to the live webcast of the SGM via electronic means from the start until its conclusion. To access the live webcast, Shareholders will have to register with the Company by sending an email to mfpy@mfpy.com.hk and provide the following particulars: (a) full name; (b) registered address; (c) number of Shares held; (d) Hong Kong identity card number/passport number (in case of natural person) or company registration number (in case of corporate body); (e) contact telephone number; and (f) email address, at least 5 clear business days before the date of the SGM (or any adjournment thereof) to enable the Company to verify the Shareholders' status. Authenticated Shareholders will receive an email confirmation which contains a link to join the live webcast of the SGM.

Shareholders who wish to vote on the resolution should appoint the chairperson of the SGM as their proxy to exercise the right to vote at SGM in accordance with their instructions. For Shareholders who are not registered Shareholders (e.g. their Shares being held via banks, brokers, custodians or HKSCC), they should consult their banks or brokers or custodians. The proxy form must be returned to the Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM (or any adjournment thereof).

It should be noted that the Shares will be dealt in on an ex-rights basis from Monday, 25 September 2023. Dealings in the Rights Shares in their nil-paid form will take place from Monday, 9 October 2023 to Monday, 16 October 2023 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable), the Rights Issue will not proceed. Dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable) and dealings in the nil-paid Rights Shares are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions set out in the section headed "Letter from the Board – Conditions of the Rights Issue" in this circular. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placers under the Compensatory Arrangements. The Placing Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

5 September 2023

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CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

EXPECTED TIMETABLE

The expected timetable in respect of the Rights Issue is set out below:

Event	2023
Despatch of circular with form of proxy for SGM	Tuesday, 5 September 2023
Latest time for lodging transfer documents to qualify for attendance and voting at SGM	4:30 p.m. on Wednesday, 13 September
Closure of register of members for attending SGM	Thursday, 14 September to Thursday, 21 September
Latest time for lodging forms of proxy for SGM	11:30 a.m. on Tuesday, 19 September
Record date for determining attendance and voting at SGM	Thursday, 21 September
Date of SGM	11:30 a.m. on Thursday, 21 September
Announcement of poll results of SGM	Thursday, 21 September
Register of members of the Company re-opens	Friday, 22 September
Last day of dealings in Shares on a cum-rights basis	Friday, 22 September
First day of dealings in Shares on an ex-rights basis	Monday, 25 September
Latest time for Shareholders to lodge transfer of Shares to qualify for Rights Issue	4:30 p.m. on Tuesday, 26 September
Closure of register of members for Rights Issue	Wednesday, 27 September to Wednesday, 4 October
Record Date for determining entitlements to Rights Issue	Wednesday, 4 October
Register of members re-opens	Thursday, 5 October
Despatch of Prospectus Documents	Thursday, 5 October
First day of dealings in nil-paid Rights Shares	Monday, 9 October
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Wednesday, 11 October
Last day of dealings in nil-paid Rights Shares	Monday, 16 October

EXPECTED TIMETABLE

Event	2023
Latest time for acceptance of and payment for Rights Shares	4:00 p.m. on Thursday, 19 October
Announcement of the number of Placing Shares.	Tuesday, 24 October
Commencement of placing of Placing Shares.	Wednesday, 25 October
Latest time of placing of Placing Shares.	6:00 p.m. on Wednesday, 1 November
Latest time for Rights Issue and placing of Placing Shares to become unconditional	Wednesday, 1 November
Announcement of results of Rights Issue (including results of Placing and Net Gain)	Thursday, 2 November
Refund cheques to be despatched (if Rights Issue does not proceed)	Friday, 3 November
Despatch of certificates for fully-paid Rights Shares.	Friday, 3 November
Commencement of dealings in fully-paid Rights Shares.	9:00 a.m. on Monday, 6 November
Payment of Net Gain	Monday, 20 November

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

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

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 19 October 2023. 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 Thursday, 19 October 2023. 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..

An announcement will be made by the Company in such event as soon as practicable.

DEFINITIONS

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

“Board”	the board of Directors
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Almana Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM
“Compensatory Arrangements”	placing of the Placing Shares by the Placing Agent
“Directors”	the directors of the Company
“ES Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form that have not been sold by the Company
“Excluded Shareholders”	those Overseas Shareholders whom the Rights Shares are not offered
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Board which comprises all the independent non-executive Directors and is established to advise the Independent Shareholders in respect of the Rights Issue

DEFINITIONS

“Independent Financial Adviser”	Grand Moore Capital Limited, a licensed corporation under the SFO to engage in 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 in respect of the Rights Issue
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the SGM
“Independent Third Parties”	third parties independent of and not connected with the Company and its connected persons
“Last Trading Day”	11 August 2023, being the last full trading day before the date of the announcement in respect of the Rights Issue
“Latest Practicable Date”	29 August 2023, 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 Thursday, 19 October 2023, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Net Gain”	the premiums paid by the Placees over the Subscription Price for the Placing Shares placed by the Placing Agent
“Nil Paid Rights”	rights to subscribe for Rights Shares before the Subscription Price is paid
“No Action Shareholders”	Qualifying Shareholders or their renounees who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or such persons who are the holders of the Nil Paid Rights when such Nil Paid Rights lapse
“Overseas Shareholders”	the Shareholders (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered addresses outside Hong Kong
“PALs”	the provisional allotment letters issued to the Qualifying Shareholders

DEFINITIONS

“Placees”	individuals, corporate, institutional investors or other investors procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares
“Placing Agent”	Space Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO, being the placing agent appointed by the Company to place the Placing Shares under the Compensatory Arrangements
“Placing Agreement”	the placing agreement dated 11 August 2023 entered into between the Company and the Placing Agent in relation to the placing of the Placing Shares
“Placing Shares”	the Unsubscribed Rights Shares and the ES Unsold Rights Shares
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Rights Issues
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	5 October 2023 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“Qualifying Shareholders”	Shareholders, other than Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	4 October 2023 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are determined
“Rights Issue”	the issue of the Rights Shares by way of rights on the basis of three Rights Shares for every one Share held by the Qualifying Shareholders on the Record Date at the Subscription Price

DEFINITIONS

“Rights Shares”	up to 85,401,480 new Shares (assuming there is no change in the number of issued Shares on or before the Record Date)
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and approve the Rights Issue
“Share Registrar”	Computershare Hong Kong Investor Services Limited
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.08 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.22 per Rights Share under the Rights Issue
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders

LETTER FROM THE BOARD



Almana Limited

曼納有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0.8.1.8.6)

Executive Director:

CHAN Ho Yee

Independent Non-executive Directors:

PANG King Sze, Rufina

HONG Bingxian

HUANG Zhe

Registered office:

Clarendon House

2 Church Street, Hamilton HM 11

Bermuda

Head office and principal place of business

in Hong Kong:

35/F, Two Pacific Place

88 Queensway, Admiralty

Hong Kong

5 September 2023

To the Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE RIGHTS SHARES FOR EVERY
ONE SHARE HELD ON THE RECORD DATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information on the Rights Issue and certain financial information and other general information of the Group.

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

Details of the proposed Rights Issue are summarised below:

Issue statistics

Assuming no change in the number of issued Shares on or before the Record Date:

Basis of Rights Issue	:	Three Rights Shares for every one Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.22 per Rights Share
Number of Shares in issue as at Latest Practicable Date	:	28,467,160 Shares
Number of Rights Shares	:	Up to 85,401,480 Rights Shares
Aggregate nominal value of Rights Shares	:	Up to HK\$6,832,118
Number of Shares in issue immediately upon completion of Rights Issue	:	Up to 113,868,640 Shares
Maximum funds raised	:	Up to HK\$18.8 million

As at the Latest Practicable Date, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into the Shares. The 85,401,480 Rights Shares to be issued under the Rights Issue represent (i) 300% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 75% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to the Places under the Compensatory Arrangements. The Placing Shares which remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

LETTER FROM THE BOARD

As the Rights Issue will proceed on a non-underwritten basis, Shareholders who apply to take up all or part of their entitlements under the PALs may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

Undertaking

As at the Latest Practicable Date, Perfect Advance Holdings Limited (“Perfect Advance”) and Ms. Chan Ho Yee (“Ms. Chan”), an executive Director, are interested in 8,476,364 Shares and 676,127 Shares respectively (representing 29.8% and 2.4% of the issued Shares respectively). Each of Perfect Advance and Ms. Chan has irrevocably undertaken to the Company that:

- (i) it/she will not sell, transfer or otherwise dispose of the Shares held during the period up to the Rights Issue having become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier (both dates inclusive); and
- (ii) it/she will accept and subscribe in full for all the Rights in which it/share is beneficially entitled under the Rights Issue on and subject to the terms and condition of the Rights Issue provided that in the case of Perfect Advance, the total number of the Rights Shares to be subscribed by it under the Rights Issue will be scaled down to the extent that it and its associates will not trigger a general offer obligation under the Takeovers Code in accordance with Rule 10.26(2) of the GEM Listing Rules.

Save for the above irrevocable undertakings, the Company has not received, as at Latest Practicable Date, any other information or irrevocable undertaking from other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

Subscription Price

The Subscription Price of HK\$0.22 per Rights Share is payable in full when the Qualifying Shareholders accept the relevant provisional allotment of Rights Shares or when transferees of nil-paid Rights Shares accept the provisional allotment of the relevant Rights Shares. Assuming that all the Rights Shares are fully subscribed, the net price per Rights Share is estimated to be HK\$0.2.

LETTER FROM THE BOARD

The Subscription Price represents:

- (i) a discount of 26.7% to the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 29.0% to the average closing price of HK\$0.31 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 8.3% to the theoretical ex-rights price of HK\$0.24 per Share based on the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of 21.77% represented by the theoretical diluted price of HK\$0.24 per Share to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules) of HK\$0.31 per Share;
- (v) a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) in aggregation with the Share Allotments of 23.75% represented by the cumulative theoretical diluted price of HK\$0.145 per Share to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules) of HK\$0.19 per Share;
- (vi) a discount of 18.5% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of 22.2% over the unaudited net asset value per Share of HK\$0.18 (based on the unaudited consolidated net asset value of the Group of HK\$5.2 million as at 30 June 2023 and 28,467,160 Shares in issue as at the Latest Practicable Date).

The Subscription Price was determined with reference to (i) the market price of the Shares under the prevailing market conditions; (ii) the prevailing market conditions of the capital market in Hong Kong; (iii) the latest business performance and financial position of the Group, particularly the consecutive loss-making position of the Group in the past and the net asset value of HK\$0.18 per Share as at 30 June 2023; (iv) the low trading volume of the Shares in the past six months; and (v) the reasons for and benefits of Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds”. As such, the Board considers that it is necessary and reasonable to set the Subscription Price at a discount to the recent market price of the Shares in order to attract Shareholders and investors to participate in the Rights Issue.

The Board considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Basis of provisional allotment

The basis of the provisional allotment shall be three Rights Shares for every one Share held by the Qualifying Shareholders as at the close of business on the Record Date. The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Share Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date. In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant documents for transfers of Shares (with the relevant share certificates) with the Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Tuesday, 26 September 2023.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. For Shareholders whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Share Registrar for registration no later than 4:30 p.m. on Tuesday, 26 September 2023.

