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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 Finsoft Financial Investment Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

Distribution of this circular into jurisdictions other than Hong Kong may be restricted by law.

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# FINSOFT FINANCIAL INVESTMENT HOLDINGS LIMITED 匯財金融投資控股有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8018)

- (1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;  
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
THREE RIGHTS SHARES FOR EVERY ONE SHARE HELD ON  
THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;  
(3) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;  
AND  
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

Placing Agent



**Minerva Holding Financial Securities Limited**  
贏控金融證券有限公司

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



**中毅資本有限公司**  
**Grand Moore Capital Limited**

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

A letter from the Board is set out on pages 11 to 36 of this circular. A letter from the Independent Board Committee is set out on pages 37 to 38 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 39 to 78 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Thursday, 18 January 2024. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 31 January 2024 to Wednesday, 7 February 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 31 January 2024 to Wednesday, 7 February 2024 (both days inclusive) will bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at 11:00 a.m. on Tuesday, 16 January 2024 at Unit 708, 7th Floor, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM (i.e. before 11:00 a.m. on Sunday, 14 January 2024 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish.

28 December 2023

\* For identification purposes only

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## CHARACTERISTICS OF GEM

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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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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

“AFRC”	the Accounting and Financial Reporting Council in Hong Kong
“Announcement”	the announcement of the Company dated 5 December 2023 in relation to, among other things, the Rights Issue
“associate(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Company”	Finsoft Financial Investment Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM of the Stock Exchange (stock code: 8018)
“Compensatory Arrangements”	the placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.31(1)(b) of the GEM Listing Rules

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## DEFINITIONS

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“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 11:00 a.m. on Tuesday, 16 January 2024 at Unit 708, 7th Floor, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong to consider and if thought fit approve, among others, the Increase in Authorised Share Capital, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the same meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“GO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Increase in Authorised Share Capital”	the proposed increase in the existing authorised share capital of the Company from HK\$10,000,000 divided into 200,000,000 Shares with a par value HK\$0.05 each to HK\$100,000,000 divided into 2,000,000,000 Shares with a par value of HK\$0.05 each by creating an additional 1,800,000,000 unissued Shares
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors formed for the purpose of providing recommendation to the Independent Shareholders as to whether the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are fair and reasonable
“Independent Financial Adviser” or “Grand Moore”	Grand Moore Capital Limited, a corporation licensed by the Securities and Futures Commission to Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 572, laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and connected person(s) (as defined under the GEM Listing Rules) of the Company
“Last Trading Day”	Tuesday, 5 December 2023, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Placing Date”	Tuesday, 20 February 2024, or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Latest Placing Time”	4:00 p.m. on the Latest Placing Date

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## DEFINITIONS

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“Latest Practicable Date”	22 December 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 15 February 2024, being the latest time for acceptance of, and payment for, the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Wednesday, 21 February 2024, being the latest time for termination of the Placing Agreement and for the Rights Issue to become unconditional
“Net Gain”	the aggregate of any premium (being the aggregate amount paid by the placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees)
“Nil-Paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Subscription Price is paid
“No Action Shareholders”	those Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any Nil-Paid Rights at the time such Nil-Paid Rights are lapsed, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company

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## DEFINITIONS

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“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	professional, institutional, corporate or other investor(s), procured by the Placing Agent to subscribe for any of the Unsubscribed Rights Shares and/or NQS Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent and/or its sub-placing agent(s) to the Placees on the terms and subject to the conditions of the Placing Agreement under the Compensatory Arrangements
“Placing Agent”	Minerva Holding Financial Securities Limited (previously known as Minerva Securities Limited), a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 5 December 2023 and entered into between the Company and the Placing Agent in relation to the Placing on a best effort basis
“Placing Completion Date”	Friday, 23 February 2024, being the third Business Day after the Latest Placing Time or such other date as the Company and the Placing Agent may agree in writing, being the date of completion of the Placing
“Placing Period”	the period commencing from the first Business Day after the Latest Time for Acceptance, which is expected to be Friday, 16 February 2024, and ending at the Latest Placing Time
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

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## DEFINITIONS

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“Prospectus”	the prospectus to be made available to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and any supplementary prospectus or supplementary provisional allotment letter (if required)
“Prospectus Posting Date”	Monday, 29 January 2024 or such other date as may be determined by the Company, being the date the Prospectus Documents will be made available and/or sent (as the case may be) to the Qualifying Shareholders (or in case of Non-Qualifying Shareholder(s), the Prospectus only)
“Public Float Requirement”	the public float requirement under Rule 11.23(7) of the GEM Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Friday, 26 January 2024 or such other date as the Company may determine, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Rights Issue”	the proposed issue of up to 378,174,702 Rights Shares at the Subscription Price on the basis of three (3) Rights Shares for every one (1) Share held at the close of business on the Record Date payable in full on acceptance
“Rights Shares”	up to a maximum of 378,174,702 new Shares proposed to be allotted and issued by the Company pursuant to the Rights Issue, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Share(s)”	share(s) of par value HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.074 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders by the Company as described in the subsection headed “Non-Qualifying Shareholders” in this circular
“%”	per cent

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## EXPECTED TIMETABLE

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The expected timetable for the implementation of the Increase in Authorised Share Capital, the Rights Issue and the associated trading arrangement is set out below:

<b>Event(s)</b>	<b>Time and date</b>
Latest time for lodging transfer of Shares in order to qualify for attending and voting at the EGM . . . . .	4:00 p.m. on Tuesday, 9 January 2024
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive) . . . . .	Wednesday, 10 January 2024 to Tuesday, 16 January 2024
Latest time for lodging proxy forms for the EGM . . . . .	11:00 a.m. on Sunday, 14 January 2024
Record date for attendance and voting at the EGM . . . . .	Tuesday, 16 January 2024
<b>Date and time of the EGM . . . . .</b>	<b>11:00 a.m. on Tuesday, 16 January 2024</b>
Announcement of the poll results of the EGM . . . . .	Tuesday, 16 January 2024
Effective date of the Increase in Authorised Share Capital . . . . .	Tuesday, 16 January 2024
Register of members of the Company re-opens . . . . .	Wednesday, 17 January 2024
Last day of dealings in the Shares on a cum-rights basis . . . . .	Wednesday, 17 January 2024
First day of dealings in the Shares on an ex-rights basis . . . . .	Thursday, 18 January 2024
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue . . . . .	4:00 p.m. on Friday, 19 January 2024
Register of members of the Company closes for determining entitlements to the Rights Issue (both days inclusive) . . . . .	Monday, 22 January 2024 to Friday, 26 January 2024
Record Date for determining entitlements to the Rights Issue . . . . .	Friday, 26 January 2024
Register of members of the Company re-opens. . . . .	Monday, 29 January 2024

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## EXPECTED TIMETABLE

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Event(s)	Time and date
Prospectus Documents are made available and/or sent (as the case may be) to the Qualifying Shareholders (in the case of the Non-Qualifying Shareholders, the Prospectus only) . . . . .	Monday, 29 January 2024
First day of dealings in nil-paid Rights Shares . . . . .	Wednesday, 31 January 2024
Latest time for splitting of nil-paid Rights Shares . . . . .	4:00 p.m. on Friday, 2 February 2024
Last day of dealings in nil-paid Rights Shares . . . . .	Wednesday, 7 February 2024
<b>Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain . . . . .</b>	<b>4:00 p.m. on Thursday, 15 February 2024</b>
<b>Latest Time for Acceptance of and payment for the Rights Shares . . . . .</b>	<b>4:00 p.m. on Thursday, 15 February 2024</b>
Announcement of the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements . . . . .	Friday, 16 February 2024
Commencement of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent . . . . .	Friday, 16 February 2024
Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent . . . . .	4:00 p.m. on Tuesday, 20 February 2024
Latest time to terminate the Placing Agreement and for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Wednesday, 21 February 2024
Rights Issue Settlement Date and Placing Completion Date . . . . .	Friday, 23 February 2024
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent and the amount of the Net Gain per Rights Share under the Compensatory Arrangements) . . . . .	Tuesday, 27 February 2024

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## EXPECTED TIMETABLE

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Event(s)	Time and date
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any . . . . .	Wednesday, 28 February 2024
Commencement of dealings in the fully-paid Rights Shares . . . . .	9:00 a.m. on Thursday, 29 February 2024
Payment of Net Gain to relevant No Action Shareholders (if any) . . . . .	Friday, 15 March 2024

All times and dates specified in this circular refer to the Hong Kong times and dates. This timetable is indicative only and any subsequent changes to the expected timetable will be announced by the Company as and when appropriate.

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

Whenever any part of the expected timetable of the Rights Issue may be interrupted by a typhoon, a black rainstorm warning or Extreme Conditions, the Company shall properly inform the Shareholders of the corresponding contingency arrangements, which contingency arrangements shall include the Latest Time for Acceptance and payment for the Rights Shares not taking place on the time as scheduled:

- (a) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance and payment for the Rights Shares is initially scheduled to fall, the Latest Time for Acceptance and payment for the Rights Shares be extended to 5:00 p.m. on the same Business Day; or
- (b) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance and payment for the Rights Shares is initially scheduled to fall, the Latest Time for Acceptance and payment for the Rights Shares be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance and payment for the Rights Shares does not take place on or before 4:00 p.m. on Thursday, 15 February 2024, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

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## LETTER FROM THE BOARD

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# FINSOFT FINANCIAL INVESTMENT HOLDINGS LIMITED

## 匯財金融投資控股有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8018)**

*Executive Directors:*

Ms. Tin Yat Yu Carol (*Chairman*)  
Mr. Chan Wai Lung (*Vice Chairman*)  
Ms. Liu Mung Ting (*Chief Executive Officer*)  
Ms. Lam Ching Yee  
Ms. Lin Ting

*Registered Office and Principal*

*Place of Business in Hong Kong:*  
Unit 708, 7th Floor, Capital Centre  
151 Gloucester Road  
Wanchai, Hong Kong

*Independent non-executive Directors:*

Mr. Hon Ming Sang  
Ms. Lee Kwun Ling, May Jean  
Mr. Tang Shu Pui Simon

28 December 2023

*To the Qualifying Shareholders and, for information purpose only, the Non-Qualifying Shareholders*

Dear Sir or Madam,

- (1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;  
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
THREE RIGHTS SHARES FOR EVERY ONE SHARE HELD ON  
THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;  
(3) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;  
AND  
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

### INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Increase in Authorised Share Capital and the Rights Issue. The purpose of this circular is to provide you with, among others things, (i) details of the Increase in Authorised Share Capital; (ii) further information regarding the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (iv) a letter of advice from Grand Moore to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (v) other information required under the GEM Listing Rules; and (vi) a notice convening the EGM.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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### PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to accommodate the future expansion and growth of the Group, the Board proposes to increase the existing authorised share capital of the Company from HK\$10,000,000 divided into 200,000,000 Shares with a par value of HK\$0.05 each to HK\$100,000,000 divided into 2,000,000,000 Shares with a par value of HK\$0.05 each by creating an additional 1,800,000,000 unissued Shares. The Increase in Authorised Share Capital is subject to the approval by the Shareholders by way of ordinary resolution at the EGM.

The Board believes that the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

### PROPOSED RIGHTS ISSUE

Subject to the Increase in Authorised Share Capital becoming effective and the approval by the Independent Shareholders at the EGM, the Company proposes to implement the Rights Issue to raise, before expenses, approximately HK\$27.98 million by issuing 378,174,702 Rights Shares on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.074 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.

Further details of the Rights Issue are set out below:

#### Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.074 per Rights Share
Net price per Rights Share (the aggregate Subscription Price of the maximum number of Rights Shares to be issued less costs and expenses estimated to be incurred in the Rights Issue divided by the maximum number of Rights Shares to be issued)	:	Approximately HK\$0.069 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	126,058,234 Shares

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## LETTER FROM THE BOARD

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Total number of Rights Shares to be issued pursuant to the Rights Issue	:	378,174,702 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	HK\$18,908,735.10 (assuming no change in the number of Shares in issue on or before the Record Date)
Total number of Shares in issue upon completion of the Rights Issue	:	Up to 504,232,936 Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Gross proceeds from the Rights Issue	:	Up to approximately HK\$27.98 million
Net proceeds from the Rights Issue	:	Up to approximately HK\$26.2 million
Right of excess applications	:	As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

Assuming no changes in the share capital of the Company on or before the Record Date, the 378,174,702 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represent approximately (i) 300% of the total number of Shares in issue as at the Latest Practicable Date; and (ii) 75.00% of the total number of issued Shares as enlarged by the issue of the Rights Shares immediately upon completion of the Rights Issue.

As at the Latest Practicable Date, the Company does not have any derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares. The Company also has no intention to issue or grant any convertible securities, options and/or warrants on or before the Record Date.

### **Non-underwritten basis**

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders together with the NQS Unsold Rights Shares will be placed to independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be

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## LETTER FROM THE BOARD

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reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, 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.

As at the Latest Practicable Date, the Company has not received any undertaking from any substantial shareholder of the Company of any intention as to whether such Shareholder will take up his/her/its entitlements under the Rights Issue (or otherwise).

### **The Subscription Price**

The Subscription Price of HK\$0.074 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 28.16% to the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 46.38% to the closing price of HK\$0.138 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iii) a discount of approximately 26.00% to the average closing price of approximately HK\$0.100 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 26.73% to the average closing price of approximately HK\$0.101 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

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## LETTER FROM THE BOARD

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- (v) a discount of approximately 8.92% to the theoretical ex-entitlement price of approximately HK\$0.081 per Share based on the closing price of approximately HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Rights Shares;
- (vi) a discount of approximately 85.31% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2022 of approximately HK\$0.5038 per Share, which is calculated by dividing the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$63,503,000 as at 31 December 2022 as set out in the annual report of the Company for the year ended 31 December 2022 by the number of Shares in issue as at the Latest Practicable Date; and
- (vii) a discount of approximately 83.12% to the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2023 of approximately HK\$0.4385 per Share, which is calculated by dividing the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$55,277,000 as at 30 June 2023 as set out in the interim report of the Company for the six months ended 30 June 2023 by the number of Shares in issue as at the Latest Practicable Date.

The net Subscription Price per Rights Share (after deducting the relevant expenses) will be approximately HK\$0.069 per Rights Share.

