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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 advisers.

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

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

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# COOL LINK (HOLDINGS) LIMITED

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

**(Stock code: 8491)**

## **(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE SHARE HELD ON THE RECORD DATE; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



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

A letter from the Board is set out on pages 6 to 24 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 25 of this circular. A letter from Gram Capital containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 43 of this circular.

It should be noted that the Shares will be dealt in on an ex-right basis from Wednesday, 21 February 2024. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 6 March 2024 to Wednesday, 13 March 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable) and dealings in the nil-paid Rights Shares are accordingly subject to the risk that the Rights Issue may not become unconditional 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 Monday, 19 February 2024 at 21/F, Grand Millennium Plaza, 181 Queen's Road Central, Central, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to the Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road North Point Hong Kong as soon as possible and in any event so that it is received at least 48 hours before the time appointed for the EGM or adjourned meeting (as the case may be). Submission of a proxy form shall not preclude you from attending the EGM (or any adjournment of such meeting) and voting in person should you so wish.

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of certain conditions. There is no minimum amount to be raised under the Rights Issue. Please refer to the section headed "Letter from the Board – Conditions of the Rights Issue" in this circular. In the event that the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed to independent places on a best effort basis under the Placing. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares up to the date when all the conditions to which the Rights Issue is subject are fulfilled.**

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

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## EXPECTED TIMETABLE

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

<b>Event</b>	<b>2024</b>
Latest time for lodging transfers of Existing Shares in order to qualify for attendance and voting at the EGM . . . . .	4:30 p.m., Thursday, 8 February
Register of members closes (both dates inclusive) . . . . .	Friday, 9 February to Monday, 19 February
Latest time for lodging proxy forms for the EGM . . . . .	11:00 a.m., Thursday, 15 February
Record date for determining attendance and voting at the EGM . . . . .	Monday, 19 February
Expected date and time of the EGM . . . . .	11:00 a.m., Monday, 19 February
Announcement of the poll result of the EGM . . . . .	Monday, 19 February
Register of members re-opens . . . . .	Tuesday, 20 February
Last day of dealings in Shares on a cum-rights basis . . . . .	Tuesday, 20 February
First day of dealings in Shares on an ex-right basis . . . . .	Wednesday, 21 February
Latest time to the shareholders to lodge transfer of Shares in order to qualify for the Right Issue . . . . .	4:30 p.m., Thursday, 22 February
Closure of register of members of the Company for the Rights Issue (both dates inclusive) . . . . .	Friday, 23 February to Thursday, 29 February
Record Date for determining entitlements under the Rights Issue . . . . .	Thursday, 29 February
Register of members reopens . . . . .	Friday, 1 March
Prospectus Documents to be posted . . . . .	Monday, 4 March
First day of dealing in nil-paid Rights Shares . . . . .	Wednesday, 6 March
Latest time for splitting nil-paid Rights Shares . . . . .	4:30 p.m., Friday, 8 March
Last day of dealing in nil-paid Rights Shares . . . . .	Wednesday, 13 March
Latest time for acceptance of and payment for the Rights Shares . . . . .	4:00 p.m., Monday, 18 March

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## EXPECTED TIMETABLE

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Announcement of the number of Unsubscribed Rights Shares and  
the NQS Unsold Rights Shares subject to  
the Compensatory Arrangements . . . . . Monday, 25 March

Commencement of placing of Unsubscribed Rights Shares and  
the NQS Unsold Rights Shares by the Placing Agent . . . . . Tuesday, 26 March

Latest time of placing of the Unsubscribed Rights Shares and  
the NQS Unsold Rights Shares by the Placing Agent . . . . . 6:00 p.m. on Thursday,  
28 March

Latest time for the Rights Issue and placing of  
the Unsubscribed Rights Shares and NQS Unsold Rights  
Shares to become unconditional . . . . . 4:00 p.m. on Tuesday, 2 April

Announcement of results of the Rights Issue  
(including results of the placing of the Unsubscribed  
Rights Shares and the NQS Unsold Rights Shares and  
the amount of the Net Gain per Unsubscribed Rights  
Share and per NQS Unsold Rights Share under  
the Compensatory Arrangements) . . . . . Wednesday, 10 April

Refund cheques, if any, to be despatched  
(if the Rights Issue does not proceed) . . . . . Thursday, 11 April

Certificates for fully-paid Rights Shares to be despatched . . . . . Thursday, 11 April

Expected commencement of dealings in  
fully-paid Rights Shares . . . . . 9:00 a.m. on Friday, 12 April

*Notes:*

- (1) Shareholders should note that the dates and deadlines specified in the above timetable, and in other parts of this circular are indicative only and subject to change. Further announcement(s) will be made if there is any change to the expected timetable.
- (2) All references to times and dates are references to Hong Kong times and dates.

*All times and dates in this circular refer to Hong Kong local times and dates. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate.*

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## EXPECTED TIMETABLE

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

The Latest Time for Acceptance of and payment for the Rights Shares will not take place at 4:00 p.m. on Monday, 18 March 2024 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning or “extreme conditions” is:

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

If the Latest Time for Acceptance does not take place on the date of the Latest Time for Acceptance, the dates mentioned in the section headed “Expected Timetable” in this circular may be affected. An announcement will be made by the Company in such event as soon as possible.

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## DEFINITIONS

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

“associate(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or a Sunday or public holiday or a day on which “extreme conditions” is announced by the Government of Hong Kong or a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon) on which banks are generally open for business in Hong Kong; and for all other purposes, a day on which the Stock Exchange is open for transaction of business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Cool Link (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.31(b) of the GEM Listing Rules
“connected person(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Rights Issue
“Existing Share(s)”	ordinary share(s) of HK\$0.2 each in the share capital of the Company

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## DEFINITIONS

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“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the GEM Listing Rules to advise the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue 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 Parties”	third parties independent of and not connected with the Company and its connected person
“Last Trading Day”	20 November 2023, the last day on which the Existing Shares were traded on the Stock Exchange immediately preceding the announcement of the Rights Issue
“Latest Practicable Date”	22 January 2024, being the latest practicable date prior to printing of this circular for ascertaining certain information referred to in this circular
“Latest Time for Acceptance”	4:00 p.m. on Monday, 18 March 2024, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Net Gain”	The premium paid by the Placees over the Subscription Price for the Placing Shares placed by the Placing agent

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## DEFINITIONS

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“Nil-Paid Rights”	Rights to subscribe for Rights Shares before the Subscription Price is paid
“No Action Shareholders”	Qualifying Shareholders or their renouces who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or such persons who are the holders of Nil-Paid Rights when such Nil-Paid Rights lapse
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s), to whom the Directors, based on legal opinion(s) provided by the legal adviser(s) to the Company, consider it necessary or expedient not to offer the Rights Issue 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
“Overseas Shareholders”	Shareholders whose address on the register of members of the Company are outside Hong Kong
“PAL(s)” or “Provisional Allotment Letter(s)”	the provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders
“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares pursuant to the Placing Agreement
“Placing Agent”	Yuen Meta (International) Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 20 November 2023 entered into between the Company and the Placing Agent in relation to the placing arrangement of the Rights Issue
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong

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## DEFINITIONS

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“Prospectus”	the prospectus to be despatched to the Shareholders on the Prospectus Posting Date in connection with the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Monday, 4 March 2024 (or such later date as may be determined by the Company) for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company at 4: 00 p.m. on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Thursday, 29 February 2024 or such other date as may be determined by the Company for determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar of the Company in Hong Kong, being Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong
“Rights Issue”	the proposed issue of three (3) Rights Shares for every one (1) Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Placing Agreement and the Prospectus Documents
“Rights Share(s)”	up to 298,956,000 Shares proposed to be offered to the Qualifying Shareholders pursuant to the Rights Issue
“S\$”	Singapore dollars, the lawful currency of Singapore
“SFO”	Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	the Existing Share(s) and/or the Share(s) (as the case may be)
“Share Option Scheme”	the share option scheme of the Company adopted on 30 August 2017
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme which give holders thereof the rights to subscribe for Shares at the exercise price determined in accordance with the rules of the Share Option Scheme

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the Share(s)
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.335 per Rights Share
“Substantial Shareholder(s)”	has the meaning described to it under the GEM Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Unsubscribed Rights Shares”	means those (if any) of the Rights Shares in respect of which valid application under the PALs (accompanied by remittances for the relevant amounts payable on acceptance or application) have not been received on or before the Latest Time for Acceptance
“%”	per cent

*For the purpose of this circular, the exchange rate between S\$ and HK\$ is S\$1 = HK\$5.8.*

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**LETTER FROM THE BOARD**

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**COOL LINK (HOLDINGS) LIMITED**

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

**(Stock code: 8491)**

*Executive Directors:*

Mr. Tan Seow Gee

Mr. Gay Teo Siong

*Non-executive Directors:*

Mr. Tang Tsz Kin

*Independent non-executive Directors:*

Ms. Chan Oi Chong

Ms. Luk Huen Ling Claire

*Registered office:*

Cricket Square, Hutchins Drive

P.O. Box 2681 Grand Cayman

KY1-1111

Cayman Islands

*Principal place of business in Hong Kong:*

Room 401, 4/F,

Lucky Centre,

165-171 Wanchai Road,

Hong Kong

25 January 2024

*To the Qualifying Shareholders and, for information only,  
the Non-Qualifying Shareholders (if any)*

Dear Sir or Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS  
SHARES FOR EVERY ONE SHARE HELD ON THE RECORD DATE  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

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

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## LETTER FROM THE BOARD

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### PROPOSED RIGHTS ISSUE

Details of the proposed Rights Issue are summarised below:

#### Rights Issue Statistics

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

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\$0.335 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	99,652,000 Shares
Number of Rights Shares	:	Up to 298,956,000 Rights Shares (assuming no new Shares are issued or repurchased on or before the Record Date)
Amount to be raised by the Rights Issue before expenses	:	Up to approximately HK\$100.2 million

The 1,580,000 Share Options which were exercisable during the period from 27 June 2022 to 26 December 2023 (both dates inclusive) entitling the holders thereof to subscribe for a total of 1,580,000 Shares at the prevailing exercise price had not been exercised. As at the Latest Practicable Date, the Company does not have any outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the Shares.

Assuming that there is no change in the issued share capital of the Company from the date of this circular up to the Record Date, the 298,956,000 Rights Shares to be allotted and issued pursuant to the Rights Issue represent (i) 300% of the existing issued share capital of the Company as at the date of this circular; and (ii) approximately 75.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

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## LETTER FROM THE BOARD

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The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the date of this circular, 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.

### **Non-underwritten basis**

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, a Qualifying Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Qualifying Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Qualifying 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 Qualifying Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

### **Undertaking**

As at the date of this circular, the Company has not received any indication from any Substantial Shareholder of the Company whether or not they intend to take up their entitlement under the Rights Issue.

Any Shareholder, together with parties acting in concert with it (if any), who as a result of the Rights Issue collectively hold 30% or more of the voting rights in the Company will, subject to any waiver which may be granted by the Securities and Futures Commission, be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already held by it.