The last day of dealings in the Shares on a cum-rights basis is Friday, 22 September 2023. The Shares will be dealt with on an ex-rights basis from Monday, 25 September 2023. If a Qualifying Shareholder does not take up his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Rights of Overseas Shareholders

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

LETTER FROM THE BOARD

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If it is in the opinion of the Board that it would 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 to exclude such Overseas Shareholders from the Rights Issue, no Rights Share (whether in nil paid or fully-paid form) will be offered to such Overseas Shareholders. The basis for excluding the Excluded Shareholders from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus to the Excluded Shareholders for their information only but will not send any PAL to them. The Company also reserves the right to treat as invalid any acceptance of or application for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Excluded Shareholders should exercise caution when dealing in the Shares.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars. In view of the administrative costs, the Company will retain individual amounts of less than HK\$100 for its own benefit.

All ES Unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing. For the nil-paid Rights Shares that are sold as described above but the buyers of such nil-paid Rights Shares do not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements. Any ES Unsold Rights Shares and Unsubscribed Rights Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

LETTER FROM THE BOARD

Fractional entitlement to the Rights Shares

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

Compensatory Arrangements

The Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rule to dispose of the Placing Shares by offering the Placing Shares to independent Placees for benefit of the Shareholders to whom they are offered by way of the Rights Issue. There will be no excess application arrangement in relation to the Rights Issue.

The Company has appointed the Placing Agent to place the Placing Shares after the Latest Time for Acceptance of the Rights Shares to independent Placees on a best effort basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m., on Wednesday, 1 November 2023, acquirers for all (or as many as possible) of those Placing Shares. Any premium over the Subscription Price and the expenses of procuring such acquirers (including commission and other related expenses/fees) that is realized will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. All Placing Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holders of those nil-paid rights in CCASS (unless that they are covered by (iii) below);
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where entitlements to the Rights Shares were not taken up by such Overseas Shareholders, to those Overseas Shareholders.

It is proposed that Net Gain of HK\$100 or more to the individual No Action Shareholder mentioned in (i) to (iii) above will be paid to them in Hong Kong Dollars only and the Company will retain individual amount of less than HK\$100 for its own benefit.

LETTER FROM THE BOARD

Shareholders are reminded that Net Gain may or may not be realized and, accordingly, the No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

PLACING AGREEMENT

On 11 August 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Placing Shares. Details of the Placing are as follows:

Date:	:	11 August 2023
Parties:	:	(i) the Company, as issuer; and (ii) the Placing Agent
Placing Agent	:	Space Securities Limited, appointed as the Placing Agent to place the Placing Shares on a best effort basis. The Placing Agent has confirmed that it is an Independent Third Party.
Fees and expenses	:	1% of the amount which is equal to the placing price multiplied by the Placing Shares that are successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the Placing, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.
Placing price	:	The placing price of the Placing Shares shall be at least equal to the Subscription Price. The final price is dependent on the demand and market conditions of the Placing Shares during the process of placement.
Placees	:	The individuals, corporate, institutional investors or other investors procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares.
Ranking of the Placing Shares	:	The Placing Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue.

LETTER FROM THE BOARD

Termination : The Placing shall end on Wednesday, 1 November 2023 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill their respective duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Conditions precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the passing by the Independent Shareholders at the SGM of the necessary resolution to approve the Rights Issue;
- (ii) the GEM Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares (including the Placing Shares);
- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof.

LETTER FROM THE BOARD

The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the above conditions (other than those set out in paragraphs (i) and (ii) above) by notice in writing to the Company.

Completion : Placing completion shall take place on 1 November 2023 or such other date as the Company and the Placing Agent may agree in writing.

The Placing Agent shall ensure that the Placing Shares are placed (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owners shall be Independent Third Parties; (ii) such that no Placee shall become a substantial Shareholder immediately following the Placing; (iii) such that the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iv) such that the Placing will not result in the Company incapable of complying with the public float requirements under the GEM Listing Rules immediately following the Placing. The Company will continue to comply with the public float requirements under Rule 11.23(7) of the GEM Listing Rules and the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

The engagement between the Company and the Placing Agent for the placing of the Placing Shares was determined after arm's length negotiations between the Placing Agent and the Company with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue and the market conditions. The Board considers the terms of the Placing for the Placing Shares (including the commission payable) are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Placing Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Board considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority shareholders.

Application for listing

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid and fully-paid Rights Shares shall have the same board lot size as the Shares, i.e. 5,000 Shares in one board lot. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

LETTER FROM THE BOARD

Eligibility for admission into CCASS

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

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

Stamp duty and other applicable fees

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

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposal of, or dealing in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders as regards to their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It should be noted that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealing in or exercising any right in relation to the Shares or the Rights Shares.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, (i) share certificates for all fully-paid Rights Shares and (ii) refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Friday, 3 November 2023.

LETTER FROM THE BOARD

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (i) the passing by the Independent Shareholders at the SGM of the necessary resolution to approve the Rights Issue by no later than the Prospectus Posting Date;
- (ii) the GEM Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PAL (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the GEM Listing Rules by no later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders for information purpose only by the Prospectus Posting Date; and
- (v) the Placing Agreement not being terminated.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 27 September to Wednesday, 4 October 2023 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

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

The Group is principally engaged in the household, plantation and accessory businesses. In view of the disruptive impact of the COVID-19 pandemic on the business operations, the Group, in addition to sales of its products, has been exploring the manufacturing of household products through acquisition of plant and equipment to enable the Group to remain competitive in the market. The Group does not expect such move will bring about change to its existing business model.

LETTER FROM THE BOARD

However, due to (i) the unprecedented disturbing impact and prolonged duration of the COVID-19 pandemic since 2020; (ii) the substantial net liabilities of the Group prior to 2022; and (iii) the winding up petition filed by a creditor against the Company in 2021, the Company has not been able to conduct fund raising exercise for business development. In response to the debt crisis resulted from the petition, the Company had made strenuous efforts to pursue a debt restructuring by way of scheme of arrangement which was approved by the requisite statutory majority of the then creditors and was completed in 2022. As a result, the liabilities of the Company had been substantially reduced and the Company was able to restore its financial position to normality. As at 30 June 2023, the Group recorded net assets of HK\$5.1 million. However, despite improvement in its financial position as a result of the scheme, the pace of business development (hence profitability) of the Group's businesses is still hindered by its limited working capital. As at 30 June 2023, the Group's cash and bank balances amounted to HK\$4.1 million whilst total liabilities amounted to HK\$21.9 million (including advance of HK\$9.6 million received from customers). As mentioned in the Company's 2023 interim report, the challenges arising from the continuing Sino-United States conflict, the war in Ukraine, global interest rate hikes and tightening monetary policies will continue to adversely impact on the business activities worldwide including the Group's business operations. As also mentioned in its annual reports for 2021 and 2022, the Company's experience in 2021 and 2022 has shown that prompt response to changes in business landscape and prudent financial and liquidity management are key factors in withstanding major disruptions and uncertainties. As such, it is vital for the Group to seize opportunities to access to funding to improve the liquidity in its business operations and expand operating capacity in a timely manner.

The Board considers that the Rights Issue is a good opportunity to enable the Group to establish manufacturing facilities and enhance working capital for business development. Assuming all the Rights Shares are taken up or all Placing Shares are placed to Placees, it is estimated that net proceeds of the Rights Issue (after deducting the related expenses) will amount to HK\$17.5 million, which the Company intends to apply as to (i) HK\$7.5 million for repayment/fulfilment of the advance from customers (which is repayable in 2023); (ii) HK\$5 million for acquisition of operating assets (plant and equipment) for the household business; and (iii) the remaining balance of HK\$5 million for working capital of business operations and general corporate and administrative expenses (e.g. rents, overheads and remunerations). However, if the free cash generated from business operations is not sufficient to repay the remaining balance of HK\$2.1 million of the advance from customers which is repayable in 2024, the Company intends to apply part of the proceeds reserved for business working capital and/or purchase of operating assets for settlement of the outstanding advance. The Company will make announcement(s) if there is any change in the intended use of proceeds. Also, in the event that the Rights Issue is undersubscribed and the Placing Shares are not fully placed, the net proceeds will be reduced and utilised on a pro rata basis as set out above.

The Board has considered other alternative means of fund raising, including debt financing, placing and open offer. However, given the Group's lack of collateral acceptable to financial institutions required for debt financing and the high interest rate under the prevailing market condition, debt financing is not a viable means to the Group. As for equity fund raising (such as placing), it will be relatively smaller in scale as compared to fund raising through the Rights

LETTER FROM THE BOARD

Issue, not to mention that placing of shares would lead to dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate, particularly for those Shareholders who were the white knight and former creditors having supported the scheme of arrangement of the Company and have become the Shareholders through the Share Allotments. As for open offer, although it is similar to a rights issue in offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

In view of the above, the Board considers that as compared to raising fund by other means, raising funds by way of the Rights Issue, which will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company, is fair, cost effective, efficient and beneficial to the Company and its shareholders as a whole. In addition, the Rights Issue provides a good opportunity for the Group to improve its liquidity and strengthen its operating capacity, while offering a participating opportunity to all Qualifying Shareholders in the future development of the Company on equal terms to maintain their shareholding in the Company. As such, the Rights Issue is in the interests of the Company and its shareholders as a whole.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company, assuming there is no further change in the number of issued Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares, (i) as at the Latest Practicable Date; (ii) immediately upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders; (iii) immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and none of the Placing Shares having been placed by Placing Agent; and (iv) immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and all the Placing Shares having been placed by Placing Agent:

		As at the Latest Practicable Date		Immediately upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders		Immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and none of the Placing Shares having been placed by Placing Agent		Immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and all the Placing Shares having been placed by Placing Agent	
		Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Perfect Advance	<i>Note 1</i>	8,476,364	29.8%	33,905,456	29.8%	9,391,917	29.9%	33,905,456	29.8%
Ms. Chan		676,127	2.4%	2,704,508	2.4%	2,704,508	8.6%	2,704,508	2.4%
		9,152,491	32.2%	36,609,964	32.2%	12,096,425	38.5%	36,609,964	32.2%
Public Shareholders									
Independent Placees	<i>Note 2</i>	-	-	-	-	-	-	57,944,007	50.9%
Public Shareholders		19,314,669	67.8%	77,258,676	67.8%	19,314,669	61.5%	19,314,669	16.9%
		<u>28,467,160</u>	<u>100.0%</u>	<u>113,868,640</u>	<u>100.0%</u>	<u>31,411,094</u>	<u>100.0%</u>	<u>113,868,640</u>	<u>100.0%</u>

LETTER FROM THE BOARD

Notes:

1. The total number of Rights Shares to be subscribed by Perfect Advance will be scaled down to the extent that it and its associates will not trigger a general offer obligation under the Takeovers Code as a result of the Rights Issue.
2. As it is not expected that any of the individual Placees will become a substantial Shareholder immediately after completion of the Placing, the Placing Shares will form part of the public float of the Company.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST 12 MONTHS

During 2022, the Company conducted a debt restructuring by way of scheme of arrangement. Under the scheme of arrangement, the Company on 22 December 2022, issued (i) 4.4 million new Shares at the issue price of HK\$0.18 per Share for settlement of its creditors' claims; and (ii) 8.5 million new Shares at the issue price of HK\$0.55 per Share to Perfect Advance for loan capitalisation (both, the "Share Allotments").

GEM LISTING RULES IMPLICATIONS

As the Rights Issue will increase the number of the issued Shares by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in a general meeting by a resolution on which all controlling Shareholders and their associates or, where there is no controlling Shareholder, 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 Rights Issue. As at the Latest Practicable Date, the Company has no controlling Shareholder and Ms. Chan is beneficially interested in 676,127 Shares (representing 2.4% of the issued Shares). Accordingly, Ms. Chan is required to abstain from voting in favour of the proposed resolution to approve the Rights Issue at the SGM.