The Subscription Price was determined with reference to, among other factors, (i) the prevailing market price and recent trading performance of the Shares which includes the daily closing price and daily trading volume of the Shares during the 6 months prior to the Last Trading Day, where the closing price of the Shares demonstrated an overall downward trend from HK\$0.171 per Share on 6 June 2023 to HK\$0.103 per Share on the Last Trading Day with an average daily trading volume amounting to approximately 0.97% of the total issued Shares as at the Last Trading Day, which indicated a lack of liquidity and demand for the Shares; (ii) the latest business performance and financial position of the Group, particularly the consecutive loss-making performance of the Group; (iii) the current bearish Hong Kong stock market condition, which is evidenced by the continuous downward trend of the Hang Seng Index from approximately 19,099 on 6 June 2023 to approximately 16,327 on the Last Trading Day and onwards; (iv) the Directors are of the view that it is reasonable to set the Subscription Price at a discount to the closing price per Share on the Last Trading Day and the consolidated net asset value per Share attributable to the Shareholders as described above in order to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders and investors to participate, given that the challenging market conditions, unfavourable price trend and lack of liquidity of the Shares; (v) the relatively large fundraising size when compared with the market capitalisation of the Company as at the Last Trading Day; and (vi) the reasons and benefits of the Rights Issue as discussed in the section headed “Reasons for the Rights Issue and Use of Proceeds” in this circular.

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## LETTER FROM THE BOARD

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In view of the above, and having considered that all the Qualifying Shareholders will be offered equal opportunity to subscribe for the Rights Shares by way of provisional allotment, the Directors consider that the terms of the Rights Issue and the Placing Agreement, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

As at the Last Trading Day, the theoretical dilution price, the benchmarked price and the theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) for the Rights Issue were approximately HK\$0.081 per Share, HK\$0.103 per Share and approximately 21.12%. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

### **Closure of the register of members**

The register of members of the Company will be closed from Wednesday, 10 January 2024 to Tuesday, 16 January 2024 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will also be closed from Monday, 22 January 2024 to Friday, 26 January 2024 (both days inclusive) for determining the entitlements to the Rights Issue.

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

### **Basis of provisional allotments**

The basis of the provisional allotments shall be three (3) Rights Shares (in nil paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date. The PAL relating to the Rights Shares will be posted to 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 lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

### **Status of Rights Shares**

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

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## LETTER FROM THE BOARD

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### Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

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

In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Friday, 19 January 2024. It is expected that the last day of dealings in the Shares on a cum-rights basis is Wednesday, 17 January 2024 and the Shares will be dealt with on an ex-rights basis from Thursday, 18 January 2024.

The Company will dispatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

Application for all or any part of a Qualifying Shareholder's entitlement to the Rights Shares should be made by completing the PAL and lodging the same with a cheque drawn on an account with, or a banker's cashier order issued by, a licensed bank in Hong Kong for the Rights Shares being applied for with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong on or before the Latest Time for Acceptance.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up any of his/ her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

For Shareholders with an address outside Hong Kong on the register of members of the Company at the close of business on the Record Date, please refer to the paragraph headed "Non-Qualifying Shareholders" below.

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## LETTER FROM THE BOARD

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### **Non-Qualifying Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 17.41(1) of the GEM Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), such Overseas Shareholder will become a Non-Qualifying Shareholder and will not be entitled to participate in the Rights Issue. The result of the enquiries and the basis of the exclusion, if any, will be included in the Prospectus. As at the Latest Practicable Date, there were no Overseas Shareholders with registered addresses outside Hong Kong.

The basis for excluding the Non-Qualifying Shareholder(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will make available on the Company's website and the Stock Exchange's website the Prospectus for all Shareholders, but will not send any PAL to the Non-Qualifying Shareholder(s).

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) will not have any entitlement under the Rights Issue. Nonetheless, arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealing in nil-paid Rights Shares commence and before dealing in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

The Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company, i.e. the NQS Unsold Rights Shares, together with the Unsubscribed Rights Shares, will be offered for subscription by the Placing Agent to the Placees under the Placing and, if not successfully placed out, will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For details, please refer to the paragraph headed "Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, and the Compensatory Arrangements" in this circular.

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## LETTER FROM THE BOARD

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Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of the enquiries made by the Company pursuant to the GEM Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares and the nil-paid Rights Shares.

### **Share certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificate for the fully-paid Rights Shares are expected to be sent on Wednesday, 28 February 2024 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

If the Rights Issue does not become unconditional, refund cheques, without interest, in respect of application monies received are expected to be despatched on or before Wednesday, 28 February 2024 by ordinary post at the respective Shareholders' own risk to the registered address of the relevant applicant, or in case of joint applicants, to the address of the first-named person.

### **Fractional entitlement to the Rights Shares**

On the basis of the provisional allotment of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

### **Application for listing**

An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue, upon the Rights issue becoming effective.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and the 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 their respective commencement dates of dealings on the Stock Exchange, or such other dates as determined by HKSCC.

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## LETTER FROM THE BOARD

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

### **Stamp duty and other applicable fees and charges**

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

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

### **Procedures in respect of the Unsubscribed Rights Shares, the NQS Unsold Rights Shares and the Compensatory Arrangements**

Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company has made arrangements to dispose of the Unsubscribed Rights Shares, comprising the Rights Shares that are not subscribed by the Qualifying Shareholders, and the NQS Unsold Rights Shares, by offering the Unsubscribed Rights Shares and NQS Unsold Rights Shares to independent placees who are not Shareholders by way of a placing for the benefit of the relevant No Action Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issues as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

The Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best efforts basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses or fees), that is realised from the Placing will be paid to those No Action Shareholders. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Tuesday, 20 February 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price. Any Unsubscribed Rights Shares and/or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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## LETTER FROM THE BOARD

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Net Gain (if any) will be paid on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (1) the Qualifying Shareholders who did not subscribe for the Rights Shares (whether partially or fully) under the PALs and their renounees;
- (2) such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed; and
- (3) the Non-Qualifying Shareholders in respect of the NQS Unsold Rights Shares.

It is proposed that the Net Gain to any of the No Action Shareholder(s) mentioned in (1) to (3) above which is in an amount equal to or greater than HK\$100 will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon:

- (a) the passing by the Shareholders (or the Independent Shareholders, as the case may be) at the EGM of the necessary resolution(s) to approve the Increase in Authorised Share Capital, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (b) the Increase in Authorised Share Capital of the Company having become effective;
- (c) the submission to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other accompanying documents required) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (d) to the extent permitted under all applicable laws and regulations and the Company's constitutional documents, the Prospectus being made available on the Company's website and the Stock Exchange's website and the sending of provisional allotment letter to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (e) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms); and

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## LETTER FROM THE BOARD

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(f) 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. If any of the conditions above are not fulfilled, the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the fulfillment of the above conditions, it may or may not proceed.

### THE PLACING AGREEMENT

On 5 December 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best efforts basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares as part of the Compensatory Arrangements.

Details of the Placing Agreement are summarised as follows:

Date : 5 December 2023 (after trading hours of the Stock Exchange)

Issuer : The Company

Placing Agent : Minerva Holding Financial Securities Limited was appointed as the Placing Agent to procure, on a best efforts basis, Placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

The Placing Agent confirmed that each of it and its ultimate beneficial owner(s) is independent of and not connected with the Company and its connected persons or any of their respective associates.

Placing fee : 3.5% of the aggregate placing price of the Unsubscribed Rights Shares successfully placed by or on behalf of the Placing Agent.

Placing price : The placing price of each of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) shall be not less than the Subscription Price.

The determination of the final price is dependent on the demand and market conditions for the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares during the process of Placing.

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## LETTER FROM THE BOARD

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- Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies).
- Ranking : Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Condition 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):
- (1) the passing by the Shareholders (or the Independent Shareholders, as the case may be) at the EGM of the necessary resolution(s) to approve the Increase in Authorised Share Capital, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
  - (2) the Increase in Authorised Share Capital having become effective;
  - (3) the GEM Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in the Rights Shares;
  - (4) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
  - (5) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events; and

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## LETTER FROM THE BOARD

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- (6) to the extent permitted under all applicable laws and regulations and the Company's constitutional documents, the Prospectus being made available on the Company's website and the Stock Exchange's website and sending of the PAL to the Qualifying Shareholders.

Placing Completion Date : The third Business Day after the Latest Placing Time or such other date as the Company and the Placing Agent may agree in writing.

Termination : If, prior to the Latest Placing Time:

- (1) in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:

(a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

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## LETTER FROM THE BOARD

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- (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or
  - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing,

the Placing Agent shall be entitled, without any liability to the Company, by notice in writing to the Company served prior to the Latest Placing Time, to terminate the Placing Agreement.

The terms of the Placing Agreement (including the placing commission) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms with reference to, among other things, (i) the prevailing market rate of placing commission as announced by other listed companies on the Stock Exchange; (ii) the lack of interest in other placing agent to take part in the exercise given the existing financial position of the Group, the size of the Rights Issue, and the current and expected bearish market conditions in Hong Kong; and (iii) the Group's existing finance cost on debt financing.

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 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 (iii) 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

## LETTER FROM THE BOARD

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.

Given that the Compensatory Arrangements would provide (1) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; (2) a channel of participation in the Rights Issue for independent investors; and (3) a compensatory mechanism for No Action Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

### SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, assuming there is no change in the number of Shares in issue from the Latest Practicable Date and up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company immediately before and after the completion of the Rights Issue:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming all Shareholders take up their respective entitlements to the Rights Shares in full		Immediately after completion of the Rights Issue assuming none of the Shareholders have taken up any of their entitlement to Rights Shares with all the Placing Shares placed to Independent Third Parties under the Placing	
	Number of Shares held	Approximate %	Number of Shares held	Approximate %	Number of Shares held	Approximate %
Ms. Tin Yat Yu Carol (Note 1)	36,467,000	28.93%	145,868,000	28.93%	36,467,000	7.23%
Mr. Chan Sek Keung Ringo (Note 2)	6,768,000	5.37%	27,072,000	5.37%	6,768,000	1.34%
Placees (Note 3)	-	-	-	-	378,174,702	75.00%
Other Public Shareholders	82,823,234	65.70%	331,292,936	65.70%	82,823,234	16.43%
<b>Total</b>	<b>126,058,234</b>	<b>100.00%</b>	<b>504,232,936</b>	<b>100.00%</b>	<b>504,232,936</b>	<b>100.00%</b>

Notes:

- Ms. Tin is the chairman of the Board and an executive Director of the Company directly interested in 36,467,000 Shares.

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## LETTER FROM THE BOARD

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2. Mr. Chan is interested in (i) 6,168,000 Shares as a beneficial owner; and (ii) 600,000 Shares held by Woodstock Management Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Chan. By virtue of the SFO, Mr. Chan is deemed or taken to be interested in all the Shares of the Company held by Woodstock Management Limited.
3. Pursuant to the terms of the Placing Agreement, the Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies). None of the placees will become a substantial shareholder of the Company immediately following the Placing and will not trigger any GO Obligation.
4. The above percentage figures are subject to rounding adjustments.

### FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately before the date of this announcement.

### RISK FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group, which includes but is not limited to, the following:

#### **Reliance on financial trading software solution business**

The Group's revenue is mainly derived from the provision of financial trading software solutions with the principal products being trading and settlement systems of financial products for financial institutions. The Group's ability to maintain its revenue stream depends on its capability to continue the existing contracts as well as secure new contracts. Accordingly, the Group's revenue will fluctuate depending on the number of contracts secured by it.

The Group has entered into service contracts with its customers for the licensing, maintenance and customization of its software systems. However, the Group cannot assure that the existing customers will continue to engage the Group's trading software systems for their business. If the Group fails to continue the existing contracts or secure additional contracts from these customers, and the Group is unable to enter into contracts with new customers on comparable terms or at all, the Group's business, results of operations and financial condition could be adversely affected.

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## LETTER FROM THE BOARD

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### **Concentration of expertise within the Group**

The Group's success depends considerably on its experienced technical staff members, including but not limited to, those staff members responsible for the development and enhancement of the Group's products. Such staff members are continuously in great demand in the labour market as the financial software products industry is highly competitive. Therefore, the Group's future success depends on its ability to continue to attract and retain highly qualified technical and managerial staff with the appropriate technical expertise and domain knowledge of the financial industry. In the event that the Group's competitors offer more attractive compensation packages, the Group may not be able to retain them to sustain its business growth, or its staff expenses in relation thereto may increase substantially, both of which could have a material adverse effect on the Group's business and financial result.

### **Competition within the financial and brokerage industry**

The Group currently develops, sells and leases its products and services to market participants in the financial and brokerage industry. The financial and brokerage industry is characterised by intensive competition, especially with the lifting of the minimum commission fee restrictions. Intensive competition in the financial and brokerage industry will inevitably affect the profit margins of market participants and may consequently affect such participants' willingness to invest in new technologies or to expand their current usage of existing technologies. This may adversely affect the Group's business development. Traditional small-to-medium sized brokerage firms, including the Group's target customers, may face competition from larger brokers that have more capital, resources or experience. The possible emergence of consolidation of the brokerage industry in Hong Kong may lead to reduction in the number of the players in the industry. Should the number of the Group's potential and existing customers or their size of operations decrease, the Group's existing business and future growth potential may be adversely affected.

### **Protection of the Group's intellectual property rights**

The Group's business development and continuous success depends to a large extent on its ability to protect its intellectual property rights. It may be possible for a third party to copy or otherwise obtain and use the Group's proprietary technology without its authorisation, or to develop similar technology independently. Policing unauthorised use of the Group's proprietary technology is difficult and the Group cannot assure Shareholders that the steps to be taken by the Group will prevent misappropriation or infringement of the Group's proprietary technology. In addition, litigation may be necessary in the future to enforce the Group's intellectual property rights, protect the Group's trade secrets or determine the validity and scope of the proprietary rights of others, all of which could result in substantial costs, diversion of the Group's resources and the Group management's time and, as a result, significantly harm the Group's business.

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## LETTER FROM THE BOARD

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### **Risks which are relevant to the macro environment which may affect the Group's businesses**

The business operations of the Group are primarily based in Hong Kong. Accordingly, the Group's operating results, financial position and prospects could be adversely affected by economic, political and legal developments in Hong Kong. Any changes in the economic or political environment of Hong Kong (including, but not limited to, government policies, political instability, expropriation, laws, labour activism, war, civil unrest, terrorism, and changes in interest rates, foreign exchange rates, taxation, environmental regulations and import and export duties and restrictions) may adversely affect the Group's business and results of operations as well as its ability to sustain its expansion strategies and thus future growth.