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## LETTER FROM THE BOARD

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### The Subscription Price

The Subscription Price of HK\$0.335 per Rights Share, is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 28.7% to the closing price of HK\$0.47 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 28.7% to the average closing price of approximately HK\$0.47 per Existing Share for the last five (5) consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 31.4% to the average closing price of approximately HK\$0.485 per Existing Share for the last ten (10) consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 8.2% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (v) 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;
- (vi) a discount of approximately 56.5% to the net asset value per Share of approximately HK\$0.77 (based on the latest audited consolidated net asset value of the Group of approximately HK\$76,664,000 (equivalent to approximately S\$13,218,000) as at 31 December 2022 as disclosed in the annual report of the Company for the financial year ended 31 December 2022 and 99,652,000 Shares); and
- (vii) 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 (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.47 per Existing Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.475 per Existing Share).

The Subscription Price was determined with reference to, among other things, the market price and trading liquidities of the Shares under the prevailing market conditions. In addition, in determining the Subscription Price, the overall downward trend of the Existing Shares during the six months prior to the date of the Announcement was considered. The Company also selected certain market comparables of (i) loss making companies for their latest published annual/interim results right before the rights issue announcement, (ii) rights issues completed within one year prior to the date of the Placing Agreement and (iii) companies listed on the Stock Exchange for reference. The selected comparables are having (i) discount on the subscription price to the net

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## LETTER FROM THE BOARD

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assets value per share ranging from 56.0% to 93.7% and (ii) theoretical dilution effect ranging from 22.8% to 23.8%. The Company make reference to their level of discount on the subscription price under their share issuances. The reasons for the Rights issue is discussed in the section headed “REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS” in this circular.

The Directors consider that the discount of the Subscription Price would be necessary to enhance the attractiveness of, and to encourage Shareholders to participate in, the Rights Issue, in particular in view of the sustained low trading volume and low market price of the Shares in recent years, and accordingly to maintain their shareholdings in the Company and to participate in the growth and development of the Group going forward. Despite the dilutive impact of the Rights Issue on those Shareholders who do not take up their entitlements to the Rights Shares, the Directors consider that the significant discount of the Subscription Price provides all Shareholders with the opportunity to maintain their shareholding in the Company at a lower cost through this fund raising, and that this approach balances the interests of both the Company and the Shareholders in the exercise. Taking into account the reasons for the Rights Issue as stated in the section headed “REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS” below, the Directors believe that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considers that the discount of the Subscription Price would encourage the Qualifying Shareholders to participate in the future growth of the Group. The Board (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from Gram Capital) considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The estimated net price per Rights Share after deducting the related expenses of the Rights Issue will be not less than approximately HK\$0.318 and not more than approximately HK\$0.323.

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

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

- (i) the passing by the Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve 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);
- (ii) the GEM Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);

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## LETTER FROM THE BOARD

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- (iii) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PALs (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the GEM Listing Rules by no later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purpose only by the Prospectus Posting Date; and
- (v) the Placing Agreement not being terminated.

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

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

### **Basis of provisional allotment**

The basis of the provisional allotment shall be three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date. Acceptance of all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

### **Qualifying Shareholders**

The Rights Issue will only be available to the Qualifying Shareholders. Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Prospectus Posting Date.

To qualify for the Rights Issue, a Shareholder must (i) be registered as a member of the Company on the Record Date and (ii) not be a Non-Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies or held in CCASS 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 or held in CCASS are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status and action to be taken.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (together with the relevant share certificates) with the Registrar at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 22 February 2024.

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## LETTER FROM THE BOARD

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The last day for dealing in the Shares on a cum-rights basis is Tuesday, 20 February 2024. The Shares will be dealt with on an ex-rights basis from Wednesday, 21 February 2024.

The latest time for acceptance of and payment for the Rights Shares is expected to be at 4:00 p.m. on Monday, 18 March 2024.

**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.**

### **Non-Qualifying Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with Rule 17.41(1) of the GEM Listing Rules, the Company has made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. The Company notes the requirements specified in section 140 of the Companies Ordinance and Rule 17.41(1) of the GEM Listing Rules and will only exclude the Overseas Shareholders from the Rights Issue whom the Directors, after making enquiries, consider it necessary or expedient to exclude on account of either the legal restrictions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions. The basis of exclusion of the Non-Qualifying Shareholders from the Rights Issue, if any, will be disclosed in the Prospectus. The Company will not offer the Rights Shares to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be sent to the Non-Qualifying Shareholders. The Company will, subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) where the Non-Qualifying Shareholders are located and to the extent reasonably practicable, send copies of the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send any PAL to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before dealings in the nil-paid Rights Shares end, if a premium in excess of all expenses of sale can be obtained. The aggregate net proceeds of such sale will be distributed by the Company to the Non-Qualifying Shareholders (pro-rata to their respective entitlements on the Record Date and round down to the nearest cent) in Hong Kong dollars, provided that if any of such Non-Qualifying Shareholders would be entitled to a sum not less than HK\$100. In view of administrative costs, the Company will retain individual amount of less than HK\$100 for its own benefit.

Any NQS Unsold Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Compensatory Arrangements together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the nil-paid

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## LETTER FROM THE BOARD

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Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

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

### The Overseas Shareholders

The Company has obtained preliminary advice from legal advisers of the PRC and Singapore. Having considered the circumstances, the Directors are of the view that it is necessary or expedient not to offer the Rights Shares (in their nil-paid and fully paid forms) to Overseas Shareholders with registered addresses in Singapore due to the time and costs involved in the registration or filing of the Prospectus Documents and/or approval required by the relevant authorities in Singapore as and/or additional steps the Company need to take to comply with the relevant legal or regulatory requirements in the Singapore. The Company will send the Prospectus but not with any PAL to the Shareholder(s) with registered in Singapore for their information only. The Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Rights Shares are not being offered or made available to any Shareholder(s) with registered address in Singapore and nothing in the Prospectus is directed to or is intended for such Shareholder(s) with registered address in Singapore. Meanwhile, the Directors are of the view that the relevant overseas legal restrictions and requirements of the relevant regulatory body or the Stock Exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses in the PRC from the Rights Issue. Accordingly, the Rights Issue will be offered to the Overseas Shareholders in the PRC.

If a Shareholder resides in the PRC and/or any other PRC resident wishes to invest in the nil-paid Rights Shares or the fully-paid Rights Shares, he/she/it shall be responsible for complying with the relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should the Company suffer any losses or damages due to noncompliance with the relevant laws of the PRC by any such Shareholder and/or the PRC resident, the Shareholder and/or the PRC resident shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the nil-paid Rights Shares or the fully-paid Rights Shares to any such Shareholder and/or PRC resident, if issuing the nil-paid Rights or the fully-paid Rights Shares to them does not comply with the relevant laws of the PRC.

Based on the register of members of the Company as at the Latest Practicable Date, there were 3 Shareholders with registered addresses situated in the PRC and Singapore, details of which are as follows:

Country	Number of Shareholder(s)	Total Shareholdings	% of Issued Shares
The PRC	2	2,202,250	2.21
Singapore	<u>1</u>	<u>3,627,000</u>	<u>3.64</u>
<b>Total</b>	<u><u>3</u></u>	<u><u>5,829,250</u></u>	<u><u>5.85</u></u>

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## LETTER FROM THE BOARD

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### **Status of the Rights Shares**

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

### **Fractional entitlements to the Rights Shares**

On the basis of 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.

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

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

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance of the Rights Shares to be allotted and issued under the Rights Issue to independent Placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m., on Thursday, 28 March 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the 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 (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders and the Non-Qualifying Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);

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## LETTER FROM THE BOARD

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- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above of HK\$100 or more 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. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Non-Qualifying Shareholders may or may not receive any Net Gain.

### The Placing Agreement

On 20 November 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Details of the Compensatory Arrangement are as follows:

Date	:	20 November 2023 (after trading hours)
Parties	:	(i) the Company, as issuer; and (ii) the Placing Agent
Placing Agent	:	Yuen Meta (International) Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the SFO and its ordinary course of business includes securities brokerage and underwriting and placement of securities. As at the date hereof, it is independent of and not connected with the Company or its connected persons.
Number of placing Shares	:	Up to 298,956,000 Rights Shares (assuming no new Shares are issued or repurchased on or before the Record Date)
Fees and expenses	:	1.5% of the amount which is equal to the placing price multiplied by the Unsubscribed Rights Shares and NQS Unsold Rights Shares, that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.
Placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Shares (as the case may be)	:	The placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) shall be not less than the Subscription Price.  The final price determination will depend on the demand and market conditions of the Unsubscribed Rights Shares and 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 placees, who (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates; and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue, in order to ensure that the public float requirements under Rule 11.23(7) of the GEM Listing Rules be fulfilled by the Company and none of the placees shall be obliged to make a mandatory general offer to the other Shareholders under the Takeovers Code.

Ranking of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares : The 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.

Termination : The Compensatory Arrangements shall end on Tuesday, 2 April 2024 or any other date by mutual written agreement between the Placing Agent and the Company.

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

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

- (i) the passing by the Shareholders or Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares);

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## LETTER FROM THE BOARD

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- (ii) the GEM Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares, including the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares;
- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof. The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the Conditions (other than those set out in paragraph (ii) above) by notice in writing to the Company.

Completion : Placing completion shall take place at the offices of the Placing Agent within five Business Days after publication of an announcement of results of the Rights Issue or waiver (as the case may be) of the Conditions or such other date as the Company and the Placing Agent may agree in writing.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its associates do not hold any Shares as at the date of this circular. The Placing Agent and its ultimate beneficial owners are independent third parties and not connected with the Company or its connected persons as defined under the GEM Listing Rules.

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

### **Application for listing of the Rights Shares**

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

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## LETTER FROM THE BOARD

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### **Eligibility for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange as well as compliance with the stock admission requirement of HKSCC, the Rights Shares in both their nil-paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second 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 stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 5,000 Shares per each board lot.

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

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

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

### **Taxation**

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

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## LETTER FROM THE BOARD

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### Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for and paid for the Rights Shares on or before Thursday, 11 April 2024 by ordinary post at their own risk. If the Rights Issue is terminated or for unsuccessful application for Rights Issue, refund cheques in respect of the acceptance for Rights Shares are expected to be posted on or before Thursday, 11 April 2024 by ordinary post to the applicants at their own risk.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 23 February 2024 to Thursday, 29 February 2024, both dates inclusive, to determine entitlements of the Qualifying Shareholders to participate in the Rights Issue. No transfer of Shares will be registered during this period.

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

The Company is an investment holding company and the Group is principally engaged in food and healthcare supplies business in Singapore and Hong Kong with a minority equity investment in Web3 development.