The Rights Issue (whether on its own or when aggregated with the Share Allotments) does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

Subject to the approval of the Rights Issue by the Independent Shareholders at the SGM, the Prospectus Documents containing further information the Rights Issue are expected to be despatched to the Qualifying Shareholders on 5 October 2023.

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

Shareholders and potential investors of the Company should note that the Rights Issue is subject to fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholder dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional

LETTER FROM THE BOARD

or may not proceed. Shareholders or other persons contemplating any dealing in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

SGM

A notice convening the SGM is set forth on pages SGM-1 to SGM-2 of this circular. The resolution set out in the Notice of SGM shall be taken by poll and an announcement on the results of SGM will be made by the Company after the SGM.

The Company will conduct the SGM at the principal place of business in Hong Kong via electronic means (through a live webcast) which can be accessed from a computer, tablet or any browser enabled device. Shareholders and/or their proxy will not be able to attend the SGM in person but can view and listen to the live webcast of the SGM via electronic means from the start until its conclusion. To access the live webcast, Shareholders will have to register with the Company by sending an email to mfpf@mfpf.com.hk and provide the following particulars: (a) full name; (b) registered address; (c) number of Shares held; (d) Hong Kong identity card number/passport number (in case of natural person) or company registration number (in case of corporate body); (e) contact telephone number; and (f) email address, at least 5 clear business days before the date of the SGM (or any adjournment thereof) to enable the Company to verify the Shareholders' status. Authenticated Shareholders will receive an email confirmation which contains a link to join the live webcast of the SGM. Shareholders must not forward the link to any other person. Shareholders may submit questions in relation to the resolution set out in the Notice of SGM at least 5 clear business days before the date of SGM via email to mfpf@mfpf.com.hk and provide the above-mentioned particulars for verification purpose.

Shareholders who wish to vote on the resolution should appoint the chairperson of the SGM as their proxy to exercise the right to vote at SGM in accordance with their instructions. For Shareholders who are not registered Shareholders (e.g. their Shares being held via banks, brokers, custodians or HKSCC), they should consult their banks or brokers or custodians. The proxy form must be returned to the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM (or any adjournment thereof).

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, save for Ms. Chan who is required to abstain from voting in favour of the proposed resolution to approve the Rights Issue at the SGM, no Shareholder is required to abstain from voting on the resolution approving the Rights Issue.

LETTER FROM THE BOARD

RECOMMENDATION

Having considered the above-mentioned benefits to the Group, the Board considered that Rights Issue is in the interest of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Rights Issue.

CLOSURE OF BOOKS

For determining the entitlement of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 14 September 2023 to Thursday, 21 September 2023 (both dates inclusive) during which period no transfer of the Shares will be registered. In order to be qualified for the entitlement to attend and vote at the SGM, all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Share Registrar for registration no later than 4:30 p.m. on Wednesday, 13 September 2023.

Yours faithfully
For and on behalf of the Board
Chan Ho Yee
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Rights Issue.



Almana Limited
曼纳有限公司

5 September 2023

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE RIGHTS SHARES FOR EVERY
ONE SHARE HELD ON THE RECORD DATE**

We refer to the circular of the Company dated 5 September 2023 (the “Circular”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are on normal commercial terms, in the interests of the Company and the Shareholders as a whole, and are fair and reasonable so far as the Independent Shareholders are concerned.

Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

Having taken into account the terms of the Rights Issue, and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Rights Issue.

Yours faithfully,
Independent Board Committee

Ms. Pang King Sze, Rufina

Mr. Hong Bingxian
Independent non-executive Directors

Mr. Huang Zhe

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, and prepared for the purpose of incorporation into this circular.



Unit 1401, 14/F, Lippo Sun Plaza, 28 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong

5 September 2023

*To the Independent Board Committee and
the Independent Shareholders of Almana Limited*

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to (i) advise the Independent Board Committee and the Independent Shareholders in respect of whether the terms of the Rights Issue are fair and reasonable as far as the Independent Shareholders are concerned; (ii) give our recommendation as to whether the Rights Issue is in the interest of the Company and the Shareholders as a whole; and (iii) advise the Independent Shareholders on how to vote at the SGM. Details of the Rights Issue are set forth in the “Letter from the Board” (the “**Board Letter**”) contained in the circular (the “**Circular**”) issued by the Company to the Shareholders dated 5 September 2023, of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Ms. Pang King Sze, Rufina, Mr. Hong Bingxian and Mr. Huang Zhe, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the SGM. We, Grand Moore Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company or any of its respective substantial Shareholders, Directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue.

In the past two years, we have not acted in any financial adviser role to the Company. Save for the appointment as the Independent Financial Adviser, there was no other relationship and/or engagement between the Company and us in the past two years.

With regards to our independence from the Company, it is noted that (i) apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries or their respective controlling Shareholders that could reasonably be regarded as relevant to our independence; and (ii) the aggregate professional fees paid or to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Rights Issue pursuant to Rule 17.96 of the GEM Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the Company's interim report for the six months ended 30 June 2023 (the "**2023 Interim Report**"); (iii) other information provided by the Directors and/or the senior management of the Company (the "**Management**"); (iv) the opinions expressed by and the representations of the Directors and the Management; and (v) our review of the relevant public information. We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date up to the SGM, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention 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 opinions expressed by the Company, its advisers and/or the Directors, the Management (where applicable), which have been provided to us. The Directors have confirmed that, to the best of their knowledge, they believe that no material fact or information has been omitted from the information supplied to us and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 17.92 of the GEM Listing Rules. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We 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, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company, their respective subsidiaries or associates (if applicable) or any of the other parties involved in the Rights Issue, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Rights Issue. The Company has been separately advised by its own professional advisers with respect to the Rights Issue and the preparation of the Circular (other than this letter).

We have assumed that the Rights Issue will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Rights Issue, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Rights Issue. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Rights Issue, we have taken into account the following principal factors and reasons:

1. Background information and financial overview of the Group

As stated in the Board Letter, the Group is principally engaged in the household, plantation and accessory businesses. Certain summary financial information of the Group as extracted from the 2023 Interim Report for the six months ended 30 June 2022 and 2023 (“HY2022” and “HY2023” respectively) is set out below:

	For the six months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue	12,591	16,009
Gross profit	3,213	1,969
Loss and total comprehensive income attributable to owners of the Company	38	2,007

The Group’s consolidated revenue decreased from approximately HK\$16,009,000 for HY2022 to approximately HK\$12,591,000 for HY2023, representing a decrease of approximately HK\$3,418,000 or 21.4%. The Group’s gross profit increased from approximately HK\$1,969,000 for HY2022 to approximately HK\$3,213,000 for HY2023, representing an increase of approximately HK\$1,244,000 or 63.2%. As stated in the 2023 Interim Report, the increase in the Group’s gross profit is mainly attributable to the increase in the gross profit margin of household and accessories products. The Group recorded a loss and total comprehensive income attributable to owners of the Company of approximately HK\$38,000 for HY2023, representing a decrease of approximately HK\$1,969,000 or 98.1%, as compared to a loss and total comprehensive income attributable to owners of the Company of approximately HK\$2,007,000 for HY2022. Such decrease in loss and total comprehensive income attributable to owners of the Company was mainly attributable to the Group’s improved business performance and the reduction in finance costs following completion of the Group’s debt restructuring by way of scheme of arrangement in January 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at	
	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Cash and bank balances	4,052	4,960
Current assets	21,790	16,707
Net current liabilities	148	262
Total assets	27,089	22,193
Current liabilities	21,938	16,969
Total liabilities	21,938	17,004
Total equity	5,151	5,189

The Group's cash and bank balances amounted to approximately HK\$4,052,000 as at 30 June 2023, representing a decrease of approximately HK\$908,000 or 18.3%, as compared to that of approximately HK\$4,960,000 as at 31 December 2022. The aforementioned cash and bank balances as at 30 June 2023 represents approximately 23.2% of the estimated net proceeds of the Rights Issue of approximately HK\$17,500,000 and is therefore grossly insufficient for the purpose of the Rights Issue's use of proceeds. The Group recorded net current liabilities of approximately HK\$148,000 as at 30 June 2023, representing a decrease of approximately HK\$114,000 or 43.5%, as compared to that of approximately HK\$262,000 as at 31 December 2022. Such decrease was mainly attributable to the combined effects from an increase in current assets of approximately HK\$5,083,000 or 30.4% and an increase in current liabilities of approximately HK\$4,969,000 or 29.3% as at 30 June 2023. We note from the 2023 Interim Report that the increase in current assets is mainly attributable to the increase in inventories. Meanwhile, the increase in current liabilities is mainly due to the combined effects of the increase in trade payables and tax payables, and the decrease in other payables and accruals and lease liabilities (comprising mainly the advance of HK\$9.6 million from customers). The improvement in liquidity and solvency gives rise to a slight increase in current ratio from approximately 0.98 times as at 31 December 2022 to approximately 0.99 times as at 30 June 2023.

The Group's total liabilities increased by approximately HK\$4,934,000 or 29.0%, from approximately HK\$17,004,000 as at 31 December 2022 to approximately HK\$21,938,000 as at 30 June 2023. Such increase was mainly attributable to the combined effects of the aforementioned factors related to the increase in current liabilities. Meanwhile for non-current liabilities, the Group only recorded lease liabilities of HK\$35,000 as at 31 December 2022, and did not record any non-current liabilities as at 30 June 2023.

The Group recorded net deficit of approximately HK\$47,105,000 as at 30 June 2022 and following the scheme of arrangement, the Group recorded a total equity of approximately HK\$5,189,000 as at 31 December 2022. As at 30 June 2023, the Group recorded a total equity of approximately HK\$5,151,000, representing a slight decrease of approximately HK\$38,000 or

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0.7% from 31 December 2022, which is mainly attributable to the loss of approximately the same amount for HY2023.

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

As stated in the Board Letter, the Group is principally engaged in the household, plantation and accessory businesses. In view of the disruptive impact of the COVID-19 pandemic on the business operations, the Group, in addition to sales of its products, has been exploring the manufacturing of household products through acquisition of plant and equipment to enable the Group to remain competitive in the market. The Group does not expect such move will bring about change to its existing business model.

However, due to (i) the unprecedented disturbing impact and prolonged duration of the COVID-19 pandemic since 2020; (ii) the substantial net liabilities of the Group prior to 2022; and (iii) the winding up petition filed by a creditor against the Company in 2021, the Company has not been able to conduct fund raising exercise for business development. In response to the debt crisis resulted from the petition, the Company had made strenuous efforts to pursue a debt restructuring by way of scheme of arrangement which was approved by the requisite statutory majority of the then creditors and was completed in 2022. As a result, the liabilities of the Company had been substantially reduced and the Company was able to restore its financial position to normality. As at 30 June 2023, the Group recorded net assets of HK\$5.1 million. However, despite improvement in its financial position as a result of the scheme, the pace of business development (hence profitability) of the Group's businesses is still hindered by its limited working capital. As at 30 June 2023, the Group's cash and bank balances amounted to HK\$4.1 million whilst total liabilities amounted to HK\$21.9 million (including advance of HK\$9.6 million received from customers). As mentioned in the 2023 Interim Report, the challenges arising from the continuing Sino-United States conflict, the war in Ukraine, global interest rate hikes and tightening monetary policies will continue to adversely impact on the business activities worldwide including the Group's business operations. As also mentioned in its annual reports for 2021 and 2022, the Company's experience in 2021 and 2022 has shown that prompt response to changes in business landscape and prudent financial and liquidity management are key factors in withstanding major disruptions and uncertainties. As such, it is vital for the Group to seize opportunities to access to funding to improve the liquidity in its business operations and expand operating capacity in a timely manner.