### **Credit risk of money lending business**

The Group's money lending business is exposed to risks due to the inability and unwillingness of customers or counterparties to meet their respective contractual obligations on payment of interest and/or principal.

The risks of losses will be higher for unsecured loans in the event of default. In addition, the exposure to risks associated with the fluctuation of interest rates and change of monetary policies, which may be affected by external factors, such as the economic, political and social conditions both locally and globally, are beyond the Group's control.

### **Volatility and uncertainties of the securities market in Hong Kong**

For the Group's business of trading of securities in Hong Kong, the Group aims at maximising the profits of the Company for the Shareholders and will revamp its investment strategy and explore securities investment opportunities with due care and diligence. Due to the volatility and uncertainties of the securities market in Hong Kong, the Company may suffer loss on securities trading if the investment strategy that the Group has adopted does not fit the current market conditions.

### **Trends in property market in Hong Kong**

For the Group's property investment in Hong Kong, the trends in the property market sentiment and conditions, political developments, governmental regulations and changes in planning or tax laws or levels of interest rates Hong Kong may affect the property value and rental values of the properties owned by the Group and thus may pose risks to the Group's businesses, financial condition, results of operations or growth prospects.

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## LETTER FROM THE BOARD

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### **Risks relating to the Share price**

The price and trading volume of the Shares are determined by demand and supply of investors for the Shares in the public market and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to its business, announcements of new investments, acquisitions or disposals, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and general political, economic, social and market conditions both globally and in Hong Kong could cause the market price of the Shares to change substantially.

### **Risk relating to the Rights Issue**

Under the Placing Agreement, the Placing Agent is entitled to terminate its obligations by giving notice in writing to the Company upon the occurrence of certain events under the Placing Agreement on or before the Latest Time for Termination. Should the Rights Issue proceed as intended, the shareholding interest of the existing Shareholders in the Company will be diluted if they do not or cannot subscribe for the Rights Shares which they are entitled to. Additional risks and uncertainties not presently known to the Directors, or not expressed or implied above, or the Directors currently deem immaterial, may also adversely affect the Group's business, operating results and financial condition in a material aspect.

### **REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Company is principally engaged in investment holding and the Group is principally engaged in provision of financial trading software solutions, provision of other IT and internet financial platforms services, money lending business and asset investments in Hong Kong.

The estimated net proceeds of the Rights Issue (after deduction of expenses) if the Rights Issue is subscribed in full is expected to amount to approximately HK\$26.2 million (assuming no change in the number of Shares in issue on or before the Record Date).

Apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that bank borrowings, if available, carry additional interest costs and create pressure to the liquidity of the Company, and placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the Nil-Paid Rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Having considered the above alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

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## LETTER FROM THE BOARD

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Assuming full subscription under the Rights Issue, the Company intends to apply the net proceeds of approximately HK\$26.2 million as follows:

- (i) approximately HK\$9.4 million will be utilised to support the research and development centre in Qianhai, PRC (“**Qianhai R&D Centre**”). This budget will be deployed for various operating costs for recruitment of staff, office rental, system customisation and integration between Hong Kong and the Qianhai R&D Centre, business development and marketing as well as equipment and infrastructure for the Qianhai R&D Centre.

The Group has long been suffering from high employee turnover rate for its Hong Kong staff. Based on the management’s experience, retaining high calibre technical staff in Hong Kong has been costly given that the Group’s remuneration packages have to stay competitive to keep up with offers received by local staff from other competing tech companies, large investment banks or securities firms. The Group had already set up a trial research and development site in Qianhai since April 2023 through a human resources agency to evaluate if talent in the PRC would fit the Group’s requirement and the result was satisfactory. The management of the Group considers that formally setting up the Qianhai R&D Centre is in the interest of the growth and development of the Group.

The primary objectives for formally establishing the Qianhai R&D Centre are as follows: (i) expanding the scale of the IT and consultancy team in the PRC, under the supervision and technical backup of Hong Kong team, to better support the Group’s existing banking and securities firm clients in a more cost effective manner; (ii) upgrading the Group’s IT system in the PRC and developing products that fulfill the requirements of diverse potential clientele; and (iii) alleviate the challenge of recruiting and retaining high calibre technical staff in Hong Kong. Qianhai has been chosen by the Group as the location for several reasons: (1) skilled programmers and labour with relevant experience and education in Qianhai are relatively cost-effective compared to local talents in Hong Kong; (2) a larger pool of potential candidates are eager to join as demonstrated during the Group’s recruitment exercises in Qianhai; (3) office rental space in Qianhai is more affordable, contributing to cost savings; and (4) establishing a research and development center in the PRC would enhance the Group’s access to the Greater Bay Area and potentially expand its client base. By strategically replicating and migrating the Group’ presence from Hong Kong into Qianhai, the Group aims to leverage the advantages of cost-effectiveness, talent availability, and geographical reach. The move will ultimately support the Group’s growth and enable it to meet the evolving needs of its clients.

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## LETTER FROM THE BOARD

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- (ii) approximately HK\$7.1 million will be devoted to expanding the customer support, product development, and research and compliance teams in Hong Kong and supporting these teams with relevant equipment and infrastructure. This budget will be dedicated to (i) hiring additional personnel to support the growth and development of these teams; and (ii) acquiring new hardware and software to support the existing Hong Kong operations, including purchasing new units of developer PCs, servers, and software licenses. By increasing the headcount, we will be able to improve response times, address customer inquiries more efficiently, and ensure a higher level of customer satisfaction. Allocating resources to the product development team signifies our commitment to cover innovative financial products accepted by market as well as local regulators, including but not limited to wealth management, crypto and blockchain related products. The additional staff members will contribute their expertise and fresh perspectives to drive the development of new features, enhancements, and solutions that meet the evolving needs of the market. Investing in the research and compliance team is essential for staying at the forefront of industry trends, explore technological advancements and identify opportunities for product improvement and future growth while fulfilling the relevant compliance requirements.
- (iii) approximately HK\$7.2 million will be allocated to developing new IT system products to explore business opportunities in other geographical locations, such as Southeast Asia. Based on feedback from potential customers, the Group sees potential for creating products tailored to the needs of banking clients in the region. Areas of interest include system software for integrated back office systems, US stock option trading, fractional share trading, and bank integration. These products aim to address the unique requirements of banking clients and provide them with enhanced efficiency and capabilities. By investing in the development of these new IT system products, the Group aims to tap into the potential market in Southeast Asia and meet the evolving requirements of banking clients in the region.
- (iv) the remaining balance of the net proceeds from the Rights Issue would be used for the general working capital of the Group.

In the event of an undersubscription of the Rights Issue, the net proceeds will be utilised on a pro rata basis as set out above.

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## LETTER FROM THE BOARD

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### GEM LISTING RULES IMPLICATIONS

#### **Increase in Authorised Share Capital**

The Increase in Authorised Share Capital is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Increase in Authorised Share Capital, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Increase in Authorised Share Capital at the EGM.

#### **Rights Issue**

As the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on, among other things, the approval by the Independent Shareholders in general meeting by a resolution at which any controlling shareholders and their associates or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the Latest Practicable Date, the Company has no controlling shareholder, and as such 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 proposed resolution approving the Rights Issue in accordance with Rule 10.29(1) of the GEM Listing Rules. As at the Latest Practicable Date, Ms. Tin Yat Yu Carol, the chairman of the Board and an executive Director, owns approximately 28.93% of the issued Shares. Accordingly, Ms. Tin is required to abstain from voting in favour of the proposed resolution to approve the Rights Issue and the Placing Agreement at the EGM. Save for Mr. Tin's interest in the Shares, no other Director or chief executive of the Company and their respective associates are interested in any Shares as at the Latest Practicable Date.

The Company has not conducted any rights issue or open offer within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period.

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

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## LETTER FROM THE BOARD

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### **The Independent Board Committee and the Independent Financial Adviser**

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Hon Ming Sang, Ms. Lee Kwun Ling May Jean, and Mr. Tang Shu Pui Simon, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Placing Agreement and the transactions contemplated thereunder, are on normal commercial terms, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders as to the voting at the EGM, taking into account the recommendations of the Independent Financial Adviser.

The Independent Financial Adviser has been appointed by the Company (with the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the interests of the Independent Shareholders as a whole, and to advise the Independent Shareholders as to the voting at the EGM.

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

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

**Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed.**

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

**The Shares are expected to be dealt in on an ex-rights basis on Thursday, 18 January 2024, with dealings in the Nil-Paid Rights expected to take place from Wednesday, 31 January 2024 to Wednesday, 7 February 2024 (both days inclusive). Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Nil-Paid Rights.**

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## LETTER FROM THE BOARD

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Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

### RECOMMENDATION

The Independent Board Committee, which comprises all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Placing Agreement, 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 EGM on the relevant resolutions. Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Your attention is drawn to the letter from the Independent Board Committee set out on pages 37 to 38 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 39 to 78 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors consider that the terms of the Increase in Authorised Share Capital are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Further, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue and the Placing Agreement, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Shareholders and the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM.

### EGM

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Increase in Authorised Share Capital, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. A notice convening the EGM of the Company to be held at Unit 708, 7th Floor, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong at 11:00 a.m. on Tuesday, 16 January 2024 is set out on pages EGM-1 to EGM-3 of this circular.

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## LETTER FROM THE BOARD

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Whether or not you are able to attend the EGM, you are requested to complete and return the form of proxy accompanying this circular in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM (i.e. 11:00 a.m. on Sunday, 14 January 2024 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the EGM will be voted by way of poll by the Shareholders. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

### **PUBLICATION/SENDING OF PROSPECTUS DOCUMENTS**

Subject to the approval of the Increase in the Authorised Share Capital by the Shareholders and the Rights Issue and Placing Agreement by the Independent Shareholders at the EGM, the Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be made available on the websites of the Company ([www.finsofthk.com](http://www.finsofthk.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) together with the PAL on or before Monday, 29 January 2024. To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send the PAL to the Qualifying Shareholders but will not send the PAL to the Non-Qualifying Shareholders.

### **ADDITIONAL INFORMATION**

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

By order of the Board  
**Finsoft Financial Investment Holdings Limited**  
**Ms. Tin Yat Yu Carol**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*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 and the Placing Agreement.*

### **FINSOFT FINANCIAL INVESTMENT HOLDINGS LIMITED**

### **匯財金融投資控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8018)**

28 December 2023

*To the Independent Shareholders*

Dear Sir or Madam,

- (1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**
- (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF**
- THREE RIGHTS SHARES FOR EVERY ONE SHARE HELD ON**
- THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;**
- (3) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;**
- AND**
- (4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 28 December 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 and the Placing Agreement, and the transactions contemplated thereunder are on normal commercial terms, in the interests of the Company and the Shareholders as a whole, and the terms of which are fair and reasonable insofar as the Independent Shareholders are concerned.

The Independent Financial Adviser 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 Placing Agreement, and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue and the Placing Agreement, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the

\* *For identification purposes only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.

Yours faithfully,  
the Independent Board Committee

**Mr. Hon Ming Sang**

*Independent non-executive  
Director*

**Ms. Lee Kwun Ling,  
May Jean**

*Independent non-executive  
Director*

**Mr. Tang Shu Pui Simon**

*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*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.*



中毅資本有限公司  
Grand Moore Capital Limited

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

28 December 2023

*To the Independent Board Committee and  
the Independent Shareholders of  
Finsoft Financial Investment Holdings Limited*

Dear Sirs,

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

#### **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 EGM. 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 28 December 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 Mr. Hon Ming Sang, Ms. Lee Kwun Ling, May Jean and Mr. Tang Shu Pui Simon, 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 EGM. 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 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 EGM, 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, the Directors and/or 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 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

The Group is principally engaged in the provision of financial trading software solutions, provision of other information technology and internet financial platforms services, money lending business and assets investments in Hong Kong. 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	29,269	29,196
Gross profit	18,694	18,842
Loss for the period attributable to owners of the Company	10,614	7,746

The Group’s revenue increased from approximately HK\$29,196,000 for HY2022 to approximately HK\$29,269,000 for HY2023, representing a slight increase of approximately HK\$73,000 or 0.3%. As stated in the 2023 Interim Report, the increase in the Group’s revenue was mainly due to the increase in the revenue generated from its financial trading software solutions business as a result of the increase in the revenue recognized from projects of system customisation and network support during HY2023.

The Group’s gross profit decreased from approximately HK\$18,842,000 for HY2022 to approximately HK\$18,694,000 for HY2023, representing a slight decrease of approximately HK\$148,000 or 0.8%. The Group’s gross profit margin decreased from approximately 64.5% for HY2022 to approximately 63.9% for HY2023, representing a decrease of approximately 0.6%. As stated in the 2023 Interim Report, the decrease in the Group’s gross profit was mainly attributable to the slight decrease in the gross profit margin of the financial trading software solutions business during HY2023.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group recorded a loss for the period attributable to owners of the Company of approximately HK\$10,614,000 for HY2023, representing an increase of approximately HK\$2,868,000 or 37.0%, as compared to a loss for the period attributable to owners of the Company of approximately HK\$7,746,000 for HY2022. Such increase in loss for the period attributable to owners of the Company was mainly due to (i) the increase in the administrative expenses from approximately HK\$24,448,000 for HY2022 to approximately HK\$26,531,000 for HY2023, which was primarily attributable to the increase in the staff costs during HY2023; and (ii) the considerable decrease in the Group's other income from approximately HK\$665,000 for HY2022 to approximately HK\$31,000 for HY2023, which was primarily attributable to the recognition of government grants of approximately HK\$610,000 by the Group for HY2022, which was absent during HY2023.

Set out below are certain key consolidated financial information of the Group as extracted from the condensed consolidated statement of financial position set out in the 2023 Interim Report.