The estimated gross proceeds from the Rights Issue will be up to approximately HK\$100.2 million (assuming no new Shares are issued or repurchased on or before the Record Date). The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be up to approximately HK\$97.9 million. It has been the intention of the Group to achieve growth of its principal businesses and enhance shareholders' value through (i) maintaining production quality and safety; and (ii) widening product offerings and extending customer base. Product safety and product quality is one of the major concerns and focus of the Group. Therefore, part of the proceeds will be used for purchasing of property, plant and machinery in order to maintain our standard of production. Also, part of proceeds will be spent on promotion and marketing expenses, allowing the Group to attract attention from potential customers and hence extending the customer base. The Company intends to apply the net proceeds from the Proposed Rights Issue (after deducting related expenses) to support the expansion of the Group, supplement its operation needs and improve the financial condition of the Group in the following manner:

- i) approximately HK\$38.9 million will be used for general working capital for the Group's operation; of which approximately 50% shall be applied to staff costs (including salaries, bonus and allowances) covering approximately 12 months, approximately 15% on rental, approximately 10% on professional fee covering approximately 16 months and approximately 25% on general administrative and operating expenses covering approximately 12 months (including utilities, insurance, government registration and filing fees, listing fee and repair and maintenance, etc);
- ii) approximately HK\$18 million will be used for the full repayment of the interest bearing promissory notes issued by the Company in connection with an acquisition of a company (the "**Target Company**") The latest project of the Target Company is

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## LETTER FROM THE BOARD

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called “Capverse”, a Web3 “play to earn” game using the blockchain technology. Capverse launched its initial coin offering on LBank & Toobit (Global Cryptocurrency Trading Platform) in December 2023 (for further details, please refer to the announcements of the Company dated 14 March 2023 and 27 May 2023). The holder of the promissory notes is Precious Choice Global Limited, being the vendor of the Target Company. To the best of their knowledge, information and belief of the Directors having made all reasonable enquiry, the holder of the promissory notes and its ultimate beneficial owner(s) are Independent Third Parties. The relevant promissory notes in the aggregate principal amount of HK\$17.8 million have an interest rate of 8% per annum with an original maturity date of October 2024;

- iii) approximately HK\$30 million will be used for the potential merger and acquisition of companies engaged in the food and healthcare supplies and related services business. As at the date of this circular, the Company has not identified any target for the mergers and acquisitions. The Company will identify one to three potential target companies with business valuation ranging from HK\$20 million to HK\$100 million starting from April 2024 through different means and channels, mainly focusing on mainland China and Hong Kong market. Once a potential target is identified and communication channel has been set up, a preliminary due diligence will be conducted. The Company will review and evaluate the results for the preliminary due diligence in order to decide for further action. The Company considers the identification and selection process may take nine to twelve months, and the acquisition can be completed with twelve months. The mergers and acquisitions is expected to be completed by 31 December 2025; and
- iv) approximately HK\$6 million will be used for acquisition and replacing of property, plant and equipment, approximately HK\$2 million will be used for upgrading the I.T. system and approximately HK\$3 million will be used for promotion and marketing expenses covering approximately 12 months.

The Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing and issue of new shares. Debt financing would not be preferable under current market conditions, as it will result in an additional interest burden, increase the gearing ratio of the Group and subject the Group to increased repayment obligations. Interest rates are at a ten years’ high and still on a rising trend.

The Board considers that equity financing methods such as placing or subscription of new shares is not a better alternative. A placing of new Shares would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. An open offer would be similar to a rights issue in offering qualifying shareholders to participate, but would not allow free trading of rights entitlements in the open market. The Company has conducted placing of new Shares under general mandate on 25 July 2023 and such placing was completed on 14 August 2023. The Company has utilised almost the entire general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 29 June 2023 to allot and issue new Shares.

## LETTER FROM THE BOARD

The Board considers that the Rights Issue would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

In view of the above, the Board considered that raising funds by way of the Rights Issue is beneficial to the Company and its Shareholders as a whole.

### SHAREHOLDING STRUCTURE OF THE COMPANY

The tables below sets out some possible changes in the shareholding structure of the Company arising from the Rights Issue which are for illustrative purpose only.

As at the date of this circular, the Company has 99,652,000 Shares in issue. Set out below is the shareholding structures of the Company (i) as at the date of this circular, (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of the Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent; and (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent:

Shareholder	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent		Immediately upon the completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Share and NQS Unsold Rights Shares have been placed by the Placing Agent	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Shareholders:								
Mr. Tan Seow Gee (Note 2)	11,760,000	11.8	47,040,000	11.8	11,760,000	11.8	11,760,000	2.95
Mr. Gay Teo Siong (Note 3)	13,107,000	13.15	52,428,000	13.15	13,107,000	13.15	13,107,000	3.29
Yuen Meta (International) Securities Limited (Note 4)	5,795,000	5.82	23,180,000	5.82	5,795,000	5.82	5,795,000	1.45
Independent Placees	-	-	-	-	-	-	298,956,000	75.00
Other public Shareholders	68,990,000	69.33	275,960,000	69.23	68,990,000	69.23	68,990,000	17.31
<b>Total</b>	<b>99,652,000</b>	<b>100.00</b>	<b>398,608,000</b>	<b>100.00</b>	<b>99,652,000</b>	<b>100.00</b>	<b>398,608,000</b>	<b>100.00</b>

#### Notes:

- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

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## LETTER FROM THE BOARD

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2. Mr. Tan Seow Gee is the chairman and an executive Director.
3. Mr. Gay Teo Siong is an executive Director.
4. The 5,795,000 Shares are held by Yuen Meta (International) Securities Limited, which is the trustee of the share award plan of the Company adopted on 14 September 2021, details of which were set out in the announcements of the Company dated 14 September 2021 and 23 November 2021.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

### EQUITY FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS FROM THE DATE OF THE CIRCULAR

The Company had carried out the following equity fund-raising activities in the 12 months immediately preceding the date of this circular:

Date of initial announcement	Fund raising activity	Net proceeds raised Approximate (HK\$)	Intended use of proceeds	Actual use of proceeds as at the date of this circular
25 July 2023	Placing of new shares under general mandate	8.13 million	For general working capital for operation	Fully used as intended

As at the date of this circular, save for the Rights Issue, there is no agreement, arrangement, understanding, intention, negotiation (concluded or otherwise) for any fund raising activity for the Group in the coming 12 months; and the Company has no intention to carry out any other corporate actions or arrangements that may affect the trading in the Shares (including share consolidation, share subdivision and change in board lot size) in the coming 12 months.

### IMPLICATIONS UNDER THE GEM LISTING RULES

#### Rights Issue

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within a 12 months period immediately preceding the date of this circular, the Rights Issue is conditional upon the Independent Shareholders' approval at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the date of this circular, the Company has no controlling shareholder (as defined under the GEM Listing Rules) and Mr. Tan Seow Gee and Mr. Gay Teo Siong, the executive Directors, are beneficially interested in 11,760,000 and 13,107,000 Shares, respectively.

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## LETTER FROM THE BOARD

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Accordingly, Mr. Tan Seow Gee and Mr. Gay Teo Siong are required to abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing Agreement and the transaction contemplated thereunder at the EGM.

### **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendations to the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM. In this connection, Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

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

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this circular. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue 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.

Any dealings in the Shares from the date of this circular up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

Shareholders should note that the Shares are expected to be dealt in on an ex-right basis from Wednesday, 21 February 2024. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 6 March 2024 to Wednesday, 13 March 2024 (both dates inclusive).

Any Shareholder or other person contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the Shares and any dealings in the Rights Shares in their nil-paid form from Wednesday, 6 March 2024 to Wednesday, 13 March 2024 (both dates inclusive) will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

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## LETTER FROM THE BOARD

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### GENERAL – EGM

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, the Rights Issue. A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of Rights Issue; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched on or before Wednesday, 31 January 2024 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

The Prospectus Documents containing information on the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Monday, 4 March 2024. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) where the Non-Qualifying Shareholders are located and to the extent reasonably practicable, send copies of the Prospectus to the Non-Qualifying Shareholders (if any) for information purposes only but will not send any PAL to them.

### RECOMMENDATION

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

### CLOSURE OF BOOKS

For determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 9 February 2024 to Monday, 19 February 2024 (both dates inclusive) during which period no transfer of the Shares will be registered. In order to be qualified for the entitlement to attend and vote at the EGM, all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Share Registrar for registration no later than 4:30 p.m. on Thursday, 8 February 2024.

### ADDITIONAL INFORMATION

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

For and on behalf of  
**Cool Link (Holdings) Limited**  
**Mr. Tan Seow Gee**  
*Chairman and Executive Director*

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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.*

### **COOL LINK (HOLDINGS) LIMITED**

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

**(Stock code: 8491)**

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



25 January 2024

*To the Independent Shareholders*

Dear Sir or Madam,

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

We refer to the circular of the Company dated 25 January 2024 (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

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

Gram Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect.

Having taken into account the terms of the Rights Issue, and the advice from Gram Capital, we are of the opinion that the terms of the Rights Issue are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the 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  
**COOL LINK (HOLDINGS) LIMITED**

**Ms. Chan Oi Chong**

**Ms. Luk Huen Ling Claire**

*Independent non-executive Directors*

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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

25 January 2024

*To: The independent board committee and the independent shareholders  
of Cool Link (Holdings) Limited*

Dear Sir/Madam,

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE EXISTING SHARE**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 25 January 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, on 20 November 2023 (the “**Announcement Date**”), the Company proposes to raise up to approximately HK\$100.2 million, before expenses, by issuing up to 298,956,000 Rights Shares (assuming no new Shares are issued or repurchased on or before the Record Date) to the Qualifying Shareholders by way of the Rights Issue at the Subscription Price of HK\$0.335 per Rights Share on the basis of three Rights Shares for every one Share held on the Record Date.

With reference to the Board Letter, in accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within a 12 months period immediately preceding the date of the Circular, the Rights Issue is conditional upon the Independent Shareholders’ approval at the EGM.

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## LETTER FROM GRAM CAPITAL

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The Independent Board Committee comprising Ms. Chan Oi Chong and Ms. Luk Huen Ling Claire (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Rights Issue are on normal commercial terms and are fair and reasonable; (ii) whether the Rights Issue is in the interests of the Company and the Shareholders as a whole; and (iii) how to vote in relation to the Rights Issue at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, 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. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Rights Issue. 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.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the 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 therein or the Circular misleading. 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.

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## LETTER FROM GRAM CAPITAL

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We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Placing Agent or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Rights Issue. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Rights Issue, we have taken into consideration the following principal factors and reasons:

#### Information on the Group

With reference to in the Board Letter, the Company is an investment holding company and the Group is principally engaged in food and healthcare supplies business in Singapore and Hong Kong.

Set out below are the consolidated financial information of the Group as extracted from the Company's (i) annual report for the year ended 31 December 2022 (the "2022 Annual Report"); (ii) interim report for the six months ended 30 June 2023 (the "2023 Interim Report"); and (iii) third quarterly report for the nine months ended 30 September 2023 (the "2023 Q3 Report"):

	<b>For the nine months ended 30 September 2023</b>	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2021</b>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	23,188	34,694	32,761
Gross profit	6,934	9,753	6,909
Profit/(loss) for the period/ year attributable to owners of the Company	1,635	(8,701)	(1,201)

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## LETTER FROM GRAM CAPITAL

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	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>	<b>As at 31 December 2021</b>
	<i>S\$'000 (unaudited)</i>	<i>S\$'000 (audited)</i>	<i>S\$'000 (audited)</i>
Pledged bank deposits	1,500	1,500	1,500
Cash and cash equivalents	2,820	4,006	4,492
Net assets	14,290	13,218	19,623

As depicted from the table above, the Group's revenue increased by approximately 5.90% from approximately S\$32.8 million for the year ended 31 December 2021 ("FY2021") to approximately S\$34.7 million for the year ended 31 December 2022 ("FY2022"). With reference to the 2022 Annual Report, such increase was mainly driven by the introduction of more products and expansion in clientele. Despite the increase in the Group's revenue from FY2021 to FY2022, loss attributable to owners of the Company for FY2022 increased substantially by approximately 624.48% as compared to that for FY2021. With reference to the 2022 Annual Report, such increase was mainly attributable to (i) absence of one-off gain on sales of investment property; (ii) recognition of impairment losses on goodwill, intangible assets and interests in associates; and (iii) increase in selling and administrative expenses.