The Board considers that the Rights Issue is a good opportunity to enable the Group to establish manufacturing facilities and enhance working capital for business development. Assuming all the Rights Shares are taken up or all Placing Shares are placed to Placees, it is estimated that net proceeds of the Rights Issue (after deducting the related expenses) will amount to HK\$17.5 million, which the Company intends to apply as to (i) HK\$7.5 million for repayment/fulfilment of the advance from customers (which is repayable in 2023); (ii) HK\$5 million for acquisition of operating assets (plant and equipment) for the household business; and (iii) the remaining balance of HK\$5 million for working capital of business operations and general corporate and administrative expenses (e.g. rents, overheads and remunerations). However, if the free cash generated from business operations is not sufficient to repay the

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remaining balance of HK\$2.1 million of the advance from customers which is repayable in 2024, the Company intends to apply part of the proceeds reserved for business working capital and/or purchase of operating assets for settlement of the outstanding advance. The Company will make announcement(s) if there is any change in the intended use of proceeds. Also, in the event that the Rights Issue is undersubscribed and the Placing Shares are not fully placed, the net proceeds will be reduced and utilised on a pro rata basis as set out above.

The Board has considered other alternative means of fund raising, including debt financing, placing and open offer. However, given the Group's lack of collateral acceptable to financial institutions required for debt financing and the high interest rate under the prevailing market condition, debt financing is not a viable means to the Group. As for equity fund raising (such as placing), it will be relatively smaller in scale as compared to fund raising through the Rights Issue, not to mention that placing of shares would lead to dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate, particularly for those Shareholders who were the white knight and former creditors having supported the scheme of arrangement of the Company and have become the Shareholders through the Share Allotments. As for open offer, although it is similar to a rights issue in offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

In view of the above, the Board considers that as compared to raising fund by other means, raising funds by way of the Rights Issue, which will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company, is fair, cost effective, efficient and beneficial to the Company and its shareholders as a whole. In addition, the Rights Issue provides a good opportunity for the Group to improve its liquidity and strengthen its operating capacity, while offering a participating opportunity to all Qualifying Shareholders in the future development of the Company on equal terms to maintain their shareholding in the Company. As such, the Rights Issue is in the interests of the Company and its shareholders as a whole.

Taking into account the benefits and potential cost of each of the alternatives, we are of the view and concur with the view of the Directors that the Rights Issue, which provides all Qualifying Shareholders an opportunity to participate in the future development of the Company on equal terms to maintain their shareholding in the Company, is the most preferred means of fund raising under the Group's current circumstances. Based on the foregoing, we are of the view that the Rights Issue allows the Group to improve its liquidity and strengthen its operating capacity at a more cost effective and beneficial method and is in the interests of the Company and the Shareholders as a whole.

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3. The proposed Rights Issue

3.1 *Issue statistics*

Assuming no change in the number of issued Shares on or before the Record Date:

Basis of Rights Issue:	Three Rights Shares for every one Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.22 per Rights Share
Number of Shares in issue as at Latest Practicable Date:	28,467,160 Shares
Number of Rights Shares:	Up to 85,401,480 Rights Shares
Aggregate nominal value of the Rights Shares:	Up to HK\$6,832,118
Number of Shares in issue immediately upon completion of the Rights Issue:	Up to 113,868,640 Shares
Maximum funds raised:	Up to HK\$18.8 million

As at the Latest Practicable Date, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into the Shares. The 85,401,480 Rights Shares to be issued under the Rights Issue represent (i) 300% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 75% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

3.2 *Non-underwritten basis*

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to the Placees under the Compensatory Arrangements. The Placing Shares which remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

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As the Rights Issue will proceed on a non-underwritten basis, Shareholders who apply to take up all or part of their entitlements under the PALs may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

3.3 The Subscription Price

The Subscription Price of HK\$0.22 per Rights Share is payable in full when the Qualifying Shareholders accept the relevant provisional allotment of Rights Shares or when transferees of nil-paid Rights Shares accept the provisional allotment of the relevant Rights Shares. Assuming that all the Rights Shares are fully subscribed, the net price per Rights Share is estimated to be HK\$0.2.

The Subscription Price represents:

- (i) a discount of 26.7% to the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 29.0% to the average closing price of HK\$0.31 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 8.3% to the theoretical ex-rights price of HK\$0.24 per Share based on the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of 21.77% represented by the theoretical diluted price of HK\$0.24 per Share to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules) of HK\$0.31 per Share;
- (v) a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) in aggregation with the Share Allotments of 23.75% represented by the cumulative theoretical diluted price of HK\$0.145 per Share to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules) of HK\$0.19 per Share;
- (vi) a discount of 18.5% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

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(vii) a premium of 22.2% over the unaudited net asset value per Share of HK\$0.18 (based on the unaudited consolidated net asset value of the Group of HK\$5.2 million as at 30 June 2023 and 28,467,160 Shares in issue as at the Latest Practicable Date).

The Subscription Price was determined with reference to (i) the market price of the Shares under the prevailing market conditions; (ii) the prevailing market conditions of the capital market in Hong Kong; (iii) the latest business performance and financial position of the Group, particularly the consecutive loss-making position of the Group in the past and the net asset value of HK\$0.18 per Share as at 30 June 2023; (iv) the low trading volume of the Shares in the past six months; and (v) the reasons for and benefits of Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” in the Board Letter. As such, the Board considers that it is necessary and reasonable to set the Subscription Price at a discount to the recent market price of the Shares in order to attract Shareholders and investors to participate in the Rights Issue.

The Board considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3.4 Placing Agreement and undertaking

3.4.1 The Shareholders’ undertaking

It is stated in the Board Letter that as at the Latest Practicable Date, Perfect Advance Holdings Limited (“**Perfect Advance**”) and Ms. Chan Ho Yee (“**Ms. Chan**”), an executive Director, are interested in 8,476,364 Shares and 676,127 Shares respectively (representing 29.8% and 2.4% of the issued Shares respectively). Each of Perfect Advance and Ms. Chan has irrevocably undertaken to the Company that:

- (i) it/she will not sell, transfer or otherwise dispose of the Shares held during the period up to the Rights Issue having become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier (both dates inclusive); and
- (ii) it/she will accept and subscribe in full for all the Rights in which it/share is beneficially entitled under the Rights Issue on and subject to the terms and condition of the Rights Issue provided that in the case of Perfect Advance, the total number of the Rights Shares to be subscribed by it under the Rights Issue will be scaled down to the extent that it and its associates will not trigger a general offer obligation under the Takeovers Code in accordance with Rule 10.26(2) of the GEM Listing Rules.

Save for the above irrevocable undertakings, the Company has not received, as at Latest Practicable Date, any other information or irrevocable undertaking from other

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Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

3.4.2 The Placing Agreement

As stated in the Board Letter, on 11 August 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Placing Shares. The principal terms of the Placing Agreement as extracted from the Board Letter are set out below:

Date	:	11 August 2023
Parties	:	(i) the Company, as issuer; and (ii) the Placing Agent
Placing Agent	:	Space Securities Limited, appointed as the Placing Agent to place the Placing Shares on a best effort basis. The Placing Agent has confirmed that it is an Independent Third Party.
Fees and expenses	:	1% of the amount which is equal to the placing price multiplied by the Placing Shares that are successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the Placing, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.
Placing price	:	The placing price of the Placing Shares shall be at least equal to the Subscription Price. The final price is dependent on the demand and market conditions of the Placing Shares during the process of placement.
Placees	:	The individuals, corporate, institutional investors or other investors procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares.
Ranking of the Placing Shares	:	The Placing Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue.

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Termination : The Placing shall end on Wednesday, 1 November 2023 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill their respective duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Conditions precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the passing by the Independent Shareholders at the SGM of the necessary resolution to approve the Rights Issue;
- (ii) the GEM Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares (including the Placing Shares);
- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof.

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The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the above conditions (other than those set out in paragraphs (i) and (ii) above) by notice in writing to the Company.

Completion : Placing completion shall take place on 1 November 2023 or such other date as the Company and the Placing Agent may agree in writing.

The Placing Agent shall ensure that the Placing Shares are placed (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owners shall be Independent Third Parties; (ii) such that no Placee shall become a substantial Shareholder immediately following the Placing; (iii) such that the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iv) such that the Placing will not result in the Company incapable of complying with the public float requirements under the GEM Listing Rules immediately following the Placing. The Company will continue to comply with the public float requirements under Rule 11.23(7) of the GEM Listing Rules and the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

The engagement between the Company and the Placing Agent for the placing of the Placing Shares was determined after arm's length negotiations between the Placing Agent and the Company with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue and the market conditions. The Board considers the terms of the Placing for the Placing Shares (including the commission payable) are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Placing Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Board considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority shareholders.

4. Historical price and trading volume of the Shares

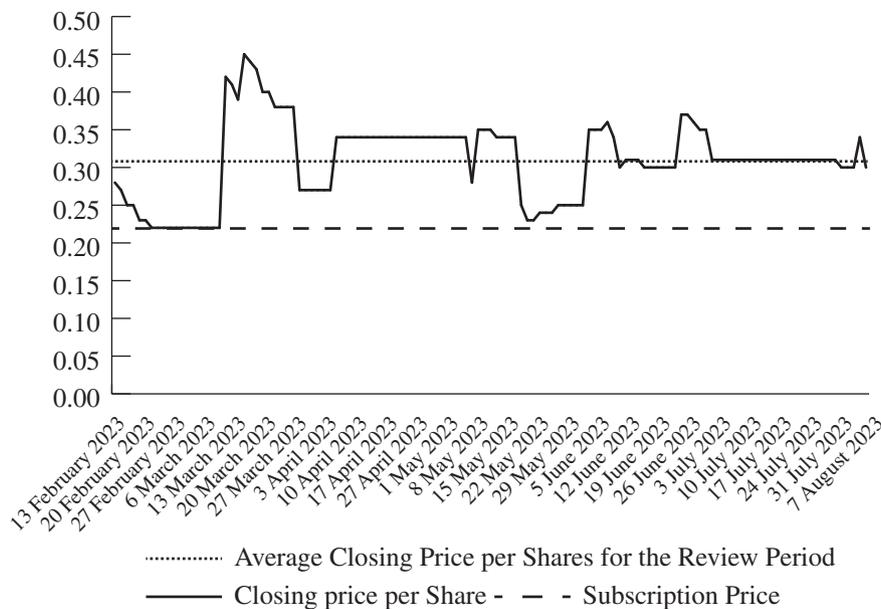
In order to assess the fairness and reasonableness of the Subscription Price, we have taken into account (i) the daily closing prices of the Shares as quoted on the Stock Exchange during the 6 months ended the date of the announcement in respect of the Rights Issue (the "Announcement"), i.e. 11 August 2023 (the "Review Period"); and (ii) the average daily trading volumes of the Shares for each of the months during the Review Period.

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In relation to the 6 months Review Period adopted in our analysis, we note that (i) it represents a reasonable period to provide a general overview of the recent price performance of the Shares which has fully reflected relevant information of the Group's performance; (ii) a shorter period (e.g. 3 months) may not sufficiently illustrate a meaningful historical trend for a proper assessment; and (iii) a longer period (e.g. 12 months) may have been too distant in time making such historical trend less relevant within the context of the Rights Issue and with reference to the dynamic financial markets. Accordingly, we consider that the sampling period of 6 months for the Review Period is appropriate when conducting an analysis on the historical closing prices of the Shares, trading volumes and the Subscription Price.