	<b>As at</b>	
	<b>30 June 2023</b>	<b>31 December 2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Bank and cash balances	17,109	26,945
Current assets	63,418	85,946
Net current assets	36,043	48,096
Total assets	81,550	103,626
Current liabilities	27,375	37,850
Total liabilities	28,667	40,123
Equity attributable to owners of the Company	55,277	65,828

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group's bank and cash balances amounted to approximately HK\$17,109,000 as at 30 June 2023, representing a decrease of approximately HK\$9,836,000 or 36.5%, as compared to that of approximately HK\$26,945,000 as at 31 December 2022. The aforementioned bank and cash balances as at 30 June 2023 represents approximately 65.3% of the estimated net proceeds of the Rights Issue of approximately HK\$26,200,000 and is therefore grossly insufficient for the purpose of the Rights Issue's use of proceeds. The Group recorded net current assets of approximately HK\$36,043,000 as at 30 June 2023, representing a decrease of approximately HK\$12,053,000 or 25.1%, as compared to that of approximately HK\$48,096,000 as at 31 December 2022. Such decrease was mainly attributable to the combined effects of a decrease in current assets of approximately HK\$22,528,000 or 26.2% and a decrease in current liabilities of approximately HK\$10,475,000 or 27.7% as at 30 June 2023. We note from the 2023 Interim Report that the decrease in current assets was mainly attributable to the decrease in loan and interest receivables, contingent consideration receivable and the aforementioned bank and cash balances. Meanwhile, the decrease in current liabilities was mainly due to the decrease in contract liabilities, accruals and other payables and lease liabilities. The improvement in liquidity and solvency gives rise to an increase in current ratio from approximately 2.27 times as at 31 December 2022 to approximately 2.32 times as at 30 June 2023.

The Group's total liabilities decreased by approximately HK\$11,456,000 or 28.6%, from approximately HK\$40,123,000 as at 31 December 2022 to approximately HK\$28,667,000 as at 30 June 2023. Such decrease was mainly attributable to the aforementioned factors related to the decrease in current liabilities. As per the 2023 Interim Report, the Group's total borrowing was comprised solely of a bank finance lease amounting to approximately HK\$1,214,000 as at 30 June 2023, representing a decrease of approximately HK\$166,000 or 12.0%, as compared to that of approximately HK\$1,380,000 as at 31 December 2022.

The Group recorded equity attributable to owners of the Company of approximately HK\$55,277,000 as at 30 June 2023, representing a decrease of approximately HK\$10,551,000 or 16.0%, as compared to that of approximately HK\$65,828,000 as at 31 December 2022. This was mainly attributable to the loss for the period attributable to owners of the Company for HY2023.

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

As stated in the Board Letter, the Company is principally engaged in investment holding and the Group is principally engaged in provision of financial trading software solutions, provision of other IT and internet financial platforms services, money lending business and asset investments in Hong Kong.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The estimated net proceeds of the Rights Issue (after deduction of expenses) if the Rights Issue is subscribed in full is expected to amount to approximately HK\$26.2 million (assuming no change in the number of Shares in issue on or before the Record Date).

Apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that bank borrowings, if available, carry additional interest costs and create pressure to the liquidity of the Company, and placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the Nil-Paid Rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Having considered the above alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

Assuming full subscription under the Rights Issue, the Company intends to apply the net proceeds of approximately HK\$26.2 million as follows:

- (i) approximately HK\$9.4 million will be utilised to support the research and development centre in Qianhai, PRC ("**Qianhai R&D Centre**"). This budget will be deployed for various operating costs for recruitment of staff, office rental, system customisation and integration between Hong Kong and the Qianhai R&D Centre, business development and marketing as well as equipment and infrastructure for the Qianhai R&D Centre.

The Group has long been suffering from high employee turnover rate for its Hong Kong staff. Based on the management's experience, retaining high calibre technical staff in Hong Kong has been costly given that the Group's remuneration packages have to stay competitive to keep up with offers received by local staff from other competing tech companies, large investment banks or securities firms. The Group had already set up a trial research and development site in Qianhai since April 2023 through a human resources agency to evaluate if talent in the PRC would fit the Group's requirement and the result was satisfactory. The management of the Group considers that formally setting up the Qianhai R&D Centre is in the interest of the growth and development of the Group.

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The primary objectives for formally establishing the Qianhai R&D Centre are as follows: (i) expanding the scale of the IT and consultancy team in the PRC, under the supervision and technical backup of Hong Kong team, to better support the Group's existing banking and securities firm clients in a more cost effective manner; (ii) upgrading the Group's IT system in the PRC and developing products that fulfill the requirements of diverse potential clientele; and (iii) alleviate the challenge of recruiting and retaining high calibre technical staff in Hong Kong. Qianhai has been chosen by the Group as the location for several reasons: (1) skilled programmers and labour with relevant experience and education in Qianhai are relatively cost-effective compared to local talents in Hong Kong; (2) a larger pool of potential candidates are eager to join as demonstrated during the Group's recruitment exercises in Qianhai; (3) office rental space in Qianhai is more affordable, contributing to cost savings; and (4) establishing a research and development center in the PRC would enhance the Group's access to the Greater Bay Area and potentially expand its client base. By strategically replicating and migrating the Group's presence from Hong Kong into Qianhai, the Group aims to leverage the advantages of cost-effectiveness, talent availability, and geographical reach. The move will ultimately support the Group's growth and enable it to meet the evolving needs of its clients.

- (ii) approximately HK\$7.1 million will be devoted to expanding the customer support, product development, and research and compliance teams in Hong Kong and supporting these teams with relevant equipment and infrastructure. This budget will be dedicated to (i) hiring additional personnel to support the growth and development of these teams; and (ii) acquiring new hardware and software to support the existing Hong Kong operations, including purchasing new units of developer PCs, servers, and software licenses. By increasing the headcount, we will be able to improve response times, address customer inquiries more efficiently, and ensure a higher level of customer satisfaction. Allocating resources to the product development team signifies our commitment to cover innovative financial products accepted by market as well as local regulators, including but not limited to wealth management, crypto and blockchain related products. The additional staff members will contribute their expertise and fresh perspectives to drive the development of new features, enhancements, and solutions that meet the evolving needs of the market. Investing in the research and compliance team is essential for staying at the forefront of industry trends, explore technological advancements and identify opportunities for product improvement and future growth while fulfilling the relevant compliance requirements.

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- (iii) approximately HK\$7.2 million will be allocated to developing new IT system products to explore business opportunities in other geographical locations, such as Southeast Asia. Based on feedback from potential customers, the Group sees potential for creating products tailored to the needs of banking clients in the region. Areas of interest include system software for integrated back office systems, US stock option trading, fractional share trading, and bank integration. These products aim to address the unique requirements of banking clients and provide them with enhanced efficiency and capabilities. By investing in the development of these new IT system products, the Group aims to tap into the potential market in Southeast Asia and meet the evolving requirements of banking clients in the region.
- (iv) the remaining balance of the net proceeds from the Rights Issue would be used for the general working capital of the Group.

In the event of an undersubscription of the Rights Issue, the net proceeds will be utilised on a pro rata basis as set out above.

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 shareholdings 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

Subject to the Increase in Authorised Share Capital becoming effective and the approval by the Independent Shareholders at the EGM, the Company proposes to implement the Rights Issue to raise, before expenses, approximately HK\$27.98 million by issuing 378,174,702 Rights Shares on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.074 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.

Further details of the Rights Issue are set out below:

#### 3.1 Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.074 per Rights Share
Net price per Rights Share (the aggregate Subscription Price of the maximum number of Rights Shares to be issued less costs and expenses estimated to be incurred in the Rights Issue divided by the maximum number of Rights Shares to be issued)	:	Approximately HK\$0.069 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	126,058,234 Shares
Total number of Rights Shares to be issued pursuant to the Rights Issue	:	378,174,702 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	HK\$18,908,735.10 (assuming no change in the number of Shares in issue on or before the Record Date)

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Total number of Shares in issue upon completion of the Rights Issue	:	Up to 504,232,936 Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Gross proceeds from the Rights Issue	:	Up to approximately HK\$27.98 million
Net proceeds from the Rights Issue	:	Up to approximately HK\$26.2 million
Right of excess applications	:	As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

Assuming no changes in the share capital of the Company on or before the Record Date, the 378,174,702 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represent approximately (i) 300% of the total number of Shares in issue as at the Latest Practicable Date; and (ii) 75.00% of the total number of issued Shares as enlarged by the issue of the Rights Shares immediately upon completion of the Rights Issue.

As at the Latest Practicable Date, the Company does not have any derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares. The Company also has no intention to issue or grant any convertible securities, options and/or warrants on or before the Record Date.

### **3.2 Non-underwritten basis**

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders together with the NQS Unsold Rights Shares will be placed to independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. 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.

As at the Latest Practicable Date, the Company has not received any undertaking from any substantial shareholder of the Company of any intention as to whether such Shareholder will take up his/her/its entitlements under the Rights Issue (or otherwise).

### ***3.3 The Subscription Price***

The Subscription Price of HK\$0.074 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 28.16% to the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 46.38% to the closing price of HK\$0.138 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iii) a discount of approximately 26.00% to the average closing price of approximately HK\$0.100 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 26.73% to the average closing price of approximately HK\$0.101 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

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- (v) a discount of approximately 8.92% to the theoretical ex-entitlement price of approximately HK\$0.081 per Share based on the closing price of approximately HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Rights Shares;
- (vi) a discount of approximately 85.31% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2022 of approximately HK\$0.5038 per Share, which is calculated by dividing the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$63,503,000 as at 31 December 2022 as set out in the annual report of the Company for the year ended 31 December 2022 by the number of Shares in issue as at the Latest Practicable Date; and
- (vii) a discount of approximately 83.12% to the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2023 of approximately HK\$0.4385 per Share, which is calculated by dividing the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$55,277,000 as at 30 June 2023 as set out in the 2023 Interim Report by the number of Shares in issue as at the Latest Practicable Date.

The net Subscription Price per Rights Share (after deducting the relevant expenses) will be approximately HK\$0.069 per Rights Share.

The Subscription Price was determined with reference to, among other factors, (i) the prevailing market price and recent trading performance of the Shares which includes the daily closing price and daily trading volume of the Shares during the 6 months prior to the Last Trading Day, where the closing price of the Shares demonstrated an overall downward trend from HK\$0.171 per Share on 6 June 2023 to HK\$0.103 per Share on the Last Trading Day with an average daily trading volume amounting to approximately 0.97% of the total issued Shares as at the Last Trading Day, which indicated a lack of liquidity and demand for the Shares; (ii) the latest business performance and financial position of the Group, particularly the consecutive loss-making performance of the Group; (iii) the current bearish Hong Kong stock market condition, which is evidenced by the continuous downward trend of the Hang Seng Index from approximately 19,099 on 6 June 2023 to approximately 16,327 on the Last Trading Day and onwards; (iv) the Directors are of the view that it is reasonable to set the Subscription Price at a discount to the closing price per Share on the Last Trading Day and the consolidated net asset value per Share attributable to the Shareholders as described above in order to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders and investors to participate, given

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that the challenging market conditions, unfavourable price trend and lack of liquidity of the Shares; (v) the relatively large fundraising size when compared with the market capitalisation of the Company as at the Last Trading Day; and (vi) the reasons and benefits of the Rights Issue as discussed in the section headed “Reasons for the Rights Issue and Use of Proceeds” in the Board Letter.

In view of the above, and having considered that all the Qualifying Shareholders will be offered equal opportunity to subscribe for the Rights Shares by way of provisional allotment, the Directors consider that the terms of the Rights Issue and the Placing Agreement, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

As at the Last Trading Day, the theoretical dilution price, the benchmarked price and the theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) for the Rights Issue were approximately HK\$0.081 per Share, HK\$0.103 per Share and approximately 21.12%. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

### ***3.4 The Placing Agreement***

On 5 December 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best efforts basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares as part of the Compensatory Arrangements.

Details of the Placing Agreement are summarised as follows:

Date	:	5 December 2023 (after trading hours of the Stock Exchange)
Issuer	:	The Company
Placing Agent	:	Minerva Holding Financial Securities Limited was appointed as the Placing Agent to procure, on a best efforts basis, Placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

The Placing Agent confirmed that each of it and its ultimate beneficial owner(s) is independent of and not connected with the Company and its connected persons or any of their respective associates.

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- Placing fee : 3.5% of the aggregate placing price of the Unsubscribed Rights Shares successfully placed by or on behalf of the Placing Agent.
- Placing price : The placing price of each of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) shall be not less than the Subscription Price.
- The determination of the final price is dependent on the demand and market conditions for the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares during the process of Placing.
- Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies).
- Ranking : Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Condition 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):
- (1) the passing by the Shareholders (or the Independent Shareholders, as the case may be) at the EGM of the necessary resolution(s) to approve the Increase in Authorised Share Capital, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
  - (2) the Increase in Authorised Share Capital having become effective;

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- (3) the GEM Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in the Rights Shares;
- (4) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
- (5) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events; and
- (6) to the extent permitted under all applicable laws and regulations and the Company's constitutional documents, the Prospectus being made available on the Company's website and the Stock Exchange's website and sending of the PAL to the Qualifying Shareholders.

Placing Completion Date : The third Business Day after the Latest Placing Time or such other date as the Company and the Placing Agent may agree in writing.

Termination : If, prior to the Latest Placing Time:

- (1) in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or

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- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or
  - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing,

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the Placing Agent shall be entitled, without any liability to the Company, by notice in writing to the Company served prior to the Latest Placing Time, to terminate the Placing Agreement.

The terms of the Placing Agreement (including the placing commission) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms with reference to, among other things, (i) the prevailing market rate of placing commission as announced by other listed companies on the Stock Exchange; (ii) the lack of interest in other placing agent to take part in the exercise given the existing financial position of the Group, the size of the Rights Issue, and the current and expected bearish market conditions in Hong Kong; and (iii) the Group's existing finance cost on debt financing.

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 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 (iii) 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.

Given that the Compensatory Arrangements would provide (1) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; (2) a channel of participation in the Rights Issue for independent investors; and (3) a compensatory mechanism for No Action Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

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### 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 price of the Shares as quoted on the Stock Exchange during the 6 months ended the date of the Announcement, i.e. 5 December 2023 (the “Review Period”); and (ii) the average daily trading volumes of the Shares for each of the months during the Review Period.

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



Source: website of the Stock Exchange

As illustrated in the chart above, the closing price of the Shares exhibited a generally downward trend during the Review Period. Starting from the closing price of HK\$0.171 per Share at the beginning of the Review Period on 6 June 2023, the closing price of the Shares remained stable before experiencing a sharp increase reaching HK\$0.220 per Share on 19 June 2023. Subsequently, the closing price of the Shares experienced a sharp downturn reaching HK\$0.156 per Share on 29 June 2023. On 30 June 2023, the Company announced (i) non-fulfilment of guaranteed earnings before interest, taxes, depreciation, and amortization; and (ii) the entering into a deed

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of settlement in respect of a discloseable and connected transaction announced on 8 July 2020. The closing price of the Shares then entered into a phase of unstable trend from 30 June 2023 to 24 October 2023, ranging from a low closing price of HK\$0.155 per Share from 19 July 2023 to 24 July 2023, to a high closing price of HK\$0.169 per Share from 30 June 2023 to 14 July 2023, and exhibited a generally sliding trend thereafter. The closing price of the Shares plunged from HK\$0.160 per Share on 24 October 2023 to HK\$0.098 per Share on 1 December 2023, before reaching the closing price of HK\$0.103 per Share on the date of the Announcement on 5 December 2023.