The Group's revenue was approximately S\$23.2 million for the nine months ended 30 September 2023 ("9M2023") and profit attributable to owners of the Company was approximately S\$1.6 million for 9M2023. With reference to the 2023 Q3 Report, such turnaround from loss-making to profit-making position was mainly due to increase in the Group's gross profit margin and decrease in selling and distribution costs, administrative and other operating expenses, for 9M2023 as compared to those for the corresponding period in 2022.

With reference to the 2022 Annual Report, the Group recorded net cash generated from operating activities for FY2022. Nevertheless, due to net cash used in investing activities and financing activities for FY2022, the Group's net decrease in cash and cash equivalents was approximately S\$0.5 million, together with effect of foreign exchange rate change, the Group's cash and cash equivalents decreased from approximately S\$4.5 million as at 31 December 2021 to approximately S\$4.0 million as at 31 December 2022.

With reference to the 2023 Interim Report, the Group recorded net cash generated from operating activities for the six months ended 30 June 2023 ("1H2023"). Nevertheless, due to net cash used in investing activities and financing activities for 1H2023, the Group's net decrease in cash and cash equivalents was approximately S\$1.1 million, together with effect of foreign exchange rate change, the Group's cash and cash equivalents decreased from approximately S\$4.0 million as at 31 December 2022 to approximately S\$2.8 million as at 30 June 2023.

With reference to the 2023 Q3 Report, the Group has been continuously exploring different opportunities to broaden its income stream and strengthen its market presence. Looking forward, the Group will continue to adopt diversified strategies with a view to grasping all valuable business opportunities for the Group to advance its business model and to growth in the coming years.

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## LETTER FROM GRAM CAPITAL

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### **Reasons for the Rights Issue and use of proceeds**

With reference to the Board Letter, it has been the intention of the Group to achieve growth of its principal businesses and enhance shareholders' value through (i) maintaining production quality and safety; and (ii) widening product offerings and extending customer base. The Company intends to apply the net proceeds from the Rights Issue (after deducting related expenses) to support the expansion of the Group, supplement its operation needs and improve the financial condition of the Group.

### *Financing alternatives*

With reference to the Board Letter and as confirmed by the Directors:

- The Board considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing and issue of new shares.
- Debt financing would not be preferable under current market conditions, as it will result in additional interest burden, increase gearing ratio of the Group (we noticed from the 2022 Annual Report and 2023 Interim Report that the Group's gearing ratio was approximately 70.4% as at 31 December 2021, approximately 82.2% as at 31 December 2022 and approximately 65.6% as at 30 June 2023) and the Group's repayment obligations, at a time when interest rates are at a ten years' high and still on a rising trend.
- The Board considered that equity financing methods such as placing or subscription of new shares are not better alternatives. Placing/subscription of new Shares would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. The Company conducted placing of new Shares under general mandate on 25 July 2023 and such placing was completed on 14 August 2023. The Company utilised almost the entire general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 29 June 2023 to allot and issue new Shares.
- The Board considered that the Rights Issue would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

Given the above, we concur with the Directors' view that the Rights Issue is an appropriate fund-raising method currently available to the Group.

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## LETTER FROM GRAM CAPITAL

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### *Use of proceeds*

With reference to the Board Letter, the estimated gross proceeds from the Rights Issue will be up to approximately HK\$100.2 million (assuming no new Shares are issued or repurchased on or before the Record Date). The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be up to approximately HK\$97.9 million (the “**Net Proceeds**”).

With reference to the Board Letter, the Company intends to apply the Net Proceeds in the following manner:

- (i) Approximately HK\$38.9 million will be used for the general working capital for operation; of which approximately 50% shall be applied to staff costs (including salary, bonus and allowances), approximately 15% on rental, approximately 10% on professional fee and approximately 25% on general administrative and operating expenses (including utilities, insurance, government registration and filing fees, listing fee and repair and maintenance, etc).
- (ii) Approximately HK\$18 million will be used for the repayment of promissory note which carries interest rate at 8% per annum and repayable on October 2024. The aforesaid promissory note was issued by the Company in November 2023 in connection with an acquisition of a target company as announced by the Company on 14 March 2023 and 17 May 2023.

With reference to the 2022 Annual Report, the Group’s bank borrowings effective interest rate was 1.65% per annum as at 31 December 2022. As advised by the Directors, the Group’s bank borrowings effective interest rate was 3.51% per annum as at 30 September 2023.

- (iii) Approximately HK\$30 million will be used for the potential merger and acquisition of companies engaged in the food and healthcare supplies and related services business. As at the Latest Practicable Date, the Company had not identified any target for the mergers and acquisitions. The Company will identify one to three potential target companies with business valuation ranging from HK\$20 million to HK\$100 million starting from April 2024 through different means and channels, mainly focus on mainland China and Hong Kong market. Once a potential target is identified and communication channel has been set up, a preliminary due diligence will be conducted. The Company will review and evaluate the results for the preliminary due diligence in order to decide for further action. The Company considers the identification and selection process may take nine to twelve months, and the acquisition can be completed with twelve months. The mergers and acquisitions are expected to be completed by 31 December 2025.
- (iv) Approximately HK\$6 million will be used for acquisition and replacing of property, plant and equipment, approximately HK\$2 million will be used for upgrading the I.T. system and approximately HK\$3 million will be used for promotion and marketing expenses covering approximately 12 months.

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## LETTER FROM GRAM CAPITAL

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Having considered (i) reasons for the Rights Issue as mentioned above; (ii) that the Rights Issue is an appropriate fund-raising method currently available to the Group; (iii) the intended use of proceeds as set out above could (a) support the Group's business operation; (b) reduce the Group's liabilities and interest burden; and (c) support the Group's expansion and development through mergers and acquisitions, we are of the view that although the Rights Issue is not conducted in the Group's ordinary and usual course of business, it is in the interest of the Company and the Shareholders as a whole.

### Principal terms of the Rights Issue

Set out below are the principal terms of the Rights Issue as extracted from the Board Letter:

Basis of the Rights Issue:	Three Rights Shares for every one Share held on the Record Date
Subscription Price:	HK\$0.335 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	99,652,000 Shares
Number of Rights Shares:	Up to 298,956,000 Rights Shares (assuming no new Shares are issued or repurchased on or before the Record Date)
Amount to be raised by the Rights Issue before expenses:	Up to approximately HK\$100.2 million

For further details of the Rights Issue, please refer to the sub-section headed "Rights Issue Statistics" under the section headed "PROPOSED RIGHTS ISSUE" of the Board Letter.

### *Analysis on the Subscription Price*

With reference to the Board Letter, the Subscription Price of HK\$0.335 per Rights Share represents:

- (i) a discount of approximately 8.22% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 28.72% to the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on the Last Trading Day (the "**LTD Discount**");
- (iii) a discount of approximately 28.72% to the average closing price of approximately HK\$0.47 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day (the "**5 Days Discount**");
- (iv) a discount of approximately 31.42% to the average closing price of approximately HK\$0.489 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 GRAM CAPITAL

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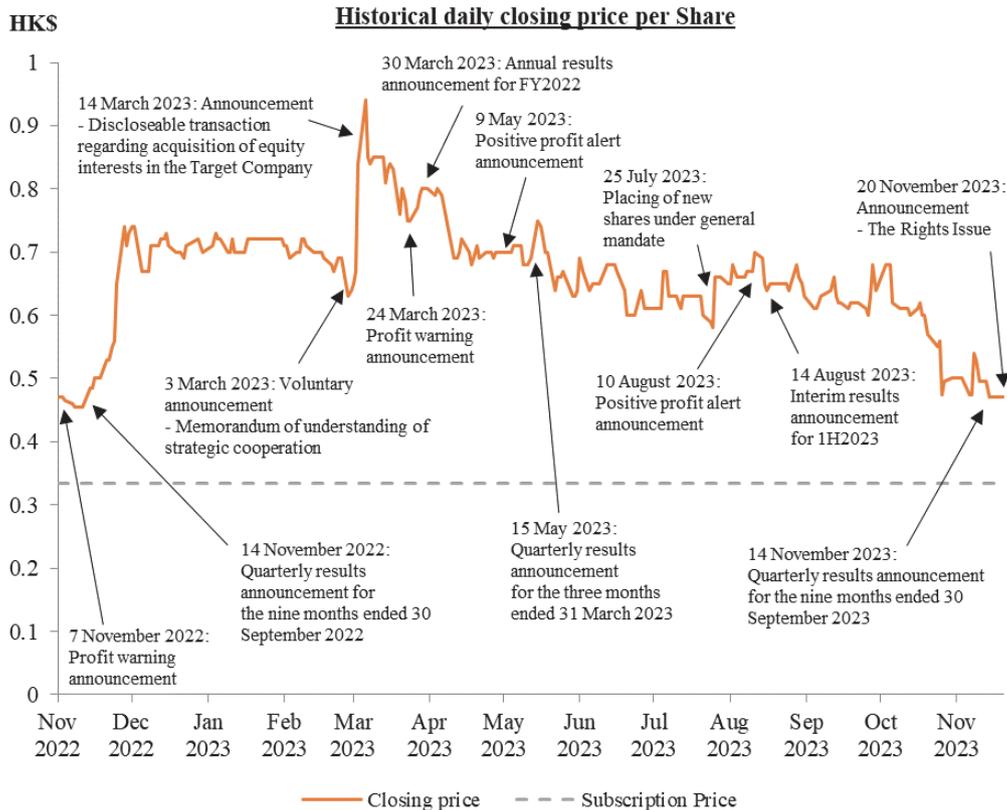
- (v) a discount of approximately 59.72% to the net asset value per Share of approximately HK\$0.83 (based on the latest unaudited consolidated net asset value of the Group of approximately S\$14,290,000 (equivalent to approximately HK\$82,882,000) as at 30 June 2023 as disclosed in 2023 Interim Report and 99,652,000 issued Shares as at the Latest Practicable Date) (the “**NAV Discount**”); and
- (vi) a discount of approximately 9.46% 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 (the “**TERP Discount**”).

With reference to the Board Letter, the Subscription Price was determined with reference to, among other things, the market price and trading liquidities of the Shares under the prevailing market conditions. In addition, in determining the Subscription Price, the overall downward trend of the Existing Shares during the six months prior to the Announcement Date was considered. The Company also selected certain market comparables with (i) loss making companies for their latest published annual/interim results right before the rights issue announcement; (ii) rights issues completed within one year prior to the date of the Placing Agreement; and (iii) companies listed on the Stock Exchange, and made reference to their level of discount in the subscription price under their rights issue transactions. Given that (i) the Group was loss-making for each of the six years ended 31 December 2022; and (ii) rights issue transactions completed within one year prior to the date of the Placing Agreement could reflect market practices of other Hong Kong listed companies, we do not doubt the Company’s selection criteria.