4.1 Closing price movement of the Shares during the Review Period

Closing price movement of the Shares during the Review Period



Source: website of the Stock Exchange

As illustrated in the chart above, the closing prices of the Shares exhibited a generally unstable trend during the Review Period. Starting from HK\$0.28 per Share at the beginning of the Review Period on 13 February 2023, the closing price of the Shares experienced a period of volatility reaching HK\$0.22 per Share on 21 February 2023. Subsequently, the closing price of the Shares experienced a somewhat sharp increase to HK\$0.42 per Share on 9 March 2023. The Shares then experienced a period where they closed within a somewhat narrow band between HK\$0.45 per Share on 14 March 2023 to HK\$0.38 per Share on 24 March 2023. The closing price of the Shares then experienced a sharp drop reaching HK\$0.27 per Share on 27 March 2023. The closing price of the Shares then experienced a slight increase to HK\$0.34 per Share on 4 April 2023, and remained stable before entering into a phase of volatile trend ranging from a low closing price of HK\$0.23 per Share on 23 May 2023 to a high closing price of HK\$0.37 per Share on 29 June 2023,

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and ultimately exhibited a generally downward trend thereafter before reaching HK\$0.30 per Share on the date of the Announcement on 11 August 2023. In relation to the sharp decrease of the closing price per Share from HK\$0.42 per Share on 9 March 2023 to HK\$0.27 per Share on 27 March 2023, we note that such sharp decrease in closing price of the Shares was coupled with a marked increase in trading volume on 9 and 14 March 2023 of 291,065 Shares and 350,001 Shares, respectively. Nevertheless, trading volumes in those two days represented only approximately 1% of the total issued Shares as at the Latest Practicable Date. We are unable to point out the definitive reason for such fluctuations in our capacity as the Independent Financial Adviser. We have made inquiry to the Management which is also not aware of any other reasons for the aforementioned sharp decline in the closing price of the Shares. We have also reviewed the announcements disclosed during such period and we are not aware of any information which caused the substantial change in the closing price of the Shares.

4.2 Average daily trading volume for each month/ period during the Review Period

The table below sets out the average daily trading volume of the Shares for each month/period during the Review Period.

	Number of trading days	Approximate average daily trading volume of the Shares <i>(Note 1)</i> <i>(approximate)</i>	Approximate percentage of average daily trading volume to total number of issued Shares <i>(Note 2)</i> <i>(approximate)</i>
Year 2023			
February (from 12 February 2023)	12	2,538	0.01%
March	23	30,483	0.11%
April	17	5,001	0.02%
May	21	17,386	0.06%
June	21	14,452	0.05%
July	20	2,009	0.01%
August (up to the Date of Announcement, i.e. 11 August 2023)	9	6,671	0.02%

Source: website of the Stock Exchange

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Notes:

1. The average daily trading volumes are calculated by dividing the total trading volume of the Shares for the month/ period by the number of trading days during the month/ period.
2. As at the Latest Practicable Date, the total number of issued Shares is 28,467,160.

During the Review Period, the average daily trading volume of the Shares in each month/period ranged from a low of approximately 2,000 Shares in July 2023 to a high of approximately 30,000 Shares in March 2023, representing approximately 0.01% and 0.11% to the total number of issued Shares as at the Latest Practicable Date.

4.3 Our observations

We considered the trading liquidity of the Shares were very thin during the Review Period, with all months/periods less than 0.1% (except for March 2023) to the total number of issued Shares as at the end of their respective month/period. We anticipate that the Qualifying Shareholders may have difficulties in acquiring or 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 impact on the market price of the Shares. We are therefore of the view that it is reasonable to set the Subscription Price at a discount to the average closing price of the Shares and it would encourage the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholding interests in the Company.

5. Comparative analysis on the proposed terms of the Rights Issue

5.1 The Comparables

In order to assess the fairness and reasonableness of the proposed terms of the Rights Issue, we have identified an exhaustive list of 18 companies (the “**Comparable(s)**”) listed on the Main Board or GEM of the Stock Exchange which announced a rights issue during 3-month period ended on the date of the Announcement, i.e. 11 August 2023.

Although the Comparables include rights issues in different scale, engaged in different business or have different financial performance and funding needs from the Company, having considered (i) all of the Comparables and the Group are listed on the Stock Exchange; (ii) our analysis is mainly concerned with the principal terms of the rights issues and we are not aware of any established evidence showing any correlation between scale of the rights issue and its underlying principal terms; (iii) including transactions conducted by the Comparables with different funding needs and business represents a more comprehensive overall market sentiment in our comparable analysis; (iv) a 3-month period for the selection of the Comparables has generated a reasonable and meaningful number of samples size of 18 Hong Kong listed issuers to reflect the market practice regarding recent rights issue, whereas if a longer period (e.g. 6 months) is used, that would have generated way too many comparable rights issues making the analysis less meaningful with a wider

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range of premium and discount of the relevant subscription prices; and (v) the Comparables were included without any artificial selection or filtering on our part so the Comparables represent a true and fair view of the recent market trends for similar transactions conducted by other Hong Kong listed issuers, we consider that the Comparables are fair and representative samples.

Based on the above, we are of the view that our comparable analysis based on the above criteria is meaningful for us to form our view regarding the fairness and reasonableness of the Subscription Price. To the best of our knowledge and as far as we are aware of, the Comparables represent an exhaustive list of all relevant companies fitting our search criterion mentioned above, and we consider that such Comparables can provide a reference on the recent rights issues given the sufficient number of transactions in such period resulting in a reasonable sample size.

It should be noted that all the subject companies constituting the Comparables may have different principal activities, market capitalisation, profitability and financial position as compared with those of the Company, and the circumstances leading to the subject companies to proceed with the rights issues may also be different from that of the Company.

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The following table sets forth the relevant details of the Comparables:

Company name (Stock Code)	Announcement date	Announcement date	Maximum amount of total fund raised	Closing price: premium/(discount) 5-days average	(Discount)/ premium of subscription price (to)/over the theoretical ex-rights/ entitlement price	Potential maximum dilution of shareholding (Note 1)	Theoretical dilution effect (Note 9)	Compensatory Arrangements/ Excess Application (CA/EA)	Fully Underwritten/ Partially Underwritten/ Placing (FU/PU/P)	Underwriting Commission	Placing Commission	Minimum Underwriting/ Placing fee HK\$
Artgo Holdings Limited (stock code: 3313)	28 Jul 2023	29.4%	111	(28.6%)	(11.2%)	66.7%	(19.6%)	CA	P	NA	1.0%	N
China Best Group Holding Limited (stock code: 370)	26 Jul 2023	37.3%	99	(38.7%)	(31.0%)	28.6%	(11.1%)	CA	P	NA	1.0%	300,000
Platt Nera International Limited (stock code: 1949)	24 Jul 2023	58.0%	20	(56.8%)	(47.9%)	33.3%	(19.3%)	CA	P	NA	3.0%	N
Tasty Concepts Holding Limited (stock code: 8096)	14 Jul 2023	4.7%	28	3.6%	1.5%	71.4%	N	CA	P	NA	2.5%	100,000
Classified Group (Holdings) Limited (stock code: 8232)	6 Jul 2023	15.0%	14	(15.0%)	(6.6%)	60.0%	(8.8%)	CA	PU, P	N	N	38,000
E-House (China) Enterprise Holdings Limited (stock code: 2048)	19 Jun 2023	20.7%	483	(20.1%)	(10.6%)	54.5%	(11.0%)	CA	PU, P	N	0.6%	N
Future World Holdings Limited (stock code: 572)	16 Jun 2023	27.7%	70	(23.3%)	(16.1%)	50.0%	(13.9%)	EA	FU	2.5%	NA	N
China Zheshang Bank Co., Ltd. (stock code: 2016) (Note 8)	11 Jun 2023	15.2%	3047	(14.4%)	(12.1%)	23.1%	(3.5%)	EA	FU	1.0%	NA	N
Hi-Level Technology Holdings Limited (stock code: 8113)	8 Jun 2023	35.5%	78	(35.5%)	(21.6%)	50.0%	(17.7%)	CA	P	NA	1.0%	N
GBA Holdings Limited (stock code: 00261)	7 Jun 2023	25.0%	53	(22.3%)	(16.7%)	44.4%	(11.1%)	CA	PU, P	4.0%	3.5%	N
Tesson Holdings Limited (stock code: 1201)	7 Jun 2023	11.5%	111	(11.5%)	(9.1%)	42.9%	(2.7%)	EA	NA	NA	NA	N

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Company name (Stock Code)	Announcement date	Basis of entitlement	Maximum amount of total fund raised	Closing price: premium/(discount) Date of announcement	5-days average	(Discount)/ premium of subscription price (to)/over the theoretical ex-rights/ entitlement price	Potential maximum dilution of shareholding	Theoretical dilution effect	Compensatory Arrangements/ Excess Underwritten/ Placing (CA/EA)	Fully Underwritten/ Partially Underwritten/ Placing (FU/PU/P)	Underwriting Commission	Placing Commission	Minimum Underwriting/ Placing fee
			<i>HK\$ million</i>				<i>(Note 1)</i>	<i>(Note 9)</i>					<i>HK\$</i>
Solomon Worldwide Holdings Limited (stock code: 8133)	5 Jun 2023	1 for 2	10	(20.8%) (21.9%)	(15.8%)	33.3%	(7.3%)	EA	FU	1.5%	NA	NA	N
Min Fu International Holding Limited (stock code: 8511)	30 May 2023	1 for 2	24	(8.3%) (7.4%)	(5.7%)	33.3%	(3.3%)	CA	P	NA	4.0%	(Note 5)	N
Hao Bai International (Cayman) Limited (stock code: 8431)	29 May 2023	1 for 2	20	(5.7%) (8.7%)	(3.9%)	33.3%	(3.8%)	CA	P	NA	1.6%	1.6%	N
China Investment Development Limited (stock code: 204)	25 May 2023	1 for 1	55	(41.2%) (41.9%)	(26.1%)	50.0%	(20.4%)	CA	P	NA	1.0%	1.0%	N
Jimu Group Limited (stock code: 8187)	25 May 2023	2 for 1	14	15.6% (12.9%)	4.7%	66.7%	N	EA	FU	NA	NA	NA	100,000
CROSSTEC Group Holdings Limited (stock code: 3893)	17 May 2023	1 for 2	17	(9.1%) (8.1%)	(6.3%)	33.3%	(3.0%)	EA	NA	NA	NA	NA	N
China Rui Feng Renewable Energy Holdings Limited (stock code: 00527)	12 May 2023	5 for 2	230	(28.0%) (27.7%)	(10.0%)	71.4%	(20.0%)	CA	P	NA	1.5%	(Note 5)	70,000
		<i>Average:</i>	249	(20.4%) (20.3%)	(13.6%)	47.0%	(11.0%)				2.3%	1.9%	
		<i>Min:</i>	10	(58.0%) (56.8%)	(47.9%)	23.1%	(20.4%)				1.0%	0.6%	
		<i>Max:</i>	3,047	15.6% (12.9%)	4.7%	71.4%	(2.7%)				4.0%	4.0%	
		<i>Median:</i>	54	(20.7%) (21.0%)	(10.9%)	47.2%	(11.1%)				2.0%	1.5%	
The Company	11 Aug 2023	3 for 1	19	(26.7%) (29.0%)	(8.3%)	75.0%	(21.8%)	CA	P	NA	1.0%	1.0%	N