In relation to the decline of the closing price of Shares from HK\$0.160 per Share on 24 October 2023 to HK\$0.098 per Share on 1 December 2023, we note that such decrease in closing price of the Shares was coupled with a slight increase in average trading volume in November 2023. Nevertheless, the average trading volume in November 2023 remained low and represented only approximately 1.32% 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.

In addition, the lowest and average closing price of the Shares during the Review Period were approximately HK\$0.098 per Share and approximately HK\$0.153 per Share, respectively. The Subscription Price of HK\$0.074 per Rights Share represents a discount of approximately 51.63% to the aforementioned average closing price of the Shares during the Review Period of approximately HK\$0.153 per Share, and is lower than the lowest closing price of the Shares during the Review Period of HK\$0.098 per Share.

On the other hand, we note that the closing price has not been on a straightly downward trend but rather volatile between the lowest closing price of the Shares of HK\$0.098 per Share to the highest closing price of the Shares of HK\$0.220 per Share during the Review Period, while the Hang Seng Index decreased from 19,099.28 at the beginning of the Review Period on 6 June 2023 by around 14.51% to 16,327.86 on 5 December 2023, being the last day of the Review Period. The Hang Seng Index then maintained at a similar level reaching 16,340.41 on 22 December 2023, being the Latest Practicable Date.

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Taking into account (i) the Subscription Price is not determined with reference to the lowest closing price on a straightly downward trend but to the aforementioned volatility of the closing price of the Shares during the Review Period; (ii) the downward performance of the Hang Seng Index between the beginning of the Review Period on 6 June 2023 and the Latest Practicable Date reflecting the current capital market sentiment; and (iii) the immensely thin trading volume of the Shares as discussed in section 4.3 of this letter, we consider a discount of the Subscription Price to the recent trading price of the Shares is necessary to enhance the attractiveness of the Rights Issue given the ratio of three Rights Shares for every one Share and the current market sentiment. In view of (i) the reasons for and benefits of the Rights Issue as discussed in section 2 of this letter, in particular, the Group's long suffering from high employee turnover rate for its Hong Kong staff arises the funding needs for the support on the establishment of Qianhai R&D centre and to recruit skilled programmers and labour with relevant experience and education in Qianhai, which is relatively cost-effective compared to local talents in Hong Kong; (ii) the Rights Shares are offered to all Qualifying Shareholders and each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company; and (iii) the Subscription Price of the Rights Issue is compared favorably against those of the Comparables (as defined below) as detailed in section 5 of this letter, we consider the discount of the Subscription Price incentivizes the Shareholders to participate in the future growth of the Group, and the Subscription Price fair and reasonable to the Company and the Shareholders as a whole.

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### **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.

Month/ period	Number of trading days	Average daily trading volume of the Shares during the month/ period (Note 1) (approximate)	Average daily trading volume of the Shares during the month/ period to the total number of issued Shares (Note 2) (approximate)
<b>2023</b>			
June (from 6 June 2023)	18	1,052,231	0.83%
July	20	935,200	0.74%
August	22	1,362,832	1.08%
September	17	1,062,318	0.84%
October	20	901,038	0.71%
November	22	1,662,232	1.32%
December (up to the date of the Announcement, i.e. 5 December 2023)	3	2,170,833	1.72%

*Source: website of the Stock Exchange*

*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 126,058,234.

During the Review Period, the average daily trading volume of the Shares in each month/ period ranged from a low of 901,038 Shares in October 2023 to a high of 2,170,833 Shares in December 2023, representing approximately 0.71% and 1.72% to the total number of issued Shares as at the Latest Practicable Date, respectively.

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### **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 2% 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 13 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. 5 December 2023.

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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 sample size of 13 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 range of premium and discount of the relevant subscription prices; and (v) the 13 Comparables identified during the aforementioned period were exhaustively 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 as 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	Basis of entitlement	Maximum amount of total fund raised <i>HKS million</i>	Closing price/ Date of announcement	5-day average premium/(discount)	10-day average price	Premium/ (discount) to consolidated net asset value per share	Entitlement price	Potential maximum dilution of shareholding (Note 1)	Theoretical dilution effect (Note 5)	Compensatory Arrangements/ Excess Application (CA/EA)	Fully Underwritten/ Partially Underwritten/ Placing (FU/ PU/P)	Underwriting Commission (Note 3)	Placing Commission (Note 4)	Minimum Underwriting/ Placing fee <i>HKS</i>
China Financial Leasing Group Limited (stock code: 2312)	1 December 2023	1 for 1	21	(32.60%)	(32.40%)	(32.30%)	(64.00%)	(19.50%)	50.00%	(16.30%)	EA	FU	1.0%	NA (Note 4)	N
IBO Technology Company Limited (stock code: 2708)	28 November 2023	3 for 1	254	(25.17%)	(25.68%)	(25.17%)	(87.49%)	(7.56%)	75.00%	(19.26%)	EA	FU	2.0%	NA (Note 4)	N
Lapco Holdings Limited (stock code: 8472)	24 November 2023	3 for 1	43	(30.23%)	(19.35%)	NA (Note 2)	(84.85%)	(9.77%)	75.00%	(22.67%)	CA	P (Note 3)	NA (Note 3)	2.5%	N
Gameone Holdings Limited (stock code: 8282)	21 November 2023	1 for 2	13	6.80%	8.30%	10.30%	(11.30%)	4.50%	33.33%	N (Note 7)	EA	FU	3.0%	NA (Note 4)	N
Cool Link (Holdings) Limited (stock code: 8491)	20 November 2023	3 for 1	102	(28.70%)	(28.70%)	(31.40%)	(56.50%)	(9.50%)	75.29%	(22.10%)	CA	P	NA	1.5%	N
Huabang Technology Holdings Limited (stock code: 3638)	17 November 2023	1 for 2	57	(24.05%)	(18.55%)	(13.88%)	(49.15%)	(17.43%)	33.33%	(8.02%)	CA	P (Note 3)	NA (Note 3)	2.0%	N
Da Yu Financial Holdings Limited (stock code: 1073)	17 November 2023	1 for 1	171	11.11%	11.11%	4.90%	(63.41%)	4.90%	50.00%	N (Note 7)	EA	NA	NA	NA (Note 4)	NA
Rego Interactive Co., Ltd (stock code: 2422)	3 November 2023	1 for 2	100	(49.37%)	(48.45%)	(47.23%)	(38.84%)	(16.46%)	33.33%	(16.46%)	CA	P	NA	0.5%	N
GoFintech Innovation Limited (stock code: 290)	17 October 2023	3 for 1	474	(9.09%)	(12.28%)	(9.09%)	(46.67%)	(2.44%)	75.00%	(9.97%)	CA	P (Note 3)	NA (Note 3)	1.0%	N
Universe Printhop Holdings Limited (stock code: 8448)	3 October 2023	3 for 2	34	(14.81%)	(18.44%)	(19.01%)	N (Note 15)	(8.00%)	60.00%	(11.06%)	CA (Note 6)	FU, P (Note 9)	N	1.5%	N

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Company name (Stock Code)	Announcement date	Basis of entitlement	Maximum amount of total fund raised <i>HK\$ million</i>	Closing price announcement date	5-day average premium/discount	10-day average	Premium/ (discount) to consolidated net asset value per share	Potential maximum dilution of shareholding <i>(Note 1)</i>	Theoretical dilution effect <i>(Note 5)</i>	Compensatory Arrangements/ Excess Underwritten/ Placing (CA/EA)	Fully Underwritten/ Partially Underwritten/ Placing (FU/P)	Underwriting Commission <i>(Note 3)</i>	Placing Commission <i>(Note 4)</i>	Minimum Underwriting/ Placing fee <i>HK\$</i>
Royal Century Resources Holdings Limited (stock code: 8125)	15 September 2023	3 for 1	36	(19.30%) <i>(Note 2)</i>	(17.90%)	NA	(85.00%)	83.33%	(16.10%)	CA	P <i>(Note 3)</i>	NA <i>(Note 3)</i>	1.0%	N
Asian Citrus Holdings Limited (stock code: 73)	11 September 2023	1 for 2	44	(33.96%)	(33.96%)	(35.19%)	NA <i>(Note 2)</i>	33.33%	(11.32%)	EA	FU	2.5%	NA <i>(Note 4)</i>	50,000
Oriental Securities International Holdings Limited (stock code: 8001)	6 September 2023	1 for 2	7	(50.82%)	(52.19%)	(52.10%)	(93.67%)	33.33%	(17.47%)	CA	P <i>(Note 3)</i>	NA <i>(Note 3)</i>	0.5%	N
		Average:	104	(23.09%)	(22.19%)	(22.74%)	(61.90%)	54.64%	(15.52%)			2.1%	1.3%	
		Min:	7	(50.82%)	(52.19%)	(52.10%)	(93.67%)	33.33%	(22.67%)			1.0%	0.5%	
		Max:	474	11.11%	11.11%	10.30%	(11.30%)	83.33%	(8.02%)			3.0%	2.5%	
		Median:	44	(25.17%)	(19.35%)	(25.17%)	(63.41%)	50.00%	(16.30%)			2.3%	1.3%	
The Company	5 December 2023	3 for 1	28	(28.16%)	(26.00%)	(26.73%)	(83.12%) <i>(Note 4)</i>	75.00%	(21.12%)	CA	P <i>(Note 3)</i>	NA <i>(Note 3)</i>	3.5%	N

Source: website of the Stock Exchange

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*Notes:*

1. The potential maximum dilution effect of each Comparable/the Company 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. This information is not disclosed in the relevant announcement of the respective Comparable/the Company.
3. The rights issue of this Comparable/the Company is on a non-underwritten basis as disclosed in the relevant announcement.
4. There is no placing arrangement for this Comparable/the Company as disclosed in the relevant announcement.
5. 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 “benchmarked price” of shares. “Theoretical diluted price” refers to the sum of (i) the issuer’s total market capitalization (by reference to the “benchmarked 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 “benchmarked 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.
6. It is stated in the announcement of this Comparable dated 3 October 2023 that “any unsold entitlements of the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders under the EAFs”. However, a supplemental announcement dated 5 October 2023 was issued by this Comparable and stated that “the Company and the Underwriter entered into the supplemental underwriting agreement (the “Supplemental Agreement”) on 5 October 2023 pursuant to which the Company will make compensatory arrangements to dispose of the Untaken Shares and the NQS Unsold Rights Shares, by offering them to independent places for the benefit of the relevant No Action Shareholders and Non-Qualifying Shareholders pursuant to Rule 10.31(1)(b) of the GEM Listing Rules. Accordingly, there will be no excess application arrangements in relation to the Rights Issue and no EAFs will be despatched to the Shareholders”. We understand that compensatory arrangements were made for the rights issue of this Comparable, and adopted accordingly for illustrative purpose.
7. It is noted in the relevant announcement 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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8. The potential maximum dilution effect of this Comparable is derived by “assuming all the outstanding Share Options are exercised in full and Option Shares have been issued pursuant thereto on or before the Record Date, and no further issue or repurchase of Shares on or before the Record Date save for the aforesaid Option Shares”, as stated in the announcement of this Comparable.
9. It is stated in the supplemental announcement of this Comparable dated 5 October 2023 that “on 5 October 2023, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company conditionally agreed to appoint the Placing Agent and the Placing Agent conditionally agreed to act as the placing agent for the Company to procure, on a best effort basis, places to subscribe for the Placing Shares (i.e. the Untaken Shares and/or the NQS Unsold Rights Share during the Rights Issue) on the terms and subject to the conditions set out in the Placing Agreement”. We understand that a placing agent was appointed for the rights issue of this Comparable, and adopted accordingly for illustrative purpose.
10. It is stated in the clarification announcement of this Comparable dated 22 November 2023 that “the Subscription Price represents a discount of approximately 9.5% to the theoretical ex-rights price of approximately HK\$0.37 per Share based on the benchmarked price of approximately HK\$0.475 per Share”. A discount of subscription price to theoretical ex-rights price of 9.50% is adopted in respect of the rights issue of this Comparable for illustrative purpose.
11. It is stated in the clarification announcement of this Comparable dated 22 November 2023 that “the Subscription Price represents a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 22.1%, represented by the theoretical diluted price of approximately HK\$0.37 per Share to the benchmarked price of approximately HK\$0.475 per Share”. A theoretical dilution effect of 22.10% is adopted in respect of the rights issue of this Comparable for illustrative purpose.
12. The potential maximum dilution effect of this Comparable is derived by “assuming full conversion of the Convertible Bonds and all exercisable Share Options are exercised in full on or before the Record Date, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue”, as stated in the announcement of this Comparable.
13. It is stated in the supplemental announcement of this Comparable dated 12 September 2023 that “the Subscription Price represents a discount of approximately 40.79% to the theoretical ex-rights price of approximately HK\$0.2067 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.2440 per Share as quoted on the Stock Exchange on the Last Trading Day”. A discount of subscription price to theoretical ex-rights price of 40.79% is adopted in respect of the rights issue of this Comparable for illustrative purpose.
14. The Subscription Price represents a discount of approximately 83.12% to the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2023 of approximately HK\$0.4385 per Share, which is calculated by dividing the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$55,277,000 as at 30 June 2023 as set out in the 2023 Interim Report by the number of Shares in issue as at the Latest Practicable Date.

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15. It is stated in the supplemental announcement of this Comparable dated 19 October 2023 that “the Subscription Price represents a premium over the audited consolidated net liabilities per Consolidated Share attributable to the Shareholders as at 31 March 2023 of approximately HK\$0.0038 per Consolidated Share calculated based on the audited consolidated net liabilities of the Group attributable to the owners of the Company of approximately HK\$680,817 as at 31 March 2023 as set out in the annual report of the Company for the year ended 31 March 2023 and 180,000,000 Consolidated Shares in issue as at 31 March 2023 after adjusted for the effect of the Share Consolidation.”. As this Comparable recorded an audited consolidated net liabilities of the group attributable to the owners of this Comparable of approximately HK\$680,817 as at 31 March 2023, no discount or premium of its subscription price to the consolidated net asset value per share is adopted in respect of the rights issue of this Comparable for illustrative purpose.