*a) Share price performance*

In order to assess the fairness and reasonableness of the Subscription Price, we reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 1 November 2022 up to and including the Last Trading Day (the “**Review Period**”), being a period of approximately one year up to and including the Last Trading Day. The comparison of daily closing prices of the Shares and the Subscription Price is illustrated as follows:

## LETTER FROM GRAM CAPITAL



Source: the Stock Exchange's website

During the Review Period, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.455 recorded from 8 November 2022 to 11 November 2022 and HK\$0.94 recorded on 6 March 2023 respectively.

During the Review Period, the closing price of the Shares increased from HK\$0.47 on 1 November 2022 to HK\$0.74 on 28 November 2022. Subsequently, the closing price of the Shares fluctuated between HK\$0.63 and HK\$0.74 up to 2 March 2023 and surged to HK\$0.94 on the 6 March 2023. Thereafter, the closing price of Shares formed a general downward trend until it reached HK\$0.47 on the Last Trading Day.

Save for the possible market reactions on the announcements as set out in the above chart made by the Company during the Review Period, we could not identify any specific reason for the aforesaid movements of the closing prices of the Shares during the Review Period.

The Subscription Price of HK\$0.335 is below the closing prices of Shares during the Review Period.

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## LETTER FROM GRAM CAPITAL

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b) *Liquidity*

Set out below are (i) the number of trading days; (ii) the percentage of the Shares' average daily trading volume (the "Average Volume") as compared to the total number of issued Shares held by the public as at the Latest Practicable Date; and (iii) the percentage of the Average Volume as compared to the total number of issued the Shares as at the Latest Practicable Date, during the Review Period:

Month	No. of trading days in each month	% of the Average Volume to total number of issued Shares as at the date of the Latest Practicable Date %	% of the Average Volume to total number of issued Shares held by the public as at the date of the Latest Practicable Date %
<b>2022</b>			
November	22	1.65	2.38
December	20	0.85	1.23
<b>2023</b>			
January	18	0.31	0.45
February	20	0.71	1.02
March	23	1.53	2.21
April	17	0.69	0.99
May	21	0.21	0.30
June	21	0.14	0.21
July	20	0.15	0.21
August	23	0.22	0.32
September	19	0.56	0.81
October	20	0.09	0.14
November (up to and including the Last Trading Day)	14	0.29	0.42

*Source: the Stock Exchange's website*

*Notes:*

1. *Based on 68,990,000 Shares held by the public as at the Latest Practicable Date as disclosed under the Board Letter.*
2. *Based on 99,652,000 Shares as at the Latest Practicable Date as disclosed under the Board Letter.*

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## LETTER FROM GRAM CAPITAL

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We noted from the above table that the liquidity of the Shares was generally thin during the Review Period. Save for November 2022, February 2023 and March 2023, the Average Volume during the Review Period was below 1% of (i) the total number of issued Shares held by the public; and (ii) the total number of issued Shares, as at the Latest Practicable Date.

As aforementioned, the Subscription Price of HK\$0.335 is below the closing prices of Shares during the Review Period. Given (i) the generally thin liquidity of the Shares during the Review Period; and (ii) the general downward trend of the Shares closing prices from 6 March 2023 to the Last Trading Day, we consider that it is reasonable to offer discount for the Subscription Price to promote the attractiveness of the Rights Shares to the Qualifying Shareholders who are entitled to subscribe for the Rights Shares; or the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Placee(s) pursuant to the Placing Agreement.

*c) Comparables*

As part of our analysis, we also searched for rights issue transactions (i) which were not lapsed or terminated up to the Latest Practicable Date; and (ii) involving issuance of ordinary shares, announced from 21 May 2023 up to the Last Trading Day (being a period of six months to generate a reasonable and meaningful number of sample size of 24 Hong Kong listed companies and include sufficient comparables for analysis), by companies listed on the Stock Exchange. To the best of our knowledge and as far as we are aware of, we found 24 rights issue transactions (the “**Comparables**”) which met the aforesaid criteria and they are exhaustive. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables and we have not conducted any independent verification with regard to the businesses and operations of such companies. Although the scale, entitlement and size of fundraising of Rights Issue are not the same as the those of the Comparables, the Comparables can demonstrate the recent market practices of rights issue transactions conducted by Hong Kong listed companies.

# LETTER FROM GRAM CAPITAL

Company name (stock code)	Date of announcement	Basis of entitlement	Premium/(discount) of the subscription price to the closing price per share on the last trading day immediately prior to publication of announcement in relation to the respective rights issue %	Premium/(discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately prior to publication of announcement in relation to the respective rights issue %	Premium/(discount) of the subscription price to the theoretical ex-rights price per share based on the benchmarked price in relation to the respective rights issue %	Premium/ (discount) of the subscription price to the then latest net asset value per share (Note 1) %	Theoretical dilution effect on the shareholding %	Maximum dilution on the shareholding (Note 2) %	Maximum amount of funds to be raised from the respective rights issue (HK\$ million)	Excess application/ Placing arrangement	Placing commission
Jimu Group Limited (8187)	25 May 2023	2 for 1	15.61 (41.18)	12.87 (41.86)	3.90 (25.93)	484.86 (Note 3) (83.05)	N/A (Note 4) (20.59)	(66.67) (50.00)	14.45 55.02	Excess application Placing arrangement	N/A 1.0%
Capital Realm Financial Holdings Group Limited (previously known as China Investment Development Limited) (204)	25 May 2023	1 for 1	(5.66)	(8.51)	(7.92)	84.20	(3.81)	(33.33)	19.53	Placing arrangement	1.6%
Hao Bai International (Cayman) Limited (8431)	29 May 2023	1 for 2	(8.26)	(7.75)	(6.98)	12.02	(3.33)	(33.33)	24.00	Placing arrangement	4.0%
Min Fu International Holding Limited (8511)	30 May 2023	1 for 2	(20.79)	(21.88)	(17.61)	67.46	(8.05)	(33.33)	10.18	Excess application	1.5%
Jiasheng Group Holdings Limited (previously known as Solomon Worldwide Holdings Limited) (8133)	7 June 2023	3 for 4	(11.50)	(11.50)	(6.89)	(71.94)	(4.96)	(42.86)	111.26	Excess application	N/A
Tesson Holdings Limit (1201)	7 June 2023	4 for 5	(25.00)	(22.28)	(15.73)	(90.25)	(11.00)	(44.44)	52.95	Placing arrangement	3.5%
GBA Holdings Limited (261)	8 June 2023	1 for 1	(35.48)	(35.48)	(21.57)	187.96 (Note 3)	(17.74)	(50.00)	78.33	Placing arrangement	1.0%
Hi-Level Technology Holdings Limited (8113)	16 June 2023	1 for 1	(27.71)	(23.27)	(16.08)	(92.64)	(13.86)	(50.00)	69.66	Excess application	N/A
Future World Holdings Limited (572)	19 June 2023	12 for 10	(20.69)	(20.14)	(10.61)	N/A (Note 5)	(11.28)	(54.55)	482.74	Placing arrangement	(i) 0.6%; or (ii) 0.2% and 0.4% on a discretionary basis
E-House (China) Enterprise Holdings Limited (2048)	19 June 2023	3 for 2	(14.80)	(14.80)	(6.58)	(53.34)	(8.80)	(60.00)	14.25	Placing arrangement	A fixed fee of HK\$38,000
Classified Group (Holdings) Limited (8232)	6 July 2023	5 for 2	4.71	3.84	0.96	N/A (Note 5)	N/A (Note 4)	(71.43)	27.50	Placing arrangement	(i) A fixed fee of HK\$100,000; or (ii) 2.5%, whichever is higher
Tasty Concepts Holding Limited (8096)	14 July 2023	2 for 5	(37.25)	(38.70)	(31.06)	(72.27)	(11.07)	(28.57)	98.77	Placing arrangement	(i) A fixed fee of HK\$300,000; and (ii) 1.0% and (iii) 1.0% 1.0%
Platt Nera International Limited (1949)	24 July 2023	1 for 2	(57.98)	(56.78)	(47.92)	(54.17)	(19.33)	(33.33)	20.00	Placing arrangement	3.0%
China Best Group Holding Limite (370)	26 July 2023	2 for 5	(29.41) (26.67)	(28.57) (28.57)	(12.20) (9.20)	(95.10) 21.58	(19.61) (21.59)	(66.67) (75.00)	111.10 18.79	Placing arrangement Placing arrangement	1.0% 1.0%
Argo Holdings Limited (3313)	28 July 2023	2 for 1	(26.67)	(28.57)	(9.20)	21.58	(21.59)	(75.00)	18.79	Placing arrangement	1.0%
Almana Limited (8186)	11 August 2023	3 for 1	(26.67)	(28.57)	(9.20)	21.58	(21.59)	(75.00)	18.79	Placing arrangement	1.0%

# LETTER FROM GRAM CAPITAL

Company name (stock code)	Date of announcement	Basis of entitlement	Premium/(discount) of the subscription price to the closing price per share on the last trading day immediately prior to publication of announcement in relation to the respective rights issue %	Premium/(discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately prior to publication of announcement in relation to the respective rights issue %	Premium/(discount) of the subscription price to the theoretical ex-rights price per share based on the benchmarked price in relation to the respective rights issue %	Premium/ (discount) of the subscription price to the then latest net asset value per share (Note 1) %	Theoretical dilution effect on the shareholding %	Maximum dilution on the shareholding (Note 2) %	Maximum amount of funds to be raised from the respective rights issue (HK\$ million)	Excess application/ Placing arrangement	Placing commission
Rare Earth Magnesium Technology Group Holdings Limited (601)	3 September 2023	1 for 2	(39.85)	(31.62)	(50.62)	(96.52)	(13.31)	(33.33)	16.59	Excess application	N/A
Asian Citrus Holdings Limited (73)	11 September 2023	1 for 2	(33.96)	(34.46)	(26.78)	(45.59)	(11.81)	(33.33)	43.74	Excess application	N/A
Royal Century Resources Holdings Limited (8125)	15 September 2023	5 for 1	(19.30)	(18.15)	(3.77)	(84.97)	(16.14)	(83.33)	36.06	Placing arrangement	1.0%
Universe Printshop Holdings Limited (8448)	3 October 2023	3 for 2	(14.81)	(18.44)	(8.37)	N/A	(10.99)	(60.00)	34.43	Excess application	N/A
GoFintech Innovation Limited (290)	17 October 2023	3 for 1	(9.09)	(12.28)	(3.75)	(46.65)	(9.97)	(75.00)	474.47	Placing arrangement	1.0%
Rego Interactive Co., Ltd (2422)	3 November 2023	1 for 2	(49.37)	(48.45)	(39.39)	(39.90)	(16.46)	(33.33)	100.00	Placing arrangement	0.5%
DA YU FINANCIAL HOLDINGS LIMITED (1073)	17 November 2023	1 for 1	11.11	11.44	5.26	(64.09)	N/A	(50.00)	170.90	Excess application	N/A
Huabang Technology Holdings Limited (3638)	17 November 2023	1 for 2	(24.05)	(18.48)	(17.43)	(34.09)	(8.02)	(33.33)	56.83	Placing arrangement	2.0%
Maximum (excluding outliers, if any)			15.61	12.87	5.26	84.20	(21.59)	(83.33)	482.74		
Minimum (excluding outliers, if any)			(57.98)	(56.78)	(47.92)	(96.52)	(3.33)	(28.57)	10.18		
Average (excluding outliers, if any)			(21.72)	(21.41)	(14.84)	(44.17)	(12.46)	(49.80)	89.23		
Median (excluding outliers, if any)			(22.42)	(21.01)	(11.40)	(54.17)	(11.28)	(50.00)	48.35		
The Company	20 November 2023	3 for 1	(28.72)	(28.72)	(9.46)	(59.72)	(22.11)	(75.00)	101.74	Placing arrangement	

(Theoretical  
Dilution  
Effect<sup>(\*)</sup>)

Source: the Stock Exchange's website

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*Notes:*

1. Based on the then latest published net assets value per share attributable to equity holders of the subject company prior to the date of announcement in relation to the relevant rights issue transaction.
2. Maximum dilution of each transaction is calculated as: (number of new shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the new shares under the basis of entitlement + number of new shares to be issued under the basis of entitlement) x 100%.
3. The premium of the subscription price of the relevant Comparables to the then latest net asset value per share were exceptionally high and were considered as outliers.
4. There is no theoretical dilution effect for such transaction given that the theoretical diluted price per share is higher than the benchmarked price per share (as defined under Rule 7.27B of the Rules Governing the Listing of Securities on Main Board of the Stock Exchange or Rule 10.44A of the GEM Listing Rules (as the case may be)).
5. The subject company recorded net liabilities attributable to equity holders of the subject company based on its latest published financial information prior to the date of announcement in relation to the relevant rights issue transaction.