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Source: website of the Stock Exchange

Notes:

1. The potential maximum dilution effect of each Comparable is calculated by the number of new rights shares divided by the total number of issued shares as enlarged by the issue of the new rights shares.
2. The potential maximum dilution effect of this Comparable is derived by “assuming all Vested Share Options having been exercised as at the date of this announcement and no other change in the number of Shares in issue on or before the Record Date”, as stated in the announcement of this Comparable.
3. This information is not disclosed in the relevant announcement of the respective Comparables.
4. The rights issue of this Comparable is on a non-underwritten basis as disclosed in the relevant announcement.
5. There is no placing arrangement for this Comparable as disclosed in the relevant announcement.
6. Given that it is stated in the announcement of this Comparable that its placing commission payable to the Placing Agents and expenses are: “(i) Placing commission payable to CICC: the amount equal to 0.6% of the gross proceeds from the successful issuance of the Rights Shares. (ii) Placing commission payable to CRIC Securities: the amount equal to 0.2% of the gross proceeds from the successful issuance of the Rights Shares. In addition, the Company may, taking into account CRIC Securities’ performance in relation to the placing, at its discretion pay an incentive fee of up to 0.4% of the gross proceeds from the successful issuance of the Rights Shares.” A placing commission of 0.6% is adopted for illustrative purpose, assuming the incentive fee of 0.4% payable to CRIC Securities, is added on the original placing commission payable to CRIC Securities of 0.2%. Sum of such is equivalent to the placing commission payable to CICC.
7. Given that it is stated in the announcement of this Comparable that its placing commission is “((i) A fixed fee of HK\$100,000; or (ii) 2.5% of the amount which is equal to the placing price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares, whichever is higher, that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.”, a placing commission of 2.5% is assumed for illustrative purpose.
8. Only the information related to H Shares Rights Issue of this Comparable is considered.
9. Theoretical dilution effect of an offer is calculated according to Rule 7.27B of the Listing Rules and refers to the discount of the “theoretical dilution price” to the “benchmark price” of shares. “Theoretical diluted price” refers to the sum of (i) the issuer’s total market capitalization (by reference to the “benchmark price” and the number of issued shares immediately before the issue) and (ii) the total funds raised and to be raised from the issue, divided by the total number of shares as enlarged by the issue. While the “benchmark price” means the higher of: (i) the closing price on the date of the agreement involving the issue; and (ii) the average closing price in the 5 trading days immediately prior to the earlier of: (1) the date of announcement of the issue; (2) the date of the agreement involving the issue; and (3) the date on which the issue price is fixed.
10. It is stated in the announcement of this Comparable that ‘the Company shall pay to the Underwriter an underwriting commission equal to a lump sum amount of HK\$100,000’.
11. It is noted in the announcement or circular of the respective Comparable that the offer price is at a premium over the market price, and the theoretical dilution effect as computed under Rule 7.27B of the Listing Rules would produce a positive figure. Accordingly, there is no value dilution to non-participating shareholders, no theoretical dilution effect is assumed for illustrative purpose.

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5.2 *The Subscription Price and dilution*

As illustrated in the table above, we note that variance of the subscription price to the closing price on the respective last trading day of the Comparables ranges from a discount of approximately 58.0% to a premium of approximately 15.6%, with an average figure being a discount of approximately 20.4%. The Subscription Price's discount to closing price on the Last Trading Day of approximately 26.7% therefore falls within the range of the discount to the last trading day of the Comparables and represents a higher discount than the average figure thereof but is still far lower than the maximum discount figure thereof.

We note that the variance of the subscription price to the average closing price of the last five trading days of the Comparables ranges from a discount of approximately 56.8% to a premium of approximately 12.9%, with an average figure being a discount of approximately 20.3%. The Subscription Price's discount to the average closing price for the five consecutive trading days up to and including the Last Trading Day of approximately 29.0% therefore falls within the range of discount to the average closing price of the last five trading day of the Comparables and represents a higher discount than the average figure thereof but is still far lower than the maximum discount figure thereof.

In determining the current subscription ratio and the Subscription Price, we understand that, as stated in the Board Letter, the Subscription Price was determined with reference to (i) the market price of the Shares under the prevailing market conditions; (ii) the prevailing market conditions of the capital market in Hong Kong; (iii) the latest business performance and financial position of the Group, particularly the consecutive loss-making position of the Group in the past and the net asset value of HK\$0.18 per Share as at 30 June 2023; (iv) the low trading volume of the Shares in the past six months; and (v) the reasons for and benefits of Rights Issue as discussed in the section headed "Reasons for and benefits of the Rights Issue and use of proceeds" in the Board Letter.

It is noted that the potential maximum dilution on shareholding of the Comparables ranged from approximately 23.1% to approximately 71.4% (the "**Shareholding Dilution Range**") with an average of approximately 47.0% and a median of approximately 47.2%. The potential dilution effect of Rights Issue of approximately 75.0% therefore represents a slightly higher dilution than the high end of the Shareholding Dilution Range. We note that the dilution effect is determined by the basis of the dilution effect is determined by the basis of entitlement of the rights issue which also determines the number of rights shares available for subscription.

It is noted that the theoretical dilution effect of the Comparables ranged from a discount of approximately 20.4% to a discount of approximately 2.7% (the "**Theoretical Dilution Effect Range**") with an average discount of approximately 11.0% and a median discount of approximately 11.1%. The Rights Issue's theoretical dilution effect of a discount of approximately 21.8% therefore represents a slightly higher discount than the low end of the Theoretical Dilution Effect Range. As the theoretical dilution effect of the Rights Issue is below 25%, it is in compliance with Rule 10.44A of the GEM Listing Rules.

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In view of the facts that (i) although the Subscription Price represents higher discount than the closing price of the last trading day and average closing price of the last five trading days respectively, it still falls within the ranges of such Comparables and such discount is still far lower than the maximum discount figures of such Comparables; (ii) the Subscription Price is payable in full when the Qualifying Shareholders accept the relevant provisional allotment of Rights Shares or when transferees of nil-paid Rights Shares accept the provisional allotment of the relevant Rights Shares; (iii) a relatively higher discount as represented by the Subscription Price may increase the overall appeal or attractiveness of the Rights Issue to the Qualifying Shareholders in light of the dire circumstances faced by the Company as discussed in section 1 of this letter; (iv) the potential dilution effect of Rights Issue has a slightly higher dilution than the high end of the Shareholding Dilution Range but such a situation might have been necessitated by the Company's funding needs as discussed in section 2 of this letter; and (v) the theoretical dilution effect of Rights Issue has a slightly higher discount than the low end of the Theoretical Dilution Effect Range but such a situation might have been necessitated by the Company's funding needs as discussed in section 2 of this letter, we consider that the principal terms of the Rights Issue (including the Subscription Price) and potential dilution of the Rights Issue are fair and reasonable to the Shareholders and in the interest of the Company and the Shareholders as a whole.

5.3 Placing commission

As illustrated in the analysis set out in section 5.1 of this letter, the placing commission of the Comparables range from a low of 0.6% to a high of 4.0%, with the average figure being approximately 1.9%. Accordingly, the placing commission of 1% pursuant to the Placing Agreement falls within range of the Comparables and is below the average figure thereof. In addition, the underwriting commission (which is similar to the placing commission under the Placing Agreement given it is only on a best effort basis) of the Comparables range from a low of 1.0% to a high of 4.0%, with the average figure being approximately 2.3%. Accordingly, the placing commission of 1% pursuant to the Placing Agreement is at the low end of the range of the Comparables and is below the average figure thereof. Given the relatively lower placing commission set out in the Placing Agreement will lead to lower costs to the Group, we consider that the placing commission payable to the Placing Agent is in line with the market practice and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5.4 Compensatory Arrangements

With reference to the Board Letter, the Company will make the Compensatory Arrangements to dispose of the Placing Shares by offering these Shares to independent Places for the benefit of the Shareholders to whom they are offered by way of the Rights Issue. We are of the view that the Compensatory Arrangements are in compliance with Rule 10.31(1)(b) of the GEM Listing Rules. As there are already Compensatory Arrangements in place for the Rights Issue, there will be no excess application arrangements in relation to the Rights Issue in compliance with Rule 10.31(1) of the GEM

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Listing Rules. As illustrated in the analysis set out in section 5.1 of this letter, we note that 12 out of 18 Comparables have facilitated compensatory arrangements. Therefore, we consider that the Compensatory Arrangements are in line with the market practice, are not out of the ordinary and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. Possible dilution effect on interests of existing public Shareholders

The attention of the Independent Shareholders is drawn to the section headed “Shareholding Structure” in the Board Letter for the analysis on shareholding under various scenarios. As noted in the aforementioned section, the shareholding of the existing public Shareholders is approximately 67.8% as at the Latest Practicable Date. The shareholding interests of the Qualifying Shareholders will not suffer from any dilution immediately upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders. Under the scenario which assumes nil acceptance of Rights Shares by Qualifying Shareholders and all the Placing Shares having been placed by Placing Agent immediately upon completion of Rights Issue, the shareholding of the existing public Shareholders will be diluted to approximately 16.9%, representing a decrease in shareholding by approximately 50.9%.

We are aware of the above-mentioned potential dilution effects. However, we consider that the dilutive effect should be considered in conjunction with the following factors:

- (1) Independent Shareholders are given the chance to express their views on the terms of the Rights Issue through their votes at the SGM;
- (2) Qualifying Shareholders have the choice to accept or not accept the Rights Issue;
- (3) the Rights Issue offers 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 and prevailing market prices of the Shares;
- (4) 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;
- (5) The Company will make Compensatory Arrangements to dispose of the Placing Shares by offering the Placing Shares to independent Placees for benefit of the Shareholders to whom they are offered by way of the Rights Issue; and
- (6) Any premium over the Subscription Price and the expenses of procuring such acquirers (including commission and other related expenses/fees) that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. All Placing Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Net Gain (if

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any) will be paid (without interest) on pro-rata basis (on the basis of all Placing Shares) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below); (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holders of those nil-paid rights in CCASS (unless that they are covered by (iii) below); and (iii) if the Rights Issue is extended to the Overseas Shareholders and where entitlements to the Rights Shares were not taken up by such Overseas Shareholders, to those Overseas Shareholders. It is proposed that Net Gain of HK\$100 or more to the individual No Action Shareholder mentioned in (i) to (iii) above will be paid to them in Hong Kong Dollars only and the Company will retain individual amount of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised and, accordingly, the No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

Having considered that (i) the principal terms of the Rights Issue are fair and reasonable as discussed in sections 5.2, 5.3 and 5.4 of this letter; (ii) any form of non-pro rata equity fund raising activities would also have an immediate dilution effect to other Shareholders; (iii) if the Company satisfies future funding needs through other equity financing such as placement/ subscription of new Shares and/or issue of convertible bonds or raising additional debts to satisfy its funding needs, such equity/debt financing methods will either have an immediate dilution effect to all existing Shareholders or further increase gearing of the Group as discussed in section 2 of this letter; (iv) the Rights Issue is conducted on the basis that all Qualifying Shareholders have been offered the equal opportunity to maintain their proportional interests in the Company at a lower than historical prevailing market price; (v) the Company will make Compensatory Arrangements to dispose of the Placing Shares by offering the Placing Shares to independent Placees for benefit of the Shareholders to whom they are offered by way of the Rights Issue; (vi) the reasons for the Rights Issue and use of proceeds as discussed in section 2 of this letter; and (vii) our further reasoning regarding the Shareholding Dilution Range and the Theoretical Dilution Effect Range as discussed in section 5.2 of this letter, we are of the view that the dilution effect to the shareholding interests of the non-participating Shareholders is acceptable.