### ***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 50.82% to a premium of approximately 11.11%, with an average figure being a discount of approximately 23.09%. The Subscription Price’s discount to closing price on the Last Trading Day of approximately 28.16% 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 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 52.19% to a premium of approximately 11.11%, with an average figure being a discount of approximately 22.19%. 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 26.00% therefore falls within the range of discount to the average closing price of the last five trading days of the Comparables and represents a higher discount than the average figure thereof but is 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 ten trading days of the Comparables ranges from a discount of approximately 52.10% to a premium of approximately 10.30%, with an average figure being a discount of approximately 22.74%. The Subscription Price’s discount to the average closing price for the ten consecutive trading days up to and including the Last Trading Day of approximately 26.73% therefore falls within the range of discount to the average closing price of the last ten trading days of the Comparables and represents a higher discount than the average figure thereof but is far lower than the maximum discount figure thereof.

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We note that the variance of the subscription price to the consolidated net asset value per share of the Comparables ranges from a discount of approximately 93.67% to a discount of approximately 11.30%, with an average figure being a discount of approximately 61.90%. The Subscription Price's discount to the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2023 of approximately 83.12% therefore falls within the range of discount to the consolidated net asset value per share of the Comparables and represents a higher discount than the average figure thereof which is also closer to the high end of the range with 4 out of 13 Comparables having higher discounts. Despite the higher discount of Subscription Price to the net asset value per Share attributable to Shareholders as compared to average figure of the Comparables, we consider that it may not be completely out of the ordinary given that any net asset value per share only reflects the underlying "intrinsic value" of that company, a concept which is vastly different from the "market value" of the shares to which the Subscription Price more closely relates. As mentioned in the Board Letter, the Directors are of the view that it is reasonable to set the Subscription Price at a discount to the closing price per Share on the Last Trading Day and the consolidated net asset value per Share attributable to the Shareholders to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders and investors to participate to which we concur. Should we adopt the average discount of subscription price to net asset value per share of the Comparables of approximately 61.90% for the purpose of a determining a hypothetical subscription price of the Rights Issue only for an illustrative purpose, such hypothetical subscription price would be approximately HK\$0.271 per Rights Share (the "**Hypothetical Subscription Price**") which represents a premium of approximately 163.1% as compared to the closing price of HK\$0.103 per Share on the Last Trading Day. Given the massive premium of the Hypothetical Subscription Price over the "market value" of the Shares on GEM which is the actual realizable value of the Shares in the market, it is not realistic to expect that the Shares can exchange hands at the Hypothetical Subscription Price or the net asset value per Share in the open market. Under such circumstances and in case the Subscription Price is set with reference to the net asset value per Share, we consider that it is highly unlikely that (i) any rational Qualifying Shareholders would participate in the Rights Issue; or (ii) the Company would be able to secure the services of a placing agent in respect of the Rights Issue even on a best effort basis. Having considered the above, we are of the view that the comparison of the discount of the Subscription Price to net asset value per Share against that of the Comparables should only be taken as a side-factor with other benchmarks against market price being more relevant in our analysis.

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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, among other factors, (i) the prevailing market price and recent trading performance of the Shares which includes the daily closing price and daily trading volume of the Shares during the 6 months prior to the Last Trading Day, where the closing price of the Shares demonstrated an overall downward trend from HK\$0.171 per Share on 6 June 2023 to HK\$0.103 per Share on the Last Trading Day with an average daily trading volume amounting to approximately 0.97% of the total issued Shares as at the Last Trading Day, which indicated a lack of liquidity and demand for the Shares; (ii) the latest business performance and financial position of the Group, particularly the consecutive loss-making performance of the Group; (iii) the current bearish Hong Kong stock market condition, which is evidenced by the continuous downward trend of the Hang Seng Index from approximately 19,099 on 6 June 2023 to approximately 16,327 on the Last Trading Day and onwards; (iv) the Directors are of the view that it is reasonable to set the Subscription Price at a discount to the closing price per Share on the Last Trading Day and the consolidated net asset value per Share attributable to the Shareholders as described above in order to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders and investors to participate, given that the challenging market conditions, unfavourable price trend and lack of liquidity of the Shares; (v) the relatively large fundraising size when compared with the market capitalisation of the Company as at the Last Trading Day; and (vi) the reasons and benefits of the Rights Issue as discussed in the section headed “Reasons for 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 33.33% to approximately 83.33% (the “**Shareholding Dilution Range**”) with an average of approximately 54.64% and a median of approximately 50.00%. The potential dilution effect of the Rights Issue of approximately 75.00% therefore falls within the Shareholding Dilution Range and represents a higher discount than the average and median figure thereof. We note that 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. Moreover, given the reasons for and benefits of the Rights Issue as discussed in section 2 of this letter, in particular, the Group’s long suffering from high employee turnover rate for its Hong Kong staff arises the funding needs for the support on the establishment of Qianhai R&D centre and to recruit skilled programmers and labour with relevant experience and education in Qianhai, which is relatively cost-effective compared to local talents in Hong Kong, we consider the potential dilution effect of the Rights Issue acceptable.

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It is noted that the theoretical dilution effect of the Comparables ranged from a discount of approximately 22.67% to a discount of approximately 8.02% (the “**Theoretical Dilution Effect Range**”) with an average discount of approximately 15.52% and a median discount of approximately 16.30%. The Rights Issue’s theoretical dilution effect of a discount of approximately 21.12% therefore falls within the Theoretical Dilution Effect Range and represents a higher discount than the average and median figure thereof. 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. In addition, given that the Rights Issue’s theoretical dilution effect of a discount of approximately 21.12% falls within the Theoretical Dilution Effect Range, we consider that such theoretical dilution effect is in line with the market practice, is not out of the ordinary and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In view of the facts that:

- (i) the Subscription Price represents higher discount than the average closing price of the last trading day, the average closing price of the last five trading days and the average closing price of the last ten trading days of the Comparables respectively, but it falls within the ranges of such Comparables and such discount is 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 falls within the Shareholding Dilution Range and represents a higher discount than the average and median figure thereof 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 falls within the Theoretical Dilution Effect Range and represents a higher discount than the average and median figure thereof but such a situation might have been necessitated by the Company’s funding needs as discussed in section 2 of this letter,

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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 0.5% to a high of 2.5%, with the average figure being approximately 1.3%. Accordingly, the placing commission of 3.5% pursuant to the Placing Agreement falls out of the range of the Comparables and is above the average figure thereof. Nevertheless, in the view of that:

- (i) for hypothesis purpose only, in the event that (a) no Rights Share is subscribed by any of the Qualifying Shareholders; and (b) 378,174,702 Rights Shares, all being Unsubscribed Rights Shares, are successfully placed by or on behalf of the Placing Agent, the maximum placing fees to be paid by the Company to the Placing Agent amount to approximately (a) HK\$979,000 (which is calculated based on the placing commission rate of 3.5% of the aggregate placing price of the Unsubscribed Rights Shares successfully placed by or on behalf of the Placing Agent); or (b) HK\$364,000 (which is calculated based on the average placing commission rate of the Comparables of 1.3%). Despite that the placing commission of 3.5% pursuant to the Placing Agreement is above the high end of the range of the Comparables, the difference on absolute amounts of the aforementioned placing commissions (the “**Difference**”) amounts to approximately HK\$615,000, which represents merely (a) approximately 2.2% of the expected maximum gross proceeds from the Rights Issue of approximately HK\$27.98 million; and (b) less than 10% on each of the three key areas of the use of proceeds from the Rights Issue, with the Management confirming to us that such Difference having no meaningful impact on the full implementation of the Company’s proposed plans to be financed by the proceeds from the Rights Issue. Taking into account the benefits to be brought to the Group from the Rights Issue as discussed in section 2 of this letter, the Difference is considered acceptable;
- (ii) as disclosed in the 2023 Interim Report, the Group’s total borrowing as at 30 June 2023 was comprised solely of a bank finance lease amounting to approximately HK\$1,214,000 with an annual effective interest rate of 4.83%, and the bank finance lease will be matured and settled on 27 October 2026. The placing commission of 3.5%, being a finance cost that is one-off only, is less than the current financing cost of the Group which is recurrent in nature until maturity of the financing;

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- (iii) the Company had approached 3 financial institutions (including the Placing Agent) for the engagement of a placing agent in connection with the Rights Issue, as advised by the Management. However, these attempts were rejected by 2 financial institutions saved as the Placing Agent;
- (iv) the Placing Agent and its ultimate beneficial owner(s) is independent of and not connected with the Company and its connected persons or any of their respective associates as discussed in the section 3.4 of this letter, and we consider that the placing commission of the Rights Issue charged by the Placing Agent is no less favourable to the Company; and
- (v) the Placing offers an additional means to facilitate the subscription of the untaken portions of the Rights Issue to the maximum extent considering:
  - (a) the funding needs of the Company, in particular, the Group's long suffering from high employee turnover rate for its Hong Kong staff arises the funding needs for the support on the establishment of Qianhai R&D centre and to recruit skilled programmers and labour with relevant experience and education in Qianhai, which is relatively cost-effective compared to local talents in Hong Kong; and
  - (b) the difficulties in conducting alternative fund raising methods as discussed in the section 2 of this letter,

we consider that the placing commission payable to the Placing Agent is, on balance, acceptable 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 Placees 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 Listing Rules. As illustrated in the analysis set out in section 5.1 of this letter, we note that 8 out of 13 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.

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### 6. Possible dilution effect on interests of existing public Shareholders

The attention of the Independent Shareholders is drawn to the section headed “Shareholding Structure of the Company” in the Board Letter for the analysis on shareholding under various scenarios. As noted in the aforementioned section, the shareholding of the ‘Other Public Shareholders’ is approximately 65.70% as at the Latest Practicable Date. The shareholding interests of the Qualifying Shareholders will not suffer from any dilution immediately after completion of the Rights Issue assuming all Shareholders take up their respective entitlements to the Rights Shares in full. Under the scenario immediately after completion of the Rights Issue assuming none of the Shareholders have taken up any of their entitlement to Rights Shares with all the Placing Shares placed to Independent Third Parties under the Placing, the shareholding of the ‘Other Public Shareholders’ will be diluted to approximately 16.43%, representing a decrease in shareholding by approximately 49.27%.

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 EGM;
- (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 aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses or fees), that is realised from the Placing will be paid to those No Action Shareholders. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Tuesday, 20 February 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price. Any Unsubscribed Rights Shares and/or NQS Unsold Rights Shares which are not placed under the

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Compensatory Arrangements 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 on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below: (1) the Qualifying Shareholders who did not subscribe for the Rights Shares (whether partially or fully) under the PALs and their renounees; (2) such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed; and (3) the Non-Qualifying Shareholders in respect of the NQS Unsold Rights Shares. It is proposed that the Net Gain to any of the No Action Shareholder(s) mentioned in (1) to (3) above which is in an amount equal to or greater than HK\$100 will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

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 placing and open offer 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 the Compensatory Arrangements to dispose of the Placing Shares by offering these Shares to independent Placees for the 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 reasonings 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 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 Financial Information of the Group” set out in Appendix II to the Circular that the consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2022 is approximately HK\$63,503,000, while the consolidated net tangible assets per Share attributable to equity holders of the Company as at 31 December 2022 is approximately HK\$0.504. The Group is expected to raise net proceeds of approximately HK\$26,232,000 (assuming full acceptance of Rights Shares by existing Shareholders or all the Placing Shares having been placed by Placing Agent). After pro forma adjustments, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company after the completion of the Rights Issue would improve to approximately HK\$89,735,000, while the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to equity holders of the Company after the completion of the Rights Issue would deteriorate considerably by approximately 64.68% to approximately HK\$0.178. Such decrease is due to the fact that the Subscription Price of HK\$0.074 per Rights Share is fixed at a considerable discount to the consolidated net tangible assets per Share attributable to equity holders of the Company prior to the completion of the Rights Issue.

Despite the decrease in consolidated net tangible assets per Share attributable to equity holders of the Company as a result of the Rights Issue, the Rights Issue is expected to have a positive impact on the Group’s overall 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\$26.2 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\$2.5 million is allocated for the general working capital of the Group, with reference to the Board Letter.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **7.3 Liquidity**

As per the 2023 Interim Report, the Group had current assets of approximately HK\$63,418,000 and current liabilities of approximately HK\$27,375,000 as at 30 June 2023. Accordingly, the Group is at a net current asset position and the Group's current ratio (current assets / current liabilities) as at 30 June 2023 was approximately 2.32 times.

The estimated net proceeds from the Rights Issue are expected to enhance the Group's current assets by approximately HK\$26.2 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.

### **RECOMMENDATION**

Having considered the above principal factors and in particular:

- (i) the Group experienced a deteriorating cash flows and liquidity with loss for the period attributable to owners of the Company of approximately HK\$7,746,000 and approximately HK\$10,614,000 for HY2022 and HY2023, respectively, as discussed in section 1 of this letter;
- (ii) the Group intends to apply approximately HK\$9.4 million (representing approximately 35.87% of the net proceeds of approximately HK\$26.2 million) for the support on the establishment of Qianhai R&D centre as a result of the Group's long suffering from high employee turnover rate for its Hong Kong staff, arising the funding needs to recruit skilled programmers and labour with relevant experience and education in Qianhai, which is relatively cost-effective compared to local talents in Hong Kong as discussed in section 2 of this letter;
- (iii) the Group intends to apply approximately HK\$7.1 million (representing approximately 27.10% of the net proceeds of approximately HK\$26.2 million) for the expansion of the customer support, product development, and research and compliance teams in Hong Kong and supporting these teams with relevant equipment and infrastructure, which is essential for staying at the forefront of industry trends, explore technological advancements and identify opportunities for product improvement and future growth while fulfilling the relevant compliance requirements as discussed in section 2 of this letter;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iv) the Group intends to apply approximately HK\$7.2 million (representing approximately 27.48% of the net proceeds of approximately HK\$26.2 million) for the development of new IT system products to explore business opportunities in other geographical locations, such as Southeast Asia and meet the evolving requirements of banking clients in the region 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,

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 EGM to approve the Rights Issue and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

**Grand Moore Capital Limited**

**Kevin So**

**Florence Ng**

*Managing Director –*

*Associate Director*

*Investment Banking*

*Department*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes: Mr. Kevin So 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). Mr. So has over 20 years of experience in the corporate finance industry in Hong Kong.*

*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 OF THE GROUP**

The audited financial information of the Company are disclosed in the annual reports of the Company for the three financial years ended 31 December 2020, 2021 and 2022 and the unaudited financial information of the Company are disclosed in the quarterly report of the Company for the three months ended 31 March 2021, the interim report for the six months ended 30 June 2023 and third quarterly report of the Company for the nine months ended 30 September 2023. The above-mentioned financial information have been published and is available on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website (<https://www.finsofthk.com>):

- a) annual report of the Company for the year ended 31 December 2020 published on 30 March 2021 (pages 57 to 167)  
  
(<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033000660.pdf>)
- b) annual report of the Company for the year ended 31 December 2021 published on 30 March 2022 (pages 64 to 179)  
  
(<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0330/2022033000868.pdf>)
- c) annual report of the Company for the year ended 31 December 2022 published on 29 March 2023 (pages 66 to 183)  
  
(<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0329/2023032900692.pdf>)
- d) quarterly report of the Company for the three months ended 31 March 2023 published on 12 May 2023 (pages 2 to 10)  
  
(<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0512/2023051200915.pdf>)
- e) interim report of the Company for the six months ended 30 June 2023 published on 11 August 2023 (pages 2 to 26)  
  
(<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0811/2023081101000.pdf>)
- f) third quarterly report of the Company for the nine months ended 30 September 2023 published on 10 November 2023 (pages 2 to 10)  
  
(<https://www1.hkexnews.hk/listedco/listconews/gem/2023/1110/2023111000698.pdf>)

**2. INDEBTEDNESS OF THE GROUP**

As at the close of business on 31 October 2023, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness are as follows:

	<b>As at 31 October 2023 HK\$'000</b>
Current	
Lease liabilities	HK\$2,203
Non-current	
Lease liabilities	<u>HK\$752</u>
	<u><u>HK\$2,955</u></u>

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal payables and accruals in the ordinary course of business, the Group did not have any bank overdrafts or loans, or other similar indebtedness, guarantees, material capital commitment or other material contingent liabilities outstanding as at the close of business on 31 October 2023.