As shown by the above table, the premium/discount as represented by the subscription prices of Comparables to (i) the respective closing price per share on last trading day immediately prior to publication of announcement in relation to the respective rights issue ranged from discount of approximately 57.98% to premium of approximately 15.61% (the “**LTD Discount/Premium Market Range**”); (ii) the average closing price per share for the last five consecutive trading days immediately prior to publication of announcement in relation to the respective rights issue ranged from discount of approximately 56.78% to premium of approximately 12.87% (the “**5 Days Discount/Premium Market Range**”); (iii) the respective theoretical ex-rights price per share based on the benchmarked price in relation to the respective rights issue ranged from discount of approximately 47.92% to premium of approximately 5.26% (the “**TERP Discount/Premium Market Range**”); and (iv) the respective net asset value per share based on the latest financial information prior to publication of announcement in relation to the respective rights issue ranged from discount of approximately 96.52% to premium of approximately 84.20% (excluding outliers) (the “**NAV Discount Market Range**”).

We noted that:

- (i) although each of the LTD Discount, the 5 Days Discount and NAV Discount represented deeper discount to the respective average of Comparables, the LTD Discount, the 5 Days Discount, the TERP Discount and the NAV Discount fall within the LTD Discount/Premium Market Range, 5 Days Discount/Premium Market Range, TERP Discount/Premium Market Range and NAV Discount Market Range respectively;

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## LETTER FROM GRAM CAPITAL

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- (ii) 21 out of 24 of the Comparables had subscription price at discount to the share closing prices prior to the publication of the relevant announcement in relation to the respective rights issue;
- (iii) 8 out of 24 of the Comparables had subscription price that represented deeper discount to the closing price per share on the last trading day immediately prior to publication of the relevant announcement in relation to the respective rights issue as compared with the LTD Discount;
- (iv) 7 out of 24 of the Comparables had subscription price that represented deeper discount to the average closing price per share for the five consecutive trading days up to and including the date of announcement in relation to the respective rights issue as compared with the 5 Days Discount;
- (v) 13 out of 24 of the Comparable had subscription price that represented deeper discount to their respective theoretical ex-right price per share as compared with the TERP Discount;
- (vi) 9 out of 24 of the Comparables had subscription price that represented deeper discount to their respective then latest net asset value per share as compared with the NAV Discount; and
- (vii) although the Theoretical Dilution Effect represented larger dilution than those of the Comparables, the Theoretical Dilution Effect is only approximately 0.52% larger than the largest theoretical dilution effect of the Comparables.

Having considered that:

- (i) it is reasonable to offer discount for the Subscription Price to promote the attractiveness of the Rights Shares (or the Unsubscribed Rights Shares and the NQS Unsold Rights Shares) given the generally thin liquidity of the Shares during the Review Period;
- (ii) the LTD Discount, 5 Days Discount, TERP Discount and NAV Discount fall within the LTD Discount/Premium Market Range, 5 Days Discount/Premium Market Range, TERP Discount/Premium Market Range and NAV Discount Market Range respectively; and
- (iii) the further analysis of the Comparables as set out above,

we consider the Subscription Price to be fair and reasonable.

### *Compensatory Arrangement and placing*

With reference to the Board Letter, the Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rule to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent Placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue. The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance of the Rights

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## LETTER FROM GRAM CAPITAL

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Shares to be allotted and issued under the Rights Issue to independent Placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis.

On 20 November 2023, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

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

Placing Agent:	Yuen Meta (International) Securities Limited
Number of placing Shares:	Up to 298,956,000 Rights Shares (assuming no new Shares are issued or repurchased on or before the Record Date)
Fees and expenses:	1.5% (the “ <b>Commission Rate</b> ”) of the amount which is equal to the placing price multiplied by the Unsubscribed Rights Shares and NQS Unsold Rights Shares, that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.
Placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case may be):	The placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case may be) shall be at least equal to the Subscription Price.
Placees:	The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placees, who (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates; and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue, in order to ensure that the public float requirements under Rule 11.23(7) of the GEM Listing Rules be fulfilled by the Company and none of the placees shall be obliged to make a mandatory general offer to the other Shareholders under the Takeovers Code.

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## LETTER FROM GRAM CAPITAL

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For detailed terms of the Placing Agreement, please refer to the sub-section headed “The Placing Agreement” under the section headed “PROPOSED RIGHTS ISSUE” of the Board Letter.

From the Comparables table as set out above, we noted that the commission rates payable to placing agents of the Comparables (excluding those with fixed commission) ranged from 0.5% to 6.0%. Accordingly, we are of the opinion that the Commission Rate of 1.5% (which is within the aforesaid range) is fair and reasonable.

Taking into account the principal terms of the Rights Issue as highlighted above, we consider that the terms of the Rights Issue are on normal commercial terms and are fair and reasonable.

### **Possible dilution effect to the existing public Shareholders**

All Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to their existing shareholding in the Company held on the Record Date. Those Qualifying Shareholders who take up their entitlements in full under the Rights Issue could maintain their shareholding interests in the Company after the Rights Issue.

With reference to the shareholding tables in the section headed “SHAREHOLDING STRUCTURE OF THE COMPANY” of the Board Letter, the shareholding interests of the existing public Shareholders would be diluted by a maximum of approximately 52.02 percentage points immediately after completion of the Rights Issue (assuming no new Shares are issued or repurchased on or before the Record Date).

With reference to the Board Letter, there will be a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 22.1% discount represented by the theoretical diluted price of approximately HK\$0.37 per Share to the benchmarked price of approximately HK\$0.475 per Share (as defined under Rule 10.44A of the GEM Listing Rules).

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

- Independent Shareholders are offered a chance to express their views on the terms of the Rights Issue through their votes at the EGM;
- Qualifying Shareholders have their choice of whether to accept the Rights Issue or not;
- the Rights Issue offers the Qualifying Shareholders a chance to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at discount to the prevailing market prices of the Shares;
- 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;

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## LETTER FROM GRAM CAPITAL

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- the Compensatory Arrangements will provide a compensatory mechanism for the No Action Shareholders; and
- although the Theoretical Dilution Effect represents a larger dilution effect than those of the Comparables, the Theoretical Dilution Effect is only approximately 0.52% larger than the largest theoretical dilution effect of the Comparables and it is in compliance with Rule 10.44A of the GEM Listing Rules.

Having considered the above, we consider the potential dilution effects to be acceptable.

### **Possible financial effects of the Rights Issue**

The unaudited pro forma statement of unaudited consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Pro Forma Statement**”) adjusted for the effect of the Rights Issue as at 30 June 2023, which is prepared as if the Rights Issue had taken place on 30 June 2023, is set out under Appendix II to the Circular.

According to the Pro Forma Statement, the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2023 was approximately S\$13.69 million and would be approximately S\$30.57 million (based on 298,956,000 Rights Shares to be issued) as if the Rights Issue had taken place on 30 June 2023.

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 taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Rights Issue are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Rights Issue is not conducted under the Group’s ordinary and usual course of business, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Rights Issue and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,  
**For and on behalf of**  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.*

**A. FINANCIAL INFORMATION OF THE GROUP**

The financial information of the Group for the three years ended 31 December, 2020, 2021 and 2022 and the nine-month period ended 30 September 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<https://www.coollink.com.sg/>), respectively:

- (i) the unaudited financial information of the Group for the nine-month period ended 30 September 2023 is disclosed in the 2023 third quarterly report of the Company for the nine months ended 30 September 2023 published on 14 November 2023, from pages 2 to 20  
(<https://www1.hkexnews.hk/listedco/listconews/gem/2023/1114/2023111401702.pdf>);
- (ii) the audited consolidated financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of the Company for the year ended 31 December 2022 published on 30 March 2023, from pages 38 to 131 and supplemental announcement in relation to the 2022 annual report published on 10 July 2023  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042600928.pdf>) and (<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0710/2023071000893.pdf>);
- (iii) the audited consolidated financial information of the Group for the year ended 31 December 2021 is disclosed in the annual report of the Company for the year ended 31 December 2021 published on 29 March 2022, from pages 37 to 125  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042801615.pdf>); and
- (iv) the audited consolidated financial information of the Group for the year ended 31 December 2020 is disclosed in the annual report of the Company for the year ended 31 December 2020 published on 30 March 2021, from pages 36 to 111  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042701549.pdf>).

**B. STATEMENT OF INDEBTEDNESS**

As at 30 November 2023, being the latest practicable date for this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group comprised its promissory notes of approximately S\$3,266,000, lease liabilities (including both current and non-current portions) of approximately S\$2,169,000 as recognized under HKFRS 16, bank borrowing of approximately S\$5,447,000 and contingent liabilities of approximate of S\$842,000.

**Promissory notes**

At the close of business on 30 November 2023, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had unsecured and unguaranteed promissory notes of S\$3,266,000.

**Lease liabilities**

The Group measures the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates. At the close of business on 30 November 2023, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had secured and unguaranteed outstanding lease obligations in respect of leasehold land and motor vehicles, unsecured and unguaranteed lease liabilities in respect of leasehold land and motor vehicles of approximately of S\$2,169,000.

**Bank borrowings**

At the close of business on 30 November 2023, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had secured and guaranteed bank borrowings amounted to S\$5,447,000. The bank borrowings are secured by certain land and buildings with carrying amount of approximately S\$7,717,000 and investment properties with carrying amount of approximately S\$676,000. Cool Link (Holdings) Limited, the Company of the Group, provides corporate guarantee to secure the banking facilities of approximately S\$7,652,000 obtained from Singapore local bank. Part of facilities of S\$5,447,000 was utilised as at 30 November 2023.

**Contingent Liabilities**

At the close of business on 30 November 2023, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had contingent liabilities in respect of performance bonds issued in favour of certain suppliers in its ordinary course of business amounting to approximately S\$842,000. The guarantees in respect of performance bonds issued by bank are secured by bank deposits of S\$1,500,000, certain land and buildings with carrying amount of approximately S\$7,717,000, investment properties with carrying amount of approximately S\$676,000 and corporate guarantee of the Company.

**Disclaimers**

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities and normal trade and other payables, as at 30 November 2023, the Group did not have any loan capital issued and outstanding or agreed to be issued, term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages and charges, hire purchase commitments, contingent liabilities or guarantee outstanding.

**C. WORKING CAPITAL STATEMENT**

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

**D. MATERIAL ADVERSE CHANGE**

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

**E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Company is an investment holding company and the Group is principally engaged in food and healthcare supplies business.

The Group's suppliers mainly comprise manufacturers and trading companies around the globe, including but not limited to Asia, Europe and Middle East. The process of procuring products from our overseas suppliers requires coordination between our suppliers (who are either original manufacturers, or trading companies), overseas freight forwarders, local freight forwarders and us. Our local suppliers deliver their products to our warehouse directly at their own cost. On occasion, where the need is urgent, we may collect the products from these local suppliers ourselves.

As regards our typical sales process, we maintain an orderly system established for customers to enquire and obtain quotations for products. We coordinate and communicate with customers on their orders. Once such requests for quotations are received, we prepare quotations based on our product offering, stock level and price. Once our response is received and accepted by the customer, the customer then submits a purchase order to us. We receive the purchase order, then issue invoices for the accepted orders and arrange for packing and delivery.

We supply various types of food products mainly including canned food and packaged beverages in the dry category, various dairy products in the chilled category and ice cream and frozen cakes and pies in the frozen category to our customers, who consist mainly of ship chandlers based in Singapore. Our major products being sold include cheeses, juices, milk, ice-cream and bread etc. We also provide certain value-added food processing services. For example, we import different types of food products and repackage them according to the recipes and instructions from customer.

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

*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.*

### STATEMENT OF UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS OF THE GROUP

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

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

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

	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 S\$'000 (Note 1)	Estimated net proceeds from the Rights Issue S\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after completion of the Rights Issue S\$'000 (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company after completion of the Rights Issue S\$ (Note 4)
Based on 298,956,000 Rights Shares to be issued at a Subscription Price of HK\$0.335 per Rights Share	<u>13,692</u>	<u>16,876</u>	<u>30,568</u>	<u>0.16</u>
			<u>0.08</u>	

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

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Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 is extracted from the published unaudited **2023 interim report of the Company for the six-months ended 30 June 2023, which is equal to the unaudited consolidated net assets attributable to owners as at 30 June 2023 of S\$14,290,000 excluding other intangible assets of approximately S\$598,000 as shown on the unaudited condensed consolidated statement of financial position as at 30 June 2023.**
2. The estimated net proceeds from the Rights Issue are based on 298,956,000 Rights Shares to be issued at the Subscription Price of HK\$0.335 each per Rights Share, after deduction of the related expenses including, among others, placing commission and other professional fees. The estimated net proceeds are approximately S\$16,876,000.
3. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2023 was S\$0.14, which was based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 of S\$13,692,000, divided by 83,092,000 Shares.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2023 immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of Rights Issue of approximately S\$30,568,000 divided by 398,608,000 Shares which represents 83,092,000 Existing Shares in issue as at 30 June 2023, 16,560,000 new shares placed under the placing completed on 14 August 2023 and 298,956,000 Rights Shares, assuming the Rights Issue has been completed on 30 June 2023.

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



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

The Board of Directors  
Cool Link (Holdings) Limited  
Room 401, 4/F,  
Lucky Centre,  
165-171 Wanchai Road,  
Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Cool Link (Holdings) Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 30 June 2023 and related notes (“**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of appendix II of the circular issued by the Company dated 25 January 2024 (the “**Circular**”) issued in connection with the proposed rights issue of the Company. The applicable criteria on the basis of which the directors of the Company have compiled the Unaudited Pro Forma Financial Information are described in pages II-1 to II-2 of appendix II of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue of the Company on the basis of three rights shares for every one existing share held on the record date on a non-underwritten basis (the “**Rights Issue**”) on the Group’s financial position as at 30 June 2023 as if the Rights Issue had taken place at 30 June 2023. As part of this process, information about the Group’s financial position has been extracted by the directors of the Company from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2023, on which no audit or review report has been published.

**Directors’ Responsibility for the Unaudited pro forma Financial Information**

The directors of the Company are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 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 Circular” (“**AG7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Management**

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

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

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 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 Circular”, issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG7 issued by the HKICPA.

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

The purpose of Unaudited Pro Forma Financial Information included in an investment Circular is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the

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

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compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

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

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

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

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

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Prism Hong Kong and Shanghai Limited

*Certified Public Accountants*

**Chin Wang Leung**

Practising Certificate Number: P07806

Hong Kong

25 January 2024

## 1. RESPONSIBILITY STATEMENT

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

## 2. SHARE CAPITAL AND OPTIONS

### (a) Share capital

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

#### (I) As at the Latest Practicable Date

	Number of Shares	Nominal Value of shares S\$'000
Authorised:	500,000,000	17,241
Issued and fully paid:	99,652,000	3,436

#### (II) Immediately following completion of the Rights Issue

	Number of Shares	Nominal Value of shares S\$'000
Authorised:	<u>500,000,000</u>	<u>17,241</u>
Issued and fully paid:	99,652,000	3,436
Rights Shares to be issued:	<u>298,956,000</u>	<u>10,309</u>
Shares in issue immediately after the Rights Issue:	<u><u>398,608,000</u></u>	<u><u>13,745</u></u>

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form. The Company will apply to the GEM Listing Committee for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

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

**(b) Share Options**

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

**3. DISCLOSURE OF INTERESTS**

**Director's and chief executive of the Company**

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

<b>Name</b>	<b>Capacity of interest</b>	<b>Number of Shares</b>	<b>% of shareholding</b>
Mr. Tan Seow Gee	Beneficial Owner	11,760,000	11.8%
Mr. Gay Teo Siong	Beneficial Owner	13,107,000	13.15%

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

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

Name	Capacity of interest	Number of Shares	% of shareholding
Mr. Liu Shengnan	Beneficial owner	6,870,000	6.89%
Yuen Meta (International) Securities Limited	Trustee of Plan	5,795,000	5.82%
Ms. Yeo Poh Choo (“Ms. Yeo”)	Interest of spouse	13,107,000 <i>(Note 1)</i>	13.15%

*Note:*

- (1) By virtue of the SFO, Ms. Yeo, being the spouse of Mr. Gay Teo Siong, was deemed to be interested in all Shares held by Mr. Gay Teo Siong.

The Board is not aware of (i) any other person who had any interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register kept by the Company under section 336 of the SFO, nor (ii) any Director who was an employee or director of any substantial shareholder of the Company as at the Latest Practicable Date.

#### 4. DIRECTORS' INTERESTS IN CONTRACT AND ASSET

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

#### 5. DIRECTORS' SERVICE CONTRACTS

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

## 6. COMPETING INTEREST

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

## 7. RISK FACTORS

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

- (a) the prices of the Group's products are subject to a number of factors, including consumer demand, market supply and substitutions available etc. If there is a continuous decline in the prices of the products, the profitability of the Group will be adversely affected;
- (b) the Group's products are competitive and subject to challenges such as pressure from rising production costs, volatile product prices and substitution of products. If the Group fails to respond to changes in market conditions and the market demand, the financial performance of the Group will be adversely affected;
- (c) the Group trade receivables are subject to credit risk. If the counter-parties default on their settlements to the Group, the Group will suffer financial loss; and
- (d) the changes in the macro-economic situation and other factors such as instability of regulations, government policies and economy may have any adverse effect on the Group's business, financial condition and results.

## 8. MATERIAL LITIGATION

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

## 9. EXPERTS AND CONSENTS

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

<b>Name</b>	<b>Qualification</b>
Prism Hong Kong and Shanghai Limited	Certified Public Accountants Registered Public Interest Entity Auditor
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

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

#### 10. EXPENSES

The expenses in connection with the Rights Issue and the Placing, including professional fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$2.27 million and are payable by the Company.

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

Executive Director	:	Mr. Tan Seow Gee Mr. Gay Teo Siong
Non-executive Director	:	Mr. Tang Tsz Kin
Independent non-executive Directors	:	Ms. Chan Oi Chong Ms. Luk Huen Ling Claire
Authorised representatives	:	Mr. Tan Seow Gee Mr. Chow Justin Ting Fun
Compliance officer	:	Mr. Tan Seow Gee
Company secretary	:	Mr. Chow Justin Ting Fun
Registered office	:	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	:	Room 401, 4/F, Lucky Centre, 165-171 Wanchai Road, Hong Kong
Principal share registrar and transfer office in Cayman Islands	:	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Branch share registrar and transfer office in Hong Kong	:	Boardroom Share Registrars (HK) Limited 2103B, 21/F, 148 Electric Road North Point, Hong Kong
Principal banker	:	United Overseas Bank Limited 80 Raffles Place, UOB Plaza Singapore 048624
Auditor	:	Prism Hong Kong and Shanghai Limited Units 1903A-1905, 19/F., 8 Observatory Road, Tsim Sha Tsui, Kowloon, Hong Kong SAR
Placing Agent	:	Yuen Meta (International) Securities Limited
Independent Financial Adviser	:	Gram Capital Limited Room 1209, 12/F Nan Fung Tower, 88 Connaught Road Central, 173 Des Voeux Road Central, Hong Kong
Legal advisers as to Hong Kong laws	:	Robertsons 57th Floor, The Center 99 Queens Road Central, Hong Kong

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

### Executive Directors

**Mr. Tan Seow Gee (陳少義) (“Mr. D Tan”)**, aged 50, is an executive Director. He was appointed as the Chairman and compliance officer of the Company on 17 March 2017. He co-founded the Group together with Mr. Gay Teo Siong in March 2001 and is currently the managing director of the Group. He is responsible for the overall strategic planning, management and operation of the Group. In particular, he is responsible for maintaining and improving profit margins of the Group’s business and to source and launch new products and services. He is a managing director of Cool Link & Marketing Pte. Ltd (“**Cool Link Marketing**”) since 27 March 2001. He is also a director of Open Treasure Enterprises Limited (“**Open Treasure Enterprises**”) since 27 December 2016.

Mr. D Tan has not less than 19 years of experience in the distribution industry, primarily focusing on local and overseas business trading including import of supplies and export of product.

Prior to establishing the Group, Mr. D Tan ran a number of partnership businesses, namely Cool Link & Marketing which was in the business of wholesale of ice cream and Jun Chuan Discus Farm which was in the business of operation of fish hatcheries and fish farms. He was also the sole proprietor of Sheng Huat Packing & Transport which was in the business of manufacture of wooden containers. All these business enterprises have been terminated prior to the establishment of the Group.

**Mr. Gay Teo Siong (倪朝祥) (“Mr. R Gay”)**, aged 62, is an executive Director and the Chief Executive Officer. He co-founded the Group together with Mr. D Tan in March 2001. He is primarily responsible for the overall management of the Group. He has been a director of Cool Link Marketing since 27 March 2001 and Open Treasure Enterprises since 27 December 2016.

Mr. R Gay has over 20 years of experience in the distribution industry, based on his experience in the Group.

Prior to establishing the Group, Mr. R Gay ran a number of partnership businesses. He owned Cool Link & Marketing which was in the business of wholesale of ice cream, Jun Chuan Discus Farm which was in the business of operation of fish hatcheries and fish farms and Rui En which was in the business of providing business support services. Save for Rui En which was terminated in March 2005, all the other business enterprises have been terminated prior to establishing the Group.

#### **Non-Executive Director**

**Mr. Tang Tsz Kin (鄧子健) (“Mr. Tang”)**, age 37, is a non-executive Director. Mr. Tang has more than 10 years’ experience in corporate management and business and supply chain development. Between September 2010 to June 2014, Mr. Tang joined Cosway (HK) Limited and was responsible for the recruitment, development and training of franchisees in Hong Kong and China. Since 2015, Mr. Tang commenced his own businesses engaging in various areas including wholesale trading, brand licensing and healthy food and beverages sales and development. Mr. Tang obtained a bachelor’s degree of business administration from The University of Management and Technology in the United States of America in 2010 (through long distance learning).

#### **Independent Non-executive Directors**

**Ms. Chan Oi Chong (陳愛莊) (“Ms. Chan”)**, aged 47, was appointed as an independent non-executive Director on 30 August 2017. Ms. Chan has more than 20 years of financial and auditing experience. Ms. Chan graduated from the Hong Kong University of Science of Technology in November 1998 with Bachelor of Business Administration degree in Accounting. She is a member of the Hong Kong Institute of Certified Public Accountants, a member to the Association of Chartered Certified Accountants in October 2001 and became a fellow of the association in October 2006.

Ms. Chan has been appointed as an independent non-executive director of Get Nice Holdings Limited (stock code: 0064), a company listed on Main Board of the Stock Exchange since 4 November 2022.

**Ms. Luk Huen Ling Claire (陸萱凌)**(formerly known as “**Luk Yung Yung Claire**”) (“**Ms. Luk**”), aged 45, was appointed as an independent non-executive Director on 4 February 2019. She has over 12 years of experience in corporate communications and marketing. She worked as head of communications, Asia at Aedas Limited between March 2010 and December 2010. From November 2006 to May 2008 she worked as a wardrobe manager at the Ocean Park, one of the largest theme parks in Hong Kong where she was responsible for sections strategic planning, administration and management of all wardrobe staff. In addition, Ms. Luk also gained experiences in marketing, business development and investor relation activities in previous engagements. She joined Roma (meta) Group Limited (stock code: 8072), a company listed on the GEM of the Stock Exchange as a senior consultant in December 2008 and became marketing director of the group in February 2011. In November 2014, Ms. Luk founded ST8GE Group Limited, a company specialising in corporate training and team building and is primarily responsible for the overall corporate management.

Ms. Luk has been appointed as an independent non-executive director of DL Holdings Group Limited (formerly known as Season Pacific Holdings Limited) (stock code: 1709), a company listed on the Main Board of the Stock Exchange from September 2015 to September 2020, Hon Corporation Limited (stock code: 8259), a company de-listed from the GEM of the Stock Exchange from 30 November 2019 to 11 May 2022 and Orient Securities International Holdings Limited (stock code: 8001), a company listed on the GEM of the Stock Exchange from 17 February 2023 to 31 August 2023, respectively.

Ms. Luk obtained a bachelor’s degree in fine arts from the Hong Kong Academy for Performing Arts in July 2003 and a master’s degree of business in marketing from the University of Technology, Sydney, Australia in March 2010.

#### **Audit Committee**

The audit committee of the Board comprises two members, all being independent non-executive Directors. The chairperson of the committee remains vacant due to the resignation of Mr. Yim Harrison Chun Fung on 1 November 2023 and the other members are Ms. Chan and Ms. Luk. The audit committee’s primary duties include making recommendations to the Board in relation to the appointment, re-appointment and removal of external auditors, reviewing the Group’s financial statements, annual, interim and quarterly reports and the independent auditor’s report to ensure presentation of a true and balanced assessment of the Group’s financial position (including major judgmental areas, compliance with accounting principles and standards, compliance with GEM Listing Rules and financial reporting requirements), reviewing the Group’s financial information and reporting procedures, internal controls and risk management, effectiveness of the internal audit functions, audit plans and relationship with external auditors and reviewing the Group’s financial and accounting policies and practices.

**Non-Compliance with the GEM Listing Rules**

Following the resignation of Mr. Yim Harrison Chun Yung, the ex-independent non-executive Director of the Company, on 1 November 2023, the Company only has two independent non-executive Directors and the audit committee only includes Ms. Chan and Ms. Luk. The Company will make its best endeavors to identify suitable candidate to fill the vacancy as soon as practicable in order to ensure compliance with the requirements under the GEM Listing Rules.

**Company Secretary**

**Mr. Chow Justin Ting Fun (周廷勳)** (“Mr. Chow”), aged 38, is the company secretary since 24 September 2020. He obtained a Bachelor Degree in Laws from the University of Bedfordshire (formerly known as University of Luton) in 2005, a Post Certificate in Laws from the City University of Hong Kong in 2006 and a Master Degree in Laws from the University College London in 2008. Mr. Chow has over 15 years of experience in the legal field. He is the founding partner of Justin Chow & Co., Solicitors LLP and has been admitted as a solicitor of the High Court of Hong Kong since January 2010.

**Business Address of the Directors**

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

**13. MATERIAL CONTRACTS**

Save as disclosed below, the Group has not entered into any other material contract (not being contracts in the ordinary course of business) within two years preceding the Latest Practicable Date:

- (a) the Placing Agreement;
- (b) the placing agreement dated 25 July 2023 entered into between the Company and Sorrento Securities Limited as the placing agent in relation to the placing of up to 16,560,000 Shares at the placing price of HK\$0.5 per placing Share;
- (c) the sales and purchase agreement dated 13 March 2023 entered into between the Company and Precious Choice Global Limited in relation to the acquisition of 454 shares in Blissful Link Investment Limited; and
- (d) the placing agreement dated 2 June 2022 entered into between the Company and Orient Securities Limited as the placing agent in relation to the placing of up to 13,190,000 Shares at the placing price of HK\$0.52 per placing Share.

**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 (<https://www.coollink.com.sg/>) for 14 days from the date of this circular:

- (i) the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022 and supplemental announcement in relation to the 2022 annual report;
- (ii) the 2023 third quarterly report of the Company for the nine months ended 30 September 2023;
- (iii) the letter from the Board, the text of which is set out on pages 6 to 24 of this circular;
- (iv) the letter from the Independent Board Committee, the text of which is set out on page 25 of this circular;
- (v) the letter from Gram Capital, the text of which is set out on pages 27 to 43 of this circular;
- (vi) the letter issued by Prism Hong Kong and Shanghai Limited regarding the unaudited pro forma financial information of the Company as set out in appendix II of this circular;
- (vii) the written consent under “9. Experts and Consents” in this appendix; and
- (viii) the material contracts under “13. Material Contracts” in this appendix.

**15. MISCELLANEOUS**

- (i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities.
- (iii) As at the Latest Practicable Date, save as disclosed elsewhere in this circular, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group’s business.
- (iv) The English text of this circular and the accompanying form of proxy shall prevail over the respective Chinese text in the case of inconsistency.

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## NOTICE OF EGM

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# COOL LINK (HOLDINGS) LIMITED

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

**(Stock code: 8491)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of Cool Link (Holdings) Limited (the “**Company**”) will be held at 21/F, Grand Millennium Plaza, 181 Queen’s Road Central, Central, Hong Kong on Monday, 19 February 2024 at 11:00 a.m, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing (with or without amendment) the following resolutions which will be proposed as ordinary resolutions:

#### ORDINARY RESOLUTION

1. “**THAT** conditional upon the GEM Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant and not having revoked the listing of and permission to deal in the Rights Shares (as defined below):
  - (a) the issue by way of rights of up to 298,956,000 Rights Shares at the Subscription Price of HK\$0.335 per Rights Share on the basis of three Rights Shares for one Share held by the Qualifying Shareholders as at the close of business on the Record Date, other than those Non-Qualifying Shareholders, and substantially on the terms and conditions set out in the circular of the Company dated 25 January 2024 (a copy of which marked “A” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification) and such other terms and conditions as may be determined by the Directors, be and is hereby approved;
  - (b) the Directors are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Board may make such exclusions or other arrangements in relation to the 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
  - (c) the Directors be and are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Rights Issue and the transactions contemplated thereunder.”

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## NOTICE OF EGM

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Terms used in this Notice of EGM shall have the same meaning as those defined in the circular of the Company dated 25 January 2024.

By order of the Board  
**Cool Link (Holdings) Limited**  
**Mr. Tan Seow Gee**  
*Chairman and Executive Director*

Hong Kong, 25 January 2024

*Registered office:*

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

*Principal place of business in Hong Kong:*

Room 401, 4/F, Lucky Centre,  
165-171 Wanchai Road,  
Hong Kong

*Notes:*

- (1) An eligible shareholder is entitled to appoint one or more proxies to attend, speak and vote in his/her stead at the Meeting (or at any adjournment of it) provided that each proxy is appointed to represent the respective number of shares held by the shareholder as specified in the relevant proxy forms. The proxy does not need to be a shareholder of the Company.
- (2) Where there are joint registered holders of any shares, any one of such persons may vote at the Meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (3) A proxy form for use at the Meeting or its adjourned Meeting is enclosed.

In order to be valid, the completed proxy form must be received by the Hong Kong branch share registrar and transfer office of the Company, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong at least 48 hours before the time appointed for holding the Meeting or adjourned meeting (as the case may be). If a proxy form is signed by an attorney of a shareholder who is not a corporation, the power of attorney or other authority under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong) must be delivered to the Hong Kong branch share registrar and transfer office of the Company together with the proxy form. In the case of a corporation, the proxy form must either be executed under its common seal or be signed by an officer or agent duly authorised in writing.

- (4) For the purposes of determining shareholders' eligibility to attend, speak and vote at the Meeting (or at any adjournment of it), the register of members of the Company will be closed from Friday, 9 February 2024 to Monday, 19 February 2024, (both dates inclusive), during which period no transfer of shares of the Company will be registered. To be eligible to attend, speak and vote at the above meeting (or at any adjournment of it), all properly completed transfer documents accompanied by the relevant share certificate must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 February 2024.
- (5) The voting at the Meeting or its adjourned Meeting will be taken by poll.

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## NOTICE OF EGM

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- (6) If tropical cyclone warning signal No. 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 any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the website of the Company at [www.coollink.com.sg](http://www.coollink.com.sg) and on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify the Shareholders of the date, time and place of the re-scheduled Meeting.

If a tropical cyclone warning signal No. 8 or above or a “black” rainstorm warning signal is lowered or cancelled at or before 7:00 a.m. on the date of the Meeting and where conditions permit, the Meeting will be held as scheduled.

The Meeting will be held as scheduled when an “amber” or “red” rainstorm warning signal is in force.

As at the date of this notice, the Directors are:

*Executive Directors:*

Mr. Tan Seow Gee (*Chairman*)

Mr. Gay Teo Siong

*Non-executive Director:*

Mr. Tang Tsz Kin

*Independent non-executive Directors:*

Ms. Chan Oi Chong

Ms. Luk Huen Ling Claire