7. Financial effects of the Rights Issue

7.1 Net asset value

Taking into account the proceeds from Rights Issue, it is expected that the net assets of the Group will increase as a result of the Rights Issue. Further, We note from the “Unaudited pro forma statement of adjusted consolidated net tangible assets of the Group” set out in Appendix II to the Circular that the Group’s unaudited consolidated net tangible assets attributable to the owners of the Company as at 30 June 2023 is approximately HK\$5,151,000, while unaudited consolidated net tangible assets attributable to the owners

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of the Company per Share before completion of Rights Issue is approximately HK\$0.18. As per the Board Letter, the Group is expected to raise net proceeds of approximately HK\$17.5 million (assuming full acceptance of Rights Shares by existing Shareholders or all the Placing Shares having been placed by Placing Agent). After pro forma adjustments, unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at 30 June 2023 immediately after the completion of the Rights Issue would improve to approximately HK\$22,651,000, while unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company per Share immediately after completion of Rights Issue would improve to approximately HK\$0.20.

Accordingly, the Rights Issue is expected to have a positive impact on the Group's net assets position upon completion of the Rights Issue.

7.2 Working capital

The Rights Issue is expected to have a positive effect on the Group's working capital upon completion as the proceeds from the Rights Issue will bring in net proceeds of approximately HK\$17.5 million (assuming full acceptance of Rights Shares by existing Shareholders or all the Placing Shares having been placed by Placing Agent) to the Group, where approximately HK\$5 million is allocated for the working capital of business operations and general corporate and administrative expenses, as stated in the Board Letter.

7.3 Liquidity

As per the 2023 Interim Report, the Group had current assets of approximately HK\$21,790,000 and current liabilities of approximately HK\$21,938,000 as at 30 June 2023. Accordingly, the Group is marginally at a net current liabilities position and the Group's current ratio (current assets/current liabilities) as at 30 June 2023 was approximately 0.99 times.

The estimated net proceeds from the Rights Issue are expected to enhance the Group's current assets by approximately HK\$17.5 million (assuming full acceptance of Rights Shares by existing Shareholders or all the Placing Shares having been placed by Placing Agent) and the Rights Issue is expected to improve the Group's liquidity position immediately after its completion.

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

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RECOMMENDATION

Having considered the above principal factors and in particular:

- (i) the Company has not been able to conduct fund raising exercise for business development as a result of the winding-up petition filed by a creditor against the Company in 2021 as discussed in section 2 of this letter;
- (ii) the net current liabilities position of the Group of approximately HK\$148,000 as at 30 June 2023 as discussed in section 1 of this letter;
- (iii) despite improvement in its financial position as a result of the scheme, the pace of business development (hence profitability) of the Group's businesses is still hindered by its limited working capital as discussed in section 2 of this letter;
- (iv) the intended use of approximately 42.9% of the net proceeds (approximately HK\$7.5 million) for the repayment/fulfilment of the advance from customers of the Company as discussed in section 2 of this letter;
- (v) other equity or debt financing options are either, not viable means fulfill the Group's funding needs, have an immediate dilutive effect on existing Shareholders, not in the best interest of the Shareholders as discussed in section 2 of this letter;
- (vi) the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company by subscribing to the Rights Shares at a lower than historical prevailing price, or to dispose of the Placing Shares by way of Compensatory Arrangements;
- (vii) the principal terms of the Rights Issue (including the Subscription Price) of the Rights Issue are fair and reasonable to the Shareholders and in the interest of the Company and the Shareholders as a whole as discussed in section 5.2 of this letter;
- (viii) the placing commission charged by the Placing Agent is fair and reasonable as discussed in section 5.3 of this letter and in the interests of the Company and the Shareholders as a whole;
- (ix) the Compensatory Arrangements are in line with the market practice, are not out of the ordinary and are fair and reasonable as discussed in section 5.4 of this letter and in the interests of the Company and the Shareholders as a whole; and
- (x) given the Company's circumstances, the potential dilution effect to the non-participating Shareholders is acceptable,

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we are of the opinion that, although the Rights Issue is not in the Company's ordinary and usual course of business, the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interest of the Company and Shareholders as a whole. Accordingly, we would advise (i) the Independent Board Committee to recommend the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Rights Issue and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Grand Moore Capital Limited
Florence Ng
Associate Director

Note: Ms. Florence Ng is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Ms. Ng has over 10 years of experience in the corporate finance industry in Hong Kong.

1. SUMMARY OF FINANCIAL INFORMATION

The audited financial information of the Company are disclosed in the annual reports of the Company for the years ended 31 December 2020 (pages 26 to 120), 2021 (pages 27 to 108) and 2022 (pages 26 to 90), which are published on 11 March 2022, 15 May 2022 and 31 March 2023 respectively. The unaudited financial information of the Company are disclosed in the interim report of the Company for the six months ended 30 June 2023 (pages 2 to 12), which is published on 9 August 2023. The above mentioned financial information is available on the websites of the Company at www.mfpy.com.hk and the Stock Exchange at www.hkexnews.hk:

- (a) the annual report of the Company for the year ended 31 December 2020 (<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0311/2022031101329.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2021 (<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0515/2022051500143.pdf>);
- (c) the annual report of the Company for the year ended 31 December 2022 (<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0331/2023033103707.pdf>);
and
- (d) the interim report of the Company for the six months ended 30 June 2023 (<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0809/2023080901014.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at 31 July 2023, being the latest practicable date for this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group comprised its lease liabilities (including both current and non-current portions) of approximately HK\$59,000 as recognised under HKFRS 16.

Save for the above lease liabilities and apart from intra-group liabilities and normal trade and other payables, as at 31 July 2023, the Group did not have any loan capital issued and outstanding or agreed to be issued, term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages and charges, hire purchase commitments, contingent liabilities or guarantee outstanding.

3. WORKING CAPITAL STATEMENT

The Board, after due and careful consideration, is of the opinion that, after taking into account the estimated net proceeds from the Rights Issue and its presently available financial resources, including funds internally generated from operation, the Group will have sufficient working capital for its operation for at least the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGES

The Board confirms that there has been no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the household, plantation and accessory businesses.

During the year ended 31 December 2022, the revenue of the Group decreased by 17.7% to HK\$22.3 million (2021: HK\$27.1 million). The Group's gross profit decreased to HK\$2.6 million (2021: HK\$3.3 million) but the gross profit margin remained at a similar level of 11.8% (2021: 12.1%). The Group completed its debt restructuring by way of a scheme of arrangement in 2022 and as a result, the Group recorded an other income of HK\$55.7 million and a consolidated profit attributable to owners of the Company of HK\$49.3 million (2021: loss of HK\$7.3 million).

The Group's revenue for the six months ended 30 June 2023 decreased by 21.4% to HK\$12.6 million (2022: HK\$16.0 million), but its gross profit and gross profit margin increased to HK\$3.2 million (2022: HK\$2.0 million) and 25.5% (2022: 12.3%) respectively due to increase in the gross profit margin of household and accessories products. As a result of the Group's improved business performance and the significant reduction in finance costs following completion of the Group's debt restructuring as mentioned above, the Group managed to achieve a breakeven point for the six months ended 30 June 2023 (2022: loss of HK\$2.0 million).

As at 30 June 2023, the Group had total assets of HK\$27.1 million (31 December 2022: HK\$22.2 million) and total liabilities of HK\$21.9 million (31 December 2022: HK\$17.0 million), resulting in the net assets of HK\$5.2 million (31 December 2022: HK\$5.2 million) and net asset per Share of HK\$0.18 (31 December 2022: HK\$0.18) respectively.

Following the debt restructuring by way of scheme of arrangement to resolve the debt crisis of the Company in 2021 and 2022, it has been the principal objective of the Company to enhance long-term return for all its stakeholders through prudent financial and liquidity management. The Group will use a more pragmatic management model to stay on the business frontline and strive to seize opportunities of the times i.e. on one hand, the Company will continue to actively respond to the evolving market dynamics and act swiftly to adjust its business strategies in a timely manner and, on the other hand, it will continue to mitigate risks and expedite the development of new markets and new businesses so that its business development will be steadily back on track. Looking ahead, the outlook for the global economy is still uncertain. The challenges arising from the continuing Sino-United States conflict, the war in Ukraine, global interest rate hikes and tightening of monetary policies will continue to adversely impact on the business activities worldwide including the Group's business operation. It is expected that more challenges and opportunities will be present in the Group's business

sectors. The Group will continue to strengthen its overall business and financial profiles while actively exploring long term value accretive acquisitions and business opportunities.

Given the Group's improved profitability, substantially eliminated liabilities following completion of the scheme of arrangement and proposed Rights Issue to strengthen its operating assets and working capital, the Company is confident that it is in a good position to strengthen its business foundation for delivering solid performance in the coming years.

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

The accompanying unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “Unaudited Pro Forma Financial Information”) has been prepared in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company on 30 June 2023 as if it had taken place on 30 June 2023.

Capitalised terms used herein shall have the same meanings as those defined in this circular unless the context otherwise requires. The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2023, as extracted from the unaudited condensed consolidated financial statements for the six months ended 30 June 2023 set out in the published interim report of the Company, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company had the Rights Issue been completed as at 30 June 2023 or at any future date.

	Unaudited consolidated net tangible assets attributable to the owners of the Company as at 30 June 2023 <i>HK\$'000</i> <i>(Note 1)</i>	Net proceeds from Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at 30 June 2023 <i>HK\$'000</i>	Unaudited consolidated net tangible assets attributable to the owners of the Company per Share before completion of Rights Issue <i>HK\$'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company per Share immediately after completion of Rights Issue <i>HK\$'000</i> <i>(Note 4)</i>
Based on 85,401,480 Rights Shares at subscription price of HK\$0.22	5,151	17,500	22,651	0.18	0.20

Notes:

- (1) The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 is extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 set out in the published interim report of the Company, which is based on the unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2023.
- (2) The net proceeds from the Rights Issue is estimated to be approximately HK\$17,500,000 based on 85,401,480 Rights Shares to be issued at Subscription Price of HK\$0.22 per Rights Share and after deducting all directly attributable transaction costs which is estimated to be approximately HK\$1,300,000.
- (3) Based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 of approximately HK\$5,151,000, divided by 28,467,160 Shares in issue as at the 30 June 2023.
- (4) Based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue, which is arrived at after aggregating the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company of approximately HK\$5,151,000 as at 30 June 2023 and the estimated net proceed of HK\$17,500,000 from the Rights Issue divided by 113,868,640 Shares which comprise 28,467,160 Shares in issue as at 30 June 2023 and 85,401,480 Rights Shares.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading or other transactions of the Group entered into subsequent to 30 June 2023.

The following is the text of the independent reporting accountants' assurance report received from BDO Limited, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.



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

To the directors of Almana Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Almana Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 and related notes as set out on pages 28 to 29 of Appendix II of the Company's circular dated 5 September 2023 (the "Circular") in connection with the proposed rights issue on the basis of three rights shares ("Rights Shares") for every one existing shares ("Shares") held on the Record Date (as defined in the Circular) (the "Proposed Rights Issue"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages 28 to 29 of Appendix II of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Rights Issue on the Group's financial position as at 30 June 2023 as if the Proposed Rights Issue had taken place at 30 June 2023. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2023, on which an interim report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Management

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

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

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Rights Issue at 30 June 2023 would have been as presented.