**3. WORKING CAPITAL STATEMENT**

Taking into account the financial resources available to the Group including the estimated net proceeds from the Rights Issue of approximately HK\$26.2 million, cash and cash equivalents on hand, cash flows from operating activities and available banking facilities, the Directors, after due and careful enquiry, are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 19.66(13) of the GEM Listing Rules.

**4. MATERIAL ADVERSE CHANGES**

As at the Latest Practicable Date, the Directors were not aware of any 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.

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

The Company is principally engaged in investment holding and the Group is principally engaged in provision of financial trading software solutions, provision of other IT and internet financial platforms services, money lending business and asset investments in Hong Kong.

The Group's principal operating subsidiary, iAsia Online Systems Limited ("iAsia"), which engaged in the financial trading software solutions business division, has built up a reputation in the financial trading software solutions industry in Hong Kong and has a well-established client base of sizeable banks and brokerage firms.

During the nine months ended 30 September 2023, the financial trading software solutions business division remained the key source of income of the Group. The unaudited segment revenue from external customers contributed by iAsia amounted to approximately HK\$39,668,000 representing a decrease of 5.7% as compared to approximately HK\$42,070,000 for the same period in previous year.

In order to maintain the Group's competitiveness in the market, the Group will continue to keep up with market trends and industry requirements and focus on improving its operational efficiency. The Board believes that the establishment of the Qianhai R&D Centre and other development plans as discussed in the section headed "Reasons for the Rights Issue and Use of Proceeds" in this circular would enable the Group to improve its future financial performance. The Group will continue to review and implement its business plan to enhance its market share, image, recognition and market reputation.

*For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.*

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “**Unaudited Pro Forma Financial Information**”) as at 31 December 2022 has been prepared by the Directors in accordance with paragraph 7.31 of the GEM Listing Rules to illustrate the effect of the proposed Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had taken place on 31 December 2022.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not reflect a true picture of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company derived from the consolidated statement of financial position of the Group as at 31 December 2022, as extracted from the published annual report of the Company for the year ended 31 December 2022, after incorporating the adjustments described in the accompanying notes.





10/F.,  
8 Observatory Road,  
Tsim Sha Tsui,  
Kowloon, Hong Kong

To the Board of Directors of Finsoft Financial Investment Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Finsoft Financial Investment Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 31 December 2022, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of the circular dated 28 December 2023 issued by the Company (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 378,174,702 rights shares at the subscription price of HK\$0.074 per rights share on the basis of three rights shares for every one existing share of the Company held on the record date (the “**Rights Issue**”) on the Group’s financial position as at 31 December 2022 as if the Rights Issue had taken place as at 31 December 2022. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s consolidated statement of financial position as at 31 December 2022, on which an annual report has been published.

### **Directors’ responsibility for the Unaudited Pro Forma Financial Information**

The Directors 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 (the “**HKICPA**”).

### **Our independence and quality control**

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

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting accountants’ responsibilities**

Our responsibility is to express an opinion, as required by paragraph 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 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.

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

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

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Rights Issue, and to obtain sufficient appropriate evidence about whether:

- The related 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' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the Rights Issue in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

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

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

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31 (1) of the GEM Listing Rules.

Yours faithfully,

**Elite Partners CPA Limited**  
*Certified Public Accountants*  
Hong Kong, 21 December 2023

**Siu Jimmy**  
Practising Certificate Number: P05898

**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 Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately following the completion of the Increase in the Authorised Share Capital but before the completion of the Rights Issue; and (iii) immediately following the completion of the Rights Issue (assuming there is no change in the number of issued Shares and that the Rights Issue is fully subscribed or placed pursuant to the Placing Agreement) are as follows:

**As at the Latest Practicable Date:***Authorised:*

200,000,000	Shares of HK\$0.05 each	HK\$10,000,000.00
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*Issued and fully paid:*

126,058,234	Shares of HK\$0.05 each	HK\$6,302,911.70
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**Immediately following the completion of the Increase in Authorised Share Capital but before the completion of the Rights Issue:***Authorised:*

2,000,000,000	Shares of HK\$0.05 each	HK\$100,000,000.00
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*Issued and fully paid:*

126,058,234	Shares of HK\$0.05 each	HK\$6,302,911.70
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**Immediately following the completion of the Rights Issue (assuming no change in the number of issued Shares and that the Rights Issue is fully subscribed or placed pursuant to the Placing Agreement):**

*Authorised:*

2,000,000,000 Shares of HK\$0.05 each HK\$100,000,000.00

*Issued and fully paid:*

504,232,936 Shares of HK\$0.05 each HK\$25,211,646.80

The Rights Shares, when issued and fully-paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank *pari passu* in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the fully-paid Rights Shares.

The Company did not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The Rights Shares to be issued will be listed on the Stock Exchange. 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 the 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.

### 3. DISCLOSURE OF INTERESTS

#### a) Director's and chief executive's interests and short positions in the Shares, underlying Shares and Debentures of the Company

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

#### *Long position in the Shares:*

Name of Director	Capacity/nature of interest	Number of Shares interested	Approximate percentage shareholding as at the Latest Practicable Date
Ms. Tin Yat Yu Carol	Beneficial owner	36,467,000	28.93

*Note:* The percentage was calculated based on 126,058,234 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position 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 had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the GEM Listing Rules.

**b) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares**

As at the Latest Practicable Date, the interests and short positions of substantial shareholders and other persons (not being a Director or chief executive of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows.

***Long position in the Shares:***

<b>Name of Director</b>	<b>Capacity/nature of interest</b>	<b>Number of Shares interested</b>	<b>Approximate percentage shareholding as at the Latest Practicable Date</b>
Mr. Chan Sek Keung Ringo ( <i>Note 1</i> )	Beneficial owner	6,168,000	4.89
	Interest in a controlled corporation	600,000	0.48

*Notes:*

- (1) Mr. Chan is interested in (i) 6,168,000 Shares as a beneficial owner; and (ii) 600,000 Shares held by Woodstock Management Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Chan. By virtue of the SFO, Mr. Chan is deemed or taken to be interested in all the Shares of the Company held by Woodstock Management Limited.
- (2) The percentage was calculated based on 126,058,234 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO. None of the Directors is a director or employee of any substantial shareholder of the Company.

**4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS**

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are 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 consolidated accounts of the Group were made up.

**5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group which is not expiring or determinable by the Group within one (1) year without payment of any compensation, other than statutory compensation.

**6. COMPETING INTERESTS**

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

**7. LITIGATION**

Neither the Company nor any other member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any other member of the Group as at the Latest Practicable Date.

**8. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm there is 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.

## 9. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by the members of the Group during the two years preceding the date of this circular:

- (1) the Placing Agreement;
- (2) the agreement for sale and purchase dated 26 May 2022 entered into between Jolly World Limited, as the vendor and Finsoft Investment Management Limited, as the purchaser, in relation to the acquisition of the car parking space Nos. 10, Car Park Level CP3, Towers 26, 27, 28, 29, 30, 31, 32 and 33, No. 31 Grandeur Road, Parc Oasis, Kowloon, Hong Kong;
- (3) the agreement for sale and purchase dated 26 May 2022 entered into between Grace World Investment Limited, as the vendor and Finsoft Investment Management Limited, as the purchaser, in relation to the acquisition of the car parking space Nos. 3, Car Park Level CP3, Towers 26, 27, 28, 29, 30, 31, 32 and 33, No. 31 Grandeur Road, Parc Oasis, Kowloon, Hong Kong; and
- (4) the deed of settlement dated 30 June 2023 entered into between the Company, Oceanic Elite Holdings Limited and Ms. Chung Elizabeth Ching Yee.

## 10. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinions, letters or advices which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Elite Partners CPA Limited	Certified Public Accountants
Grand Moore Capital Limited	a corporation licensed by the SFC to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of the Experts named above (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and references to its name and/or its advice in the form and context in which they respectively appear; (ii) was not beneficially interested in any share of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (iii) did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or are 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 consolidated financial statements of the Group were made up).

## 11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

<b>Board of Directors</b>	<i>Executive Directors</i> Ms. Tin Yat Yu Carol Mr. Chan Wai Lung Ms. Liu Mung Ting Ms. Lam Ching Yee Ms. Lin Ting  <i>Independent non-executive Directors</i> Mr. Hon Ming Sang Ms. Lee Kwun Ling, May Jean Mr. Tang Shu Pui Simon
<b>Registered Office</b>	Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Headquarter and principal place of business in Hong Kong</b>	Unit 708, 7th Floor, Capital Centre 151 Gloucester Road Wanchai, Hong Kong
<b>Compliance officer</b>	Ms. Lam Chin Yee (CPA)
<b>Authorised representatives</b>	Ms. Lam Ching Yee Mr. Yu Kwan Nam Gabriel
<b>Company Secretary</b>	Mr. Yu Kwan Nam Gabriel (CPA)
<b>Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders</b>	Grand Moore Capital Limited Unit 1401, 14/F, Lippo Sun Plaza 28 Canton Road Tsim Sha Tsui, Kowloon Hong Kong
<b>Legal adviser to the Company</b>	<i>As to Hong Kong law:</i> CFN Lawyers in association with Broad and Bright Room 4101-4104, 41/F, Sun Hung Kai Centre 30 Harbour Road, Wan Chai, Hong Kong

	<i>As to Cayman Islands law:</i> Appleby Suites 4201-03 & 12 42/F, One Island East Taikoo Place 18 Westlands Road Quarry Bay, Hong Kong
<b>Reporting accountants</b>	Elite Partners CPA Limited <i>Certified Public Accountants</i> 10/F, 8 Observatory Road Tsim Sha Tsui, Kowloon, Hong Kong
<b>Placing Agent</b>	Minerva Holding Financial Securities Limited Unit 1804C, 18/F Far East Finance Centre 16 Harcourt Road, Hong Kong
<b>Hong Kong branch share registrar and transfer office</b>	Union Registrars Limited Suites 3301-04, 33/F. Two Chinachem Exchange Square 338 King's Road, North Point, Hong Kong
<b>Principal share registrar and transfer office in the Cayman Islands</b>	Ocorian Trust (Cayman) Limited Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman, KY1-1108 Cayman Islands
<b>Principal banker</b>	Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Central Hong Kong
<b>Stock Code</b>	8018
<b>Company website</b>	<a href="http://www.finsofthk.com">www.finsofthk.com</a>

## 12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

### Executive Directors

Ms. Tin Yat Yu Carol (“**Ms. Tin**”) (former name as Tin Yuen Sin Carol), aged 58, is an executive Director of the Company and the chairman of the Board. Ms. Tin obtained a degree of doctor of business administration honoris causa from the International American University in March 2009. Ms. Tin is an entrepreneur operating businesses including money lending business and fine dining business. Ms. Tin also has extensive experience in trading business in Hong Kong and the PRC. Ms. Tin was an executive director of Carnival Group International Holdings Limited (“**Carnival**”, formerly known as Oriental Ginza Holding Limited and CASH Retail Management Group Limited, a company listed on the Main Board of the Stock Exchange with Stock Code: 996) for the period from September 2005 to August 2011. Ms. Tin also served as the chairperson of Carnival from November 2006 to August 2011 and was responsible for the overall strategic planning and policy making. Ms. Tin served as a director of Yan Oi Tong from 2017 to 2018. She has been an executive director of Virtual Mind Holding Company Limited (a company listed on the Main Board of the Stock Exchange with Stock Code: 1520) since October 2019 and its chairman from January 2021 to January 2022. Ms. Tin is currently a director of Delta Wealth Finance Limited and Delta Wealth Credit Limited. She has been appointed as an executive director, a member of the investment committee of InvesTech Holdings Limited (a company listed on the Main Board of the Stock Exchange with Stock Code: 1087) since April 2022 and the vice-chairman of the board of directors since June 2023.

Ms. Tin is the mother of Ms. Liu Mung Ting.

Mr. Chan Wai Lung (“**Mr. Chan**”), aged 42, is an executive Director of the Company, the vice-chairman of the Board, and a director of a number of subsidiaries of the Company. Mr. Chan has years of experience in business planning and development. He has been a director of Draco International Investment (Holdings) Limited (specialising in designing corporate structures) since July 2013, and a director of Draco Human Resources Management Limited since November 2016. Mr. Chan was appointed as a business development consultant (招商顧問) by the management committee of the Haining Economic Development Zone, Zhejiang Province, the People’s Republic of China in April 2017. In October 2017, he obtained his Honorary Doctorate in Business Administration from Sabi University.

Mr. Chan was appointed as an independent non-executive director, the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of China Bozza Development Holdings Limited (“**China Bozza**”) (a company listed on the Main Board of the Stock Exchange with Stock Code: 1069) with effect from 19 May 2023. Mr. Chan was re-designated from an independent non-executive director to an executive director of China Bozza with effect from 14 August 2023. Mr. Chan ceased to be the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of China Bozza with effect from 14 August 2023. Mr. Chan was appointed as chief executive officer with effect from 21 November 2023.

Ms. Liu Mung Ting (“**Ms. Liu**”), aged 25, is an executive Director and chief executive officer of the Company. Ms. Liu obtained a degree of Bachelor of Science (Economics) from the University College London in July 2019 and a degree of Master of Science in International Business from the Hult International Business School in August 2020. Ms. Liu was a director of Wine Master Holdings Limited, a company principally engaged in wine procurement, sales, and inventory management functions from April 2020 to September 2022. She also worked as an analyst in relation to real estate private equity at M3 Capital Partners (HK) Limited, the Hong Kong office of M3 Capital Partners LLC, a global private equity capital advisory firm which advises real asset companies and fund managers on investment and private equity fund structures and strategic decisions, including restructuring, recapitalization and mergers and acquisitions, from September 2020 to July 2023, whereby she was involved in capital raising for multiple real estate private equity deals across China, Japan, Hong Kong and Vietnam totalling more than US\$3.5 billion equity raised while working with multiple clients and investors including large sovereign wealth funds, pension funds, etc.

Ms. Liu is a daughter of Ms. Tin Yat Yu Carol.

Ms. Lam Ching Yee (“**Ms. Lam**”), aged 42, is an executive Director of the Company. Ms. Lam obtained her Bachelor of Business Administration (Honours) in Finance from the City University of Hong Kong in 2006. Ms. Lam is a member of the Hong Kong Institute of Certified Public Accountants. From September 2013 to June 2019, Ms. Lam was the financial controller of Hang Tai Yue Group Holdings Limited (“**HTY Group**”, a company listed on GEM of the Stock Exchange with Stock Code: 8081). She has been an executive director and the chief executive officer of HTY Group since June 2019. Ms. Lam has more than ten years of experience in the areas of corporate restructuring, financial management, merger and acquisition and auditing.

Ms. Lin Ting (“**Ms. Lin**”), aged 53, is an executive Director of the Company. Ms. Lin graduated from Shanghai University of Engineering Science (上海工程技術大學) with a Bachelor degree in Industrial Enterprise Management in 1992. She also obtained a Master degree in Technology Management in Information Technology from the Hong Kong University of Science and Technology in 2004. Ms. Lin was qualified as a project management professional by the Project Management Institute in March 2014. Ms. Lin joined the China Cargo Airlines Co., Ltd. (中國貨運航空有限公司) in August 1998 and has served as deputy general manager of the business development department since March 2009. She then joined Eastern Airlines Logistics Co., Ltd. (東方航空物流有限公司) in November 2012 as the general manager of the information department. Ms. Lin then served as general manager in the logistics product department of China Eastern Airlines Co., Ltd. (中國東方航空股份有限公司), a joint stock limited company incorporated in the PRC with limited liability whose H shares are listed on the Stock Exchange (Stock Code: 670), A shares are listed on the Shanghai Stock Exchange (Stock Code: 600115) and American depositary shares are listed on the New York Stock Exchange, Inc., and the holding company of Eastern Airlines Logistics Co., Ltd., from April 2013 to June 2015. From 7 December 2015 to 22 June 2016, Ms. Lin was an independent non-executive director of HTY Group. Ms. Lin has been appointed as an independent non-executive director of UJU Holding Limited (“**UJU Holding**”, a company listed on the Main Board of the Stock Exchange with Stock Code: 1948) since October 2021. She has been appointed as an independent non-executive director and a member of each of the audit committee, nomination committee, remuneration committee and risk management committee of Tibet Water Resources Ltd. (a company listed on the Main Board of the Stock Exchange with Stock code: 1115) since July 2022.

#### **Independent non-executive Directors**

Mr. Hon Ming Sang (“**Mr. Hon**”), aged 45, is an Independent non-executive Director and the chairman of the Audit Committee, the Remuneration Committee and Nomination Committee of the Company. Mr. Hon is a committee member of the 11th Luoding Committee of Chinese People’s Political Consultative Conference, was appointed as an independent non-executive Director and the chairman of the Audit Committee, the Remuneration Committee and the Nomination Committee on 24 June 2020. Mr. Hon graduated with an honor degree of Professional Accountancy in the School of Accountancy from The Chinese University of Hong Kong.

Mr. Hon is a CFA charterholder. He is also a member of the Hong Kong Society of Financial Analysts, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Mr. Hon has previously worked in an international audit firm and has over 14 years of working experience in listed companies and financial institutions. He has extensive experience in corporate finance, merger and acquisition, investment and financial management and compliance services.

Mr. Hon had been an independent non-executive director of SFund International Holdings Limited (a company listed on the main board of the Stock Exchange with stock code: 1367, listing of which was cancelled on 20 September 2022) (“**SFund**”) from November 2016 to February 2017 and was re-designated as its executive director from February 2017 to August 2022. He had also been appointed as SFund’s company secretary, authorized representative and process agent from July 2017 to August 2022. Mr. Hon has been an independent non-executive director of Virtual Mind Holding Company Limited (a company listed on the Main Board of the Stock Exchange with Stock Code: 1520) since November 2016. Mr. Hon has been an independent non-executive director of Asia Energy Logistics Group Limited (a company listed on the Main Board of the Stock Exchange with Stock Code: 351) since November 2020. Mr. Hon has been appointed as an independent non-executive Director, a member of each of the audit committee and the investment committee, and the chairman of each of the compensation and benefits committee and the nomination committee of InvesTech Holdings Limited (a company listed on the Main Board of the Stock Exchange with Stock Code: 1087) with effect from 31 January 2023. Mr. Hon has been appointed as the chief financial officer and the company secretary of China Gas Industry Investment Holdings Co. Ltd. (a company listed on the Main Board of the Stock Exchange with Stock Code: 1940) since August 2022 and October 2022.

Ms. Lee Kwun Ling, May Jean (“**Ms. Lee**”) aged 62, is an Independent non-executive Director, a member of the Audit Committee, Remuneration Committee and the Nomination Committee of the Company. Ms. Lee obtained a degree of Master of Business Administration (Executive) at the City University of Hong Kong in October 2014. Ms. Lee also obtained her Doctor of Business Administration from the City University of Hong Kong in November 2018. From December 2006 to October 2012, Ms. Lee worked for King Fook Holdings Limited and her last position was director of sales and brand development, Greater China. From October 2012 to January 2015, Ms. Lee worked for Boucheron Hong Kong Limited as a retail director. Ms. Lee was a director of Yan Oi Tong, a registered non-profit charitable organisation, from 2010 to 2014 and from 2017 to the present. Ms. Lee has been an independent non-executive director of China Brilliant Global Limited (“**China Brilliant**”) (a company listed on GEM with Stock Code: 8026) since February 2018. Ms. Lee resigned as an independent non-executive director, the chairman of the nomination committee and a member of each of the audit committee and the remuneration committee of China Brilliant with effect from 1 October 2023.

Mr. Tang Shu Pui Simon (“**Mr. Tang**”), aged 58, an Independent non-executive Director, a member of the Audit Committee, Remuneration Committee and the Nomination Committee of the Company. Mr. Tang is a practising solicitor and an accredited mediator with the Hong Kong International Arbitration Centre. He is a partner of P. C. Woo & Co., a firm of solicitors with over 70 years of service in Hong Kong. Mr. Tang is a panel member of the Insurance Appeals Tribunal, legal advisor of the General Agents and Managers Association of Hong Kong, vice president of the Hong Kong Institute of Patent Attorneys Limited, senior legal adviser to Hong Kong Brands Protection Alliance Limited, founding

member, board member and honorary legal counsel of Hong Kong-ASEAN Economic Cooperation Foundation, member of the Standing Committee on Standards and Development of the Law Society of Hong Kong, legal advisor to Kitchee (Sports Management) Limited, a co-opted member of the Executive Board of Hong Kong Air Cadet Corps, fellow member of the Hong Kong Institute of Directors, board member of Monte Jade Science and Technology Association of Hong Kong and member of Disciplinary Panel A of the Hong Kong Institute of Certified Public Accountants.

Mr. Tang has been appointed as an independent non-executive director of Virtual Mind Holding Company Limited (formerly known as Runway Global Holdings Company Limited and CEFC Hong Kong Financial Investment Company Limited, a company listed on the Main Board of the Stock Exchange with Stock Code: 1520) (“**Virtual Mind**”) since August 2016. Mr. Tang has been appointed as a member of each of the audit committee, the nomination committee, and the corporate governance committee of Virtual Mind since November 2016. Mr. Tang was a member of the remuneration committee of Virtual Mind from November 2016 to January 2021, and he has been appointed as the chairman of the remuneration committee of Virtual Mind since January 2021.

#### **Audit Committee**

The Audit Committee of the Board comprises three members, all being independent non-executive Directors. The chairperson of the committee is Mr. Hon and the other members are Ms. Lee and Mr. Tang. The primary duties of the Audit Committee are, among other matters, to review the Company’s financial information and to monitor the Company’s financial reporting system, risk management and internal control systems. The Audit Committee is also tasked with making recommendations to the Board in relation to the appointment, re-appointment and removal of external auditors, effectiveness of the internal audit functions, audit plans and relationship with external auditors and reviewing the Group’s financial and accounting policies and practices.

#### **Senior Management**

##### ***Company secretary***

Mr. Yu Kwan Nam Gabriel (“**Mr. Yu**”), graduated with a Bachelor of Business Administration in Accountancy from City University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yu worked in one of the major international accounting firms in Hong Kong and has over 10 years of working experience in professional accounting, financial reporting and various corporate finance projects such as initial public offerings.

**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. EXPENSES**

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$1.75 million, which are payable by the Company.

**14. DOCUMENTS ON DISPLAY**

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

- (i) the letter from the Board, the text of which is set out on pages 11 to 36 of this circular;
- (ii) the letter from the Independent Board Committee, the text of which is set out on pages 37 to 38 of this circular;
- (iii) the letter from the Independent Financial Adviser, the text of which is set out on pages 39 to 78 of this circular;
- (iv) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;
- (v) the material contract(s) referred to in the paragraph headed "9. Material contracts" in this appendix; and
- (vi) the written consents from the Experts as referred to in the paragraph headed "10. Experts and consents" in this appendix.

**15. MISCELLANEOUS**

- (i) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (iii) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in the event of inconsistency.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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# FINSOFT FINANCIAL INVESTMENT HOLDINGS LIMITED 匯財金融投資控股有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8018)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of Finsoft Financial Investment Holdings Limited (the “**Company**”) will be held at Unit 708, 7th Floor, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong at 11:00 a.m. on Tuesday, 16 January 2024 for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

### ORDINARY RESOLUTIONS

1. “**THAT**

- (1) the authorised share capital of the Company be increased from HK\$10,000,000 divided into 200,000,000 shares with a par value of HK\$0.05 each to HK\$100,000,000 divided into 2,000,000,000 shares with a par value of HK\$0.05 each (the “**Increase in Authorised Share Capital**”); and
- (2) any one or more Directors be and is/are hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in and for completion of the Increase in Authorised Share Capital.”

2. “**THAT** conditional upon the passing of resolution number 1 as set out above, and subject to the satisfaction of the conditions set out in the letter from the Board under the heading “Conditions of the Rights Issue” in the circular of the Company dated 28 December 2023 (“**Circular**”):

- (a) the issue by way of rights of not more than 378,174,702 Rights Shares at the Subscription Price of HK\$0.074 per Rights Share on the basis of three Rights Shares for every one Share held by the Qualifying Shareholders as at the close of business on the Record Date, other than those Non-Qualifying Shareholders, and substantially on the terms and conditions set out in the Circular (a copy of which marked “A” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification) and such other terms and conditions as may be determined by the Directors, be and is hereby approved;

\* For identification purposes only

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (b) the placing agreement (the “**Placing Agreement**”) dated 5 December 2023 and entered into among the Company and Minerva Holding Financial Services Limited (a copy of which marked “B” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Qualifying Shareholders and/or the Rights Shares which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company at the placing price of not less than the Subscription Price on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) any one or more Directors be and is/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 Non-Qualifying 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
- (d) any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.”

Terms used in this Notice of EGM shall have the same meaning as those defined in the circular of the Company dated 28 December 2023.

By order of the Board  
**Finsoft Financial Investment Holdings Limited**  
**Ms. Tin Yat Yu Carol**  
*Chairman*

Hong Kong, 28 December 2023

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Registered Office:*

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

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

Unit 708, 7th Floor  
Capital Centre  
151 Gloucester Road  
Wanchai Hong Kong

*Notes:*

1. Any shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint one proxy, or if he/ she/it is the holder of two or more Shares, more than one proxy to attend and vote in his/her/its stead. A proxy need not be a shareholder of the Company.
2. A form of proxy of the Meeting is enclosed. The form of proxy shall be signed by the shareholder of the Company or his/her/its attorney duly authorised in writing or, in the case of a corporation, the form of proxy must be made under seal or under the hand of an officer or attorney duly authorised on its behalf.
3. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event by 11:00 a.m. on Sunday, 14 January 2024 or not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any Share, any one of such persons may vote at the above Meeting (or any adjournment thereof), either personally or by proxy, in respect of such Share as if he/she/it were solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
6. In order to determine the entitlement of the shareholders of the Company to attend and vote at the Meeting, the register of members of the Company will be closed from Wednesday, 10 January 2024 to Tuesday, 16 January 2024 (both days inclusive), during which period no transfer of Shares can be registered. To qualify for the attendance and voting at the Meeting, shareholders of the Company must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Tuesday, 9 January 2024.
7. References to time and dates in this notice are to Hong Kong time and dates.
8. As at the date of this notice, the Board consists of five executive Directors, namely Ms. Tin Yat Yu Carol (Chairman), Mr. Chan Wai Lung (Vice-Chairman), Ms. Liu Mung Ting (Chief Executive Officer), Ms. Lam Ching Yee and Ms. Lin Ting, and three independent non-executive Directors, namely Mr. Hon Ming Sang, Ms. Lee Kwun Ling, May Jean and Mr. Tang Shu Pui Simon.
9. If typhoon signal number 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Government of Hong Kong is/are in effect/hoisted any time after 8:00 a.m. on the date of the AGM, the meeting will be postponed. The Company will post an announcement on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at <https://www.finsfthk.com> to notify Shareholders of the date, time and place of the rescheduled meeting.