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

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

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

BDO Limited

Certified Public Accountants

Hong Kong

5 September 2023

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL AND OPTIONS

(a) Share capital

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to completion of the Rights Issue and full acceptance of the Rights Shares, the authorised and issued share capital of the Company are as follows:

(I) As at the Latest Practicable Date

	Number of Shares	Nominal value of shares HK\$'000
Authorised:	2,500,000,000	200,000
Issued and fully paid:	28,467,160	2,277

(II) Immediately following completion of the Rights Issue

	Number of Shares	Nominal value of Shares HK\$'000
Authorised:	<u>2,500,000,000</u>	<u>200,000</u>
Issued and fully paid:	28,467,160	2,277
Rights Shares to be issued:	<u>85,401,480</u>	<u>6,832</u>
Shares in issue immediately after the Rights Issue:	<u>113,868,640</u>	<u>9,109</u>

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form. The Company will apply to the GEM Listing Committee for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. 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.

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

(b) Share options

As at the Latest Practicable Date, the Company did not have any option, warrant or other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

Director's and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules, are as follows:

Name	Capacity of interest	Number of Shares	% of shareholding
Ms. Chan	Personal	676,127	2.4%

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at the Latest Practicable Date, so far as is known to any of the Directors or the chief executive of the Company, the following persons (other than a Director and the chief executive of the Company as disclosed above) had interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, who is interested in 5% or more of any class of share capital carrying right to vote at the general meetings of the Company.

Name	Capacity of interest	Number of Shares	% of shareholding
Perfect Advance	Corporate	8,476,364	29.78%
Rising Sun Investment Limited	Corporate	2,640,000	9.27%

The Board is not aware of (i) any other person who had any interests or short positions in the Shares or underlying Shares which would be required 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 which would be required to be recorded in the register kept by the Company under section 336 of the SFO, nor (ii) any Director who was an employee or director of any substantial shareholder of the Company as at the Latest Practicable Date.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSET

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group. Also, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. COMPETING INTEREST

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

7. RISK FACTORS

In compliance with the GEM Listing Rules, set out below are risk factors of the Group for the Shareholders' attention:

- (a) the prices of the Group's products are subject to a number of factors, including consumer demand, market supply and substitutions available etc. If there is a continuous decline in the prices of the products, the profitability of the Group will be adversely affected;
- (b) the Group's products are competitive and subject to challenges such as pressure from rising production costs, volatile product prices and substitution of products. If the Group fails to respond to changes in market conditions and the market demand, the financial performance of the Group will be adversely affected;

- (c) the Group trade receivables are subject to credit risk. If the counter-parties default on their settlements to the Group, the Group will suffer financial loss; and
- (d) the changes in the macro-economic situation and other factors such as instability of regulations, government policies and economy may have any adverse effect on the Group's business, financial condition and results.

8. MATERIAL LITIGATION

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

9. EXPERTS AND CONSENTS

The following are the qualification of the experts who have been named in this circular or have given opinions, letters or advices contained in this circular:

Name	Qualification
BDO Limited	Certified Public Accountants Registered Public Interest Entity Auditor
Grand Moore Capital Limited	A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

As at the Latest Practicable Date, none of the experts had (i) 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; and (ii) any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up. Also, each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or report and the reference to its name in the form and context in which they respectively appear.

10. EXPENSES

The expenses in connection with the Rights Issue and the Placing, including professional fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$1.3 million and are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Executive Director	Ms. Chan Ho Yee
Independent non-executive Directors	Ms. Pang King Sze, Rufina Mr. Hong Bingxian Mr. Huang Zhe
Authorised representatives	Ms. Chan Ho Yee Mr. Leung Ka Ho
Compliance officer	Ms. Chan Ho Yee
Company secretary	Mr. Leung Ka Ho
Registered office	Clarendon House 2 Church Street, Hamilton HM 11 Bermuda
Principal place of business in Hong Kong	35/F, Two Pacific Place 88 Queensway, Hong Kong
Principal share registrar and transfer office in Bermuda	Conyers Corporate Services (Bermuda) Limited Clarendon House 2 Church Street, Hamilton HM 11 Bermuda
Branch share registrar and transfer office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17/F, Hopewell Centre 183 Queen’s Road East, Wanchai, Hong Kong
Principal banker	Bank of China (Hong Kong) Limited 1 Garden Road, Hong Kong
Auditor	BDO Limited 25/F, Wing On Centre 111 Connaught Road Central, Hong Kong
Placing Agent	Space Securities Limited Flat 1905-07, Block 6, The Gateway 9 Canton Road, Hong Kong

Independent Financial Adviser	Grand Moore Capital Limited Unit 1401, 14/F, Lippo Sun Plaza 28 Canton Road, Hong Kong
Legal advisers as to Hong Kong laws	Haldanes 7/F, Ruttonjee House 11 Duddell Street, Hong Kong

12. PARTICULARS OF THE DIRECTORS AND COMPANY SECRETARY OF THE COMPANY

Executive Director

Ms. Chan, aged 27, is experienced in business arrangement and project management and has established connections in Hong Kong and the overseas market. Ms. Chan is responsible for the Group's design and production planning of household products and exploring business opportunities in the Asian and overseas markets. Ms. Chan holds a master's degree in fine arts.

Independent Non-executive Directors

Ms. Pang King Sze, Rufina, aged 48, has more than 20 years of experience in the areas of audit, financial management and internal control. Ms. Pang is the co-founder and a partner of a certified public accountants firm in Hong Kong. Ms. Pang is a member of the Hong Kong Institute of Certified Public Accountants and a member of the New Zealand Institute of Chartered Accountants. Ms. Pang holds a bachelor's degree in business.

Mr. Hong Bingxian, aged 55, has 30 years of experience in production and international trade with substantial knowledge in logistics management and production process. Mr. Hong is the founder and the managing director of a household manufacturing group and an education group in China.

Mr. Huang Zhe, aged 57, has 30 years of experience in manufacturing, sales and marketing and brand management. He has held managerial positions in a number of entities in the manufacturing industry prior to founding his own business 20 years ago. Mr. Huang is the founder and the managing director of a manufacturing company in China.

Audit Committee

The audit committee of the Board comprises three members, all being independent non-executive Directors. The chairperson of the committee is Ms. Pang King Sze, Rufina and the other members are Mr. Hong Bingxian and Mr. Huang Zhe. The audit committee's primary duties include making recommendations to the Board in relation to the appointment, re-appointment and removal of external auditors, reviewing the Group's financial statements, annual, interim and quarterly reports and the independent auditor's

report to ensure presentation of a true and balanced assessment of the Group's financial position (including major judgmental areas, compliance with accounting principles and standards, compliance with GEM Listing Rules and financial reporting requirements), reviewing the Group's financial information and reporting procedures, internal controls and risk management, effectiveness of the internal audit functions, audit plans and relationship with external auditors and reviewing the Group's financial and accounting policies and practices.

Company Secretary

Mr. Leung Ka Ho, aged 35, is the company secretary of the Company and a member of the Hong Kong Institute of Certified Public Accountants.

Business Address of the Directors

The business address of the Directors is the same as the Company's principal place of business in Hong Kong.

13. MATERIAL CONTRACT

Save for the Placing Agreement, the Group has not entered into any other material contract (not being contracts in the ordinary course of business) within two years preceding the Latest Practicable Date.

14. DOCUMENTS ON DISPLAY

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

- (i) the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022;
- (ii) the interim report of the Company for the six months ended 30 June 2023;
- (iii) the letter from the Board, the text of which is set out on pages 7 to 23 of this circular;
- (iv) the letter from the Independent Board Committee, the text of which is set out on page 24 of this circular;
- (v) the letter from the Independent Financial Adviser, the text of which is set out on pages 25 to 51 of this circular;
- (vi) the letter issued by BDO Limited regarding the unaudited pro forma financial information of the Company as set out in appendix II of this circular;

(vii) the written consents under “9. Experts and Consents” in this appendix; and

(viii) the material contract under “13. Material Contract” in this appendix.

15. MISCELLANEOUS

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

(ii) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities.

(iii) As at the Latest Practicable Date, save as disclosed elsewhere in this circular, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group’s business.

(iv) The English text of this circular and the accompanying form of proxy shall prevail over the respective Chinese text in the case of inconsistency.

NOTICE OF SGM



Almana Limited

曼納有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0.8.1.8.6)

NOTICE OF SGM

NOTICE IS HEREBY GIVEN that the SGM of Almana Limited (the “Company”) will be held at 11:30 a.m. on Thursday, 21 September 2023 through live webcast for the following purpose:

ORDINARY RESOLUTION

“**THAT** conditional upon the GEM Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant and not having revoked the listing of and permission to deal in the Rights Shares (as defined below):

- (a) the issue by way of rights of not more than 85,401,480 Rights Shares at the Subscription Price of HK\$0.22 per Rights Share on the basis of three Rights Shares for one Share held by the Qualifying Shareholders as at the close of business on the Record Date, other than those Excluded Shareholders, and substantially on the terms and conditions set out in the circular of the Company dated 5 September 2023 (a copy of which marked “A” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification) and such other terms and conditions as may be determined by the Directors, be and is hereby approved;
- (b) the Directors are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Board may make such exclusions or other arrangements in relation to the Excluded Shareholders as it may deem necessary or expedient having regard to the legal restrictions under the laws of, or the requirements of the relevant regulatory body or stock exchange in, any territory outside Hong Kong; and
- (c) the Directors be and are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the

NOTICE OF SGM

purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Rights Issue and the transactions contemplated thereunder.”

Terms used in this Notice of SGM shall have the same meaning as those defined in the circular of the Company dated 5 September 2023.

By Order of the Board
Chan Ho Yee
Executive Director

Hong Kong, 5 September 2023

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of business
in Hong Kong:*
35/F, Two Pacific Place
88 Queensway Admiralty
Hong Kong

Notes:

- (1) For determining the entitlement of the Shareholders to attend and vote at SGM, the register of members of the Company will be closed from Thursday, 14 September 2023 to Thursday, 21 September 2023 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for entitlement to attend and vote at SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 13 September 2023.
- (2) The SGM will be conducted via electronic means (through a live webcast) which can be accessed on a computer, tablet or any browser enabled device. Shareholders and/or their proxy will not be able to attend the SGM in person but can view and listen to the live webcast of the SGM via electronic means from the start until its conclusion. To access the live webcast, Shareholders will have to register with the Company by sending an email to mfp@mfpy.com.hk and provide the following particulars: (a) full name; (b) registered address; (c) number of Shares held; (d) Hong Kong identity card number/passport number (in case of natural person) or company registration number (in case of corporate body); (e) contact telephone number; and (f) email address, at least 5 clear business days before the date of the SGM (or any adjournment thereof) to enable the Company to verify the Shareholders’ status. Authenticated Shareholders will receive an email confirmation which contains a link to join the live webcast of the SGM.

The resolution at SGM will be decided on a poll. Shareholders may vote by proxy in advance of the SGM. Shareholders who wish to vote on the resolution should appoint the chairperson of SGM as their proxy to exercise the right to vote at SGM in accordance with their instructions. The proxy form is posted to Shareholders together with this circular and may also be downloaded from the Company’s website at www.mfpy.com.hk. For Shareholders who are not registered Shareholders (e.g. the Shares are held via banks, brokers, custodians or HKSCC), they should consult their banks or brokers or custodians for assistance in the appointment of a proxy. The proxy form must be returned to the Share Registrar as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof.