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

If you have sold or transferred all your shares in Peking University Resources (Holdings) Company Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or 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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资源控股
RESOURCES HOLDINGS

Peking University Resources (Holdings) Company Limited **北大资源(控股)有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 00618)

PROPOSED CAPITAL REORGANISATION, PROPOSED CHANGE IN BOARD LOT SIZE, CONNECTED TRANSACTIONS IN RELATION TO THE SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE, AND NOTICE OF SGM

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



A notice convening the SGM to be held at Room 2303, 23/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong, at 10:00 a.m. on Monday, 6 May 2024 is set out on pages SGM-1 to SGM-4 in this circular.

A form of proxy for the SGM is enclosed with this circular. Such form of proxy is also published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.pkurh.com). Whether or not you are able to attend the SGM, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding the SGM (i.e. not later than 10:00 a.m. on Saturday, 4 May 2024), or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting if you so wish.

28 March 2024

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DEFINITIONS

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

“2023 Share Scheme”	the share scheme of the Company approved and adopted by the Company at the annual general meeting on 28 August 2023
“AGM”	the annual general meeting of the Company held on 28 August 2023
“Announcements”	the Capital Reorganisation Announcement, the Subscription Announcement and the Rescheduling Announcements
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holidays or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
“Bye-laws”	the bye-laws for the time being adopted by the Company and as amended from time to time
“Capital Reduction”	the proposed reduction in the issued share capital of the Company as detailed in the section headed “Capital Reduction” of this circular
“Capital Reorganisation”	collectively, the Share Consolidation, the Capital Reduction and the Share Subdivision
“Capital Reorganisation Announcement”	the announcement of the Company dated 5 February 2024 in relation to, among other things, the Capital Reorganisation and the Change in Board Lot Size
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time

DEFINITIONS

“Change in Board Lot Size”	the proposed change in board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 8,000 New Shares conditional upon the Capital Reorganisation becoming effective
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“Company”	Peking University Resources (Holdings) Company Limited, a company incorporated in the Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00618)
“connected persons(s)”	has the meaning as ascribed to it under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.40 each in the share capital of the Company immediately after the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Subdivision
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with up to 20% of the then number of the issued Shares as at the date of the AGM
“General Mandate Subscribers”	Sea Ray Investment and Sleek Charm
“General Mandate Subscriptions”	the subscriptions of the General Mandate Subscription Shares by the General Mandate Subscribers pursuant to the terms and conditions of the General Mandate Subscription Agreements
“General Mandate Subscription Agreements”	the two subscription agreements dated 9 February 2024 and entered into between the Company (as issuer) and the General Mandate Subscribers

DEFINITIONS

“General Mandate Subscription Completion”	completion of the General Mandate Subscriptions
“General Mandate Subscription Shares”	an aggregate of 600,000,000 Existing Shares to be subscribed by the General Mandate Subscribers under the General Mandate Subscription Agreements
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee which comprises all the independent non-executive Directors, namely Mr. Chin Chi Ho, Stanley, Mr. Chung Wai Man and Mr. Hua Yichun, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the WE Subscription Agreement
“Independent Financial Adviser”	Pelican Financial Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, and appointed by the Company to be the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the WE Subscription
“Independent Shareholder(s)”	the Shareholder(s) other than those required under the Listing Rules to abstain from voting on the resolutions to be proposed at the SGM
“Latest Practicable Date”	25 March 2024, being the latest practicable date for the purpose of ascertaining certain information contained herein
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hou”	Mr. Hou Ruilin, an executive Director
“Main Board”	the main board maintained and operated by the Stock Exchange
“New Shares”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“Rescheduling Announcements”	the announcements of the Company dated 22 February 2024 and 14 March 2024 in relation to, among other things, the revised proposed timetable of proposed Capital Reorganisation and proposed Change in Board Lot Size
“Sea Ray Investment”	SEA RAY INVESTMENT GROUP PTE. LTD., a company incorporated in Singapore with limited liability
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at 10:00 a.m. on Monday, 6 May 2024 at Room 2303, 23/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong for the purpose of considering and, if thought fit, approving, among other things, (i) the Capital Reorganisation and the transactions contemplated thereunder, (ii) the WE Subscription Agreement and the transactions contemplated thereunder, and (iii) the grant of the Specific Mandate for the allotment and issue of the WE Subscription Shares, or any adjournment thereof
“Share(s)”	the Existing Share(s) or the Consolidated Share(s) or the New Share(s) (as the case may be)
“Shareholder(s)”	holder(s) of the Existing Share(s) or the Consolidated Share(s) or the New Share(s) (as the case may be)
“Share Consolidation”	the proposed consolidation of every four (4) issued and unissued Existing Shares into one (1) Consolidated Share

DEFINITIONS

“Share Option(s)”	share option(s) to subscribe for Share(s) in accordance with the terms of the 2023 Share Scheme
“Share Registrar”	Tricor Tengis Limited, the Company’s branch share registrar and transfer office in Hong Kong, the address of which is at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Share Subdivision”	the proposed subdivision of each authorised but unissued Consolidated Share into forty (40) authorised and unissued New Shares
“Singapore”	the Republic of Singapore
“Sleek Charm”	SLEEK CHARM PTE. LTD., a company incorporated in Singapore with limited liability
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the SGM to grant the authority to the Board for the proposed allotment and issue of the WE Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Announcement”	the announcement of the Company dated 9 February 2024 in relation to, among other things, the General Mandate Subscriptions and the WE Subscription
“WE Subscription”	the subscription of the WE Subscription Shares by Wealth Elite pursuant to the terms and conditions of the WE Subscription Agreement
“WE Subscription Agreement”	the subscription agreement dated 9 February 2024 and entered into between the Company (as issuer) and the Wealth Elite
“WE Subscription Completion”	completion of the WE Subscription
“WE Subscription Completion Date”	the date of WE Subscription Completion
“WE Subscription Price”	HK\$0.228 per WE Subscription Share

DEFINITIONS

“WE Subscription Shares”	an aggregate of 250,000,000 New Shares to be subscribed by Wealth Elite under the WE Subscription Agreement
“Wealth Elite”	Wealth Elite Group Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Capital Reorganisation and the Change in Board Lot Size is as follows:

Event(s)	Time and date 2024
Latest time for lodging transfers of Shares in order to qualify for attendance and voting at the SGM	4:30 p.m. on Monday, 29 April
Closure of register of members of the Company for determining the entitlement to attend and vote at the SGM.....	Tuesday, 30 April to Monday, 6 May (both dates inclusive)
Latest date and time for lodging forms of proxy for the SGM.....	10:00 a.m. on Saturday, 4 May
Record date for attendance and voting at the SGM	Monday, 6 May
Expected date and time for attendance and voting at the SGM.....	10:00 a.m. on Monday, 6 May
Publication of announcement of poll results of the SGM	Monday, 6 May
Register of members of the Company re-opens	Tuesday, 7 May
<p style="text-align: center;">The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation and therefore the dates are tentative:</p>	
Expected effective date of the Capital Reorganisation.....	Wednesday, 8 May
First day of free exchange of existing share certificates of the Existing Shares for new share certificates of the New Shares	Wednesday, 8 May
Dealing in the New Shares commences	9:00 a.m. on Wednesday, 8 May
Original counter for trading in the Existing Shares in board lot size of 2,000 Existing Shares (in the form of existing share certificate(s) in silver colour) temporarily closes.....	9:00 a.m. on Wednesday, 8 May

EXPECTED TIMETABLE

Temporary counter for trading in the New Shares in board lots of 500 New Shares (in the form of existing share certificate(s) in silver colour) opens	9:00 a.m. on Wednesday, 8 May
Expected effective date of the Change in Board Lot Size	Thursday, 23 May
Original counter for trading in the New Shares in new board lot size of 8,000 New Shares (in the form of new share certificate(s) in red colour) re-opens	9:00 a.m. on Thursday, 23 May
Parallel trading in the New Shares (in the form of new share certificate(s) in red colour and existing share certificate(s) in silver colour) commences	9:00 a.m. on Thursday, 23 May
Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares	9:00 a.m. on Thursday, 23 May
Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares	4:00 p.m. on Thursday, 13 June
Temporary counter for trading in the New Shares in board lot size of 500 New Shares (in the form of existing share certificate(s) in silver colour) closes	4:10 p.m. on Thursday, 13 June
Parallel trading in the New Shares (in the form of new share certificate(s) in red colour for the New Shares and existing share certificates) ends	4:10 p.m. on Thursday, 13 June
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Monday, 17 June

The expected timetable set out above is subject to the results of the SGM and fulfillment of the conditions of the Capital Reorganisation and is therefore for indicative purpose only. All times and dates in this circular refer to Hong Kong local times and dates. Any change(s) to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

LETTER FROM THE BOARD



资源控股
RESOURCES HOLDINGS

Peking University Resources (Holdings) Company Limited
北大资源(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00618)

Executive Directors:

Mr. Wong Kai Ho (*Chairman*)
Mr. Wang Guiwu
Mr. Huang Zhuguang
Mr. Hou Ruilin

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Independent Non-executive Directors:

Mr. Chin Chi Ho, Stanley
Mr. Chung Wai Man
Mr. Hua Yichun

*Head office and principal place of
business in Hong Kong:*

Room 2303, 23/F
COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

28 March 2024

To the Shareholders

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION,
PROPOSED CHANGE IN BOARD LOT SIZE,
CONNECTED TRANSACTIONS IN RELATION TO THE
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE,
AND
NOTICE OF SGM**

A. INTRODUCTION

Reference is made to the Announcements. The purpose of this circular is to provide you with, among other things: (i) details of the Capital Reorganisation and the Change in Board Lot Size; (ii) details of the WE Subscription Agreement and the transaction contemplated thereunder; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the WE Subscription Agreement and the transaction contemplated thereunder; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the WE Subscription Agreement and the transaction contemplated thereunder; (v) a notice convening the SGM together with a form of proxy; and (vi) other information as required under the Listing Rules.

LETTER FROM THE BOARD

As disclosed in the Subscription Announcement, on 9 February 2024, the Company and the General Mandate Subscribers entered into the General Mandate Subscription Agreements, pursuant to which the General Mandate Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 600,000,000 Existing Shares of par value of HK\$0.10 each at the General Mandate Subscription Price of HK\$0.057 per General Mandate Subscription Share. Please refer to the Subscription Announcement for details. As at the Latest Practicable Date, the General Mandate Subscriptions have not been completed. Nevertheless, subject to the fulfilment or waiver (where applicable) of the conditions precedent, the General Mandate Subscription Completion is expected to take place on 2 April 2024, that is, a date before the date of the SGM. Therefore, certain information included in this circular is disclosed on the assumption that General Mandate Subscription Completion will occur before the SGM date for the information of the Shareholders. The Company will publish an announcement to inform the Shareholders when the General Mandate Subscription Completion occurs. Should there be any delay to the General Mandate Subscription Completion, the Company will publish an update announcement on or before 2 April 2024. **Given the General Mandate Subscription Completion is subject to conditions and the General Mandate Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

B. PROPOSED CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

Capital Reorganisation

The Board proposes to implement the proposed Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Share Subdivision.

(i) Share Consolidation

The Share Consolidation will involve a consolidation of every four (4) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.40 each. As at the Latest Practicable Date, the authorised share capital of the Company is HK\$1,500,000,000 divided into 15,000,000,000 Existing Shares of par value of HK\$0.10 each, and there are 10,349,669,116 Existing Shares of par value of HK\$0.10 each in issue which are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, the authorised share capital of the Company will be HK\$1,500,000,000 divided into 3,750,000,000 Consolidated Shares of par value HK\$0.40 each, and: (a) assuming that no further Existing Shares are allotted, issued or repurchased from the Latest Practicable Date up to and including the effective date of the Share Consolidation, there will be 2,587,417,279 Consolidated Shares of par value of HK\$0.40 each in issue; (b) assuming that, other than the 600,000,000 Existing Shares that shall be allotted as a result of the General Mandate Subscriptions which are taken into account, no further Existing Shares are allotted, issued or repurchased from the Latest Practicable Date up to and including the effective date of the Share Consolidation, there will be 2,737,417,279 Consolidated Shares of par value of HK\$0.40 each in issue. The Consolidated Shares will rank *pari passu* in all respects with each other.

LETTER FROM THE BOARD

(ii) Capital Reduction

Immediately after the Share Consolidation becoming effective, the issued share capital of the Company will be reduced by: (a) eliminating any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation in order to round down the total number of the Consolidated Shares to a whole number; and (b) cancelling HK\$0.39 of the paid-up capital of the Company on each issued Consolidated Share, such that the par value of each issued New Share will be reduced from HK\$0.40 to HK\$0.01 immediately following the Capital Reduction and the credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act.

(iii) Share Subdivision

Immediately following the Share Consolidation and the Capital Reduction becoming effective, each authorised but unissued Consolidated Share (including those authorised but unissued Consolidated Shares arising from the Capital Reduction) will be subdivided into forty (40) authorised but unissued New Shares of par value of HK\$0.01 each.

Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganisation and transactions contemplated thereunder;
- (ii) the Listing Committee of the Stock Exchange granting the approval for listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective;
- (iii) the compliance with the relevant procedures and requirements under the Companies Act and applicable laws of Bermuda to effect the Capital Reorganisation, which includes the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due;
- (iv) the compliance with the relevant procedures and requirements under the Listing Rules to effect the Capital Reorganisation; and
- (v) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Subject to the fulfillment of all the above conditions, the Capital Reorganisation is expected to become effective on Wednesday, 8 May 2024. As at the Latest Practicable Date, none of the above conditions had been fulfilled.

LETTER FROM THE BOARD

Adjustment in relation to other securities of the Company

As at the Latest Practicable Date, the Company has 600,000,000 outstanding Share Options entitling the holders thereof to subscribe for up to an aggregate of 600,000,000 Existing Shares under the 2023 Share Scheme. Assuming that no further Share Options are granted under the 2023 Share Scheme from the Latest Practicable Date up to and including the effective date of the Capital Reorganisation, pursuant to (i) the relevant terms and conditions of the 2023 Share Scheme; (ii) Rule 17.03(13) of the Listing Rules and (iii) the Supplementary Guidance on Adjustments to the Exercise Price and Number of Share Options under the Listing Rule Requirements dated 5 September 2005 (the “**Supplementary Guidance**”), the Capital Reorganisation will lead to adjustment to the exercise prices of the Share Options and the number of New Shares falling to be issued upon the exercise of the Share Options in the following manner:

Date of grant	As at the Latest Practicable Date		Immediately after the adjustments	
	Exercise price per Existing Share HK\$	Number of Existing Shares to be issued upon exercise of the outstanding Share Options	Exercise price per New Share HK\$	Number of New Shares to be issued upon exercise of the outstanding Share Options
29 December 2023	0.101	600,000,000	0.404	150,000,000
Total		600,000,000		150,000,000

Further, as at the Latest Practicable Date, the total number of Existing Shares available for future grants under the 2023 Share Scheme is 312,966,911. Assuming that no further Share Options will be granted under the 2023 Share Scheme from the Latest Practicable Date up to and including the effective date of the Capital Reorganisation, the total number of New Shares available for future grants under the 2023 Share Scheme will be adjusted to 78,241,727 pursuant to the terms of the 2023 Share Scheme. The aforesaid adjustment is expected to take effect on Wednesday, 8 May 2024, being the expected effective date of the Capital Reorganisation. The Company will make further announcement(s) on such adjustment as and when appropriate.

CCTH CPA Limited, the auditor of the Company, has confirmed to the Directors in writing that the adjustments made to the exercise price of the outstanding Share Options and the number of New Shares to be issued upon the exercise of the outstanding Share Options are in compliance with the requirements set out in (i) the terms of the 2023 Share Scheme; (ii) Rule 17.03(13) of the Listing Rules; and (iii) the Supplementary Guidance.

Save for the aforesaid, as at the Latest Practicable Date, the Company has no other outstanding options, warrants or securities in issue which are convertible or exchangeable into the Existing Shares or the Consolidated Shares or the New Shares (as the case may be).

LETTER FROM THE BOARD

Application for listing of and dealings in the New Shares

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective and the New Shares which may be issued with respect of the awards granted or to be granted under the 2023 Share Scheme.

Subject to the granting of the approval of listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, upon the Capital Reorganisation being effective, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second (2nd) 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. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation become effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Effects of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$1,500,000,000 divided into 15,000,000,000 Existing Shares of par value of HK\$0.10 each, of which 10,349,669,116 Existing Shares have been issued and are fully paid or credited as fully paid and 4,650,330,884 Existing Shares remain unissued.

Assumption – Not taking into account the Existing Shares that shall be allotted as a result of the General Mandate Subscriptions

Assuming that no further Existing Shares are allotted, issued or repurchased from the Latest Practicable Date up to and including the effective date of the Capital Reorganisation, immediately after the Capital Reorganisation becoming effective, the authorised share capital of the Company shall become HK\$1,500,000,000 divided into 150,000,000,000 New Shares of par value of HK\$0.01 each, of which 2,587,417,279 New Shares will have been issued and will be fully paid or credited as fully paid and 147,412,582,721 New Shares will remain unissued.

LETTER FROM THE BOARD

Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to and including the date on which the Capital Reorganisation becomes effective, the share capital structure of the Company will be summarised as follows:

	As at the Latest Practicable Date	Immediately after the Share Consolidation becoming effective but prior to the Capital Reduction and Share Subdivision becoming effective	Immediately after the Capital Reorganisation becoming effective
Par value	HK\$0.10 per Existing Share	HK\$0.40 per Consolidated Share	HK\$0.01 per New Share
<u>Authorised share capital</u>			
Amount of authorised share capital	HK\$1,500,000,000	HK\$1,500,000,000	HK\$1,500,000,000
Number of authorised shares	15,000,000,000 Existing Shares	3,750,000,000 Consolidated Shares	150,000,000,000 New Shares
<u>Issued share capital</u>			
Amount of issued share capital	HK\$1,034,966,911.60	HK\$1,034,966,911.60	HK\$25,874,172.79
Number of issued shares	10,349,669,116 Existing Shares	2,587,417,279 Consolidated Shares	2,587,417,279 New Shares
<u>Unissued share capital</u>			
Amount of unissued share capital	HK\$465,033,088.40	HK\$465,033,088.40	HK\$1,474,125,827.21
Number of unissued shares	4,650,330,884 Existing Shares	1,162,582,721 Consolidated Shares	147,412,582,721 New Shares

As at the Latest Practicable Date, 10,349,669,116 Existing Shares were issued and were fully paid or credited as fully paid. Assuming that the par value of each of the 10,349,669,116 issued Existing Shares will be reduced from HK\$0.40 to HK\$0.01 per issued Consolidated Share by cancelling the paid-up share capital to the extent of HK\$0.39 per issued Consolidated Share by way of a reduction of capital, so as to form issued New Shares with par value of HK\$0.01 each, the Company's existing issued share capital of HK\$1,034,966,911.60 will be reduced by HK\$1,009,092,738.81 to HK\$25,874,172.79.

Assumption – Taking into account the Existing Shares that shall be allotted as a result of the General Mandate Subscriptions

Assuming that, other than the 600,000,000 Existing Shares that shall be allotted as a result of the General Mandate Subscriptions which are taken into account, no further Existing Shares are allotted, issued or repurchased from the Latest Practicable Date up to and including the effective date of the Capital Reorganisation, immediately after the Capital Reorganisation

LETTER FROM THE BOARD

becoming effective, the authorised share capital of the Company shall become HK\$1,500,000,000 divided into 150,000,000,000 New Shares of par value of HK\$0.01 each, of which 2,737,417,279 New Shares will have been issued and will be fully paid or credited as fully paid and 147,262,582,721 New Shares will remain unissued.

Assuming, other than the 600,000,000 Existing Shares that shall be allotted as a result of the General Mandate Subscriptions which are taken into account, there will be no change in the issued share capital of the Company from the Latest Practicable Date up to and including the date on which the Capital Reorganisation becomes effective, the share capital structure of the Company will be summarised as follows:

	Immediately after the General Mandate Subscription Completion	Immediately after the Share Consolidation becoming effective but prior to the Capital Reduction and Share Subdivision becoming effective	Immediately after the Capital Reorganisation becoming effective
Par value	HK\$0.10 per Existing Share	HK\$0.40 per Consolidated Share	HK\$0.01 per New Share
<u>Authorised share capital</u>			
Amount of authorised share capital	HK\$1,500,000,000	HK\$1,500,000,000	HK\$1,500,000,000
Number of authorised shares	15,000,000,000 Existing Shares	3,750,000,000 Consolidated Shares	150,000,000,000 New Shares
<u>Issued share capital</u>			
Amount of issued share capital	HK\$1,094,966,911.60	HK\$1,094,966,911.60	HK\$27,374,172.79
Number of issued shares	10,949,669,116 Existing Shares	2,737,417,279 Consolidated Shares	2,737,417,279 New Shares
<u>Unissued share capital</u>			
Amount of unissued share capital	HK\$405,033,088.40	HK\$405,033,088.40	HK\$1,472,625,827.21
Number of unissued shares	4,050,330,884 Existing Shares	1,012,582,721 Consolidated Shares	147,262,582,721 New Shares

Immediately after the General Mandate Subscription Completion, 10,949,669,116 Existing Shares would be issued and would be fully paid or credited as fully paid. Assuming that, immediately after the General Mandate Subscription Completion, the par value of each of the 10,949,669,116 issued Existing Shares will be reduced from HK\$0.40 to HK\$0.01 per issued Consolidated Share by cancelling the paid-up share capital to the extent of HK\$0.39 per issued Consolidated Share by way of a reduction of capital, so as to form issued New Shares with par value of HK\$0.01 each, the Company's issued share capital of HK\$1,094,966,911.60 will be reduced by HK\$1,067,592,738.81 to HK\$27,374,172.79.

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A credit will arise as a result of the Capital Reduction. It is proposed that the credit arising in the accounts of the Company from the Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act, which will be used by the Board in any manner as the Board may deem fit as may be permitted under the applicable laws and the Bye-laws.

As at the Latest Practicable Date, other than the outstanding 600,000,000 Share Options, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares or New Shares.

Other than the relevant expenses, including but not limited to professional fees and printing charges to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Company and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Status of the New Shares

Upon the Capital Reorganisation becoming effective, the New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid in accordance with the Company's memorandum of association and the Bye-laws.

Free exchange of share certificate(s) for the New Shares

Subject to the Capital Reorganisation becoming effective, which is expected to be on Wednesday, 8 May 2024, the Shareholders may, during the period from Wednesday, 8 May 2024 to Monday, 17 June 2024 (both dates inclusive), submit their existing share certificate(s) for the Existing Shares in silver colour to the Share Registrar, Tricor Tengis Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, during business hours to exchange for new share certificate(s) for the New Shares in red colour at the expense of the Company. Thereafter, share certificate(s) for the Existing Shares will be accepted for exchange only upon payment of a fee of HK\$2.50 (or such other amount as may be specified by the Stock Exchange from time to time) for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificate(s) cancelled or issued is higher. The existing share certificate(s) will only be valid for delivery, trading, settlement and registration purposes for the period up to 4:10 p.m. on Thursday, 13

LETTER FROM THE BOARD

June 2024 and thereafter will not be accepted for delivery, trading, settlement and registration purposes. However, the existing share certificate(s) will continue to be good evidence of title to the New Shares on the basis of every four (4) Existing Shares for one (1) New Share. The new share certificate(s) for the New Shares will be issued in red colour in order to distinguish them from the share certificate(s) for the Existing Shares which are in silver colour.

Fractional entitlement to the New Shares

Fractional New Shares arising from the Capital Reorganisation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional New Shares will be aggregated and, if possible, sold for the benefits of the Company.

The Shareholders concerned about losing out on any fractional entitlement are recommended to consult their professional advisers and may wish to consider the possibility of buying or selling the Existing Shares in a number sufficient to make up an entitlement to receive a whole number of the New Shares.

Odd lots trading arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation and the Change in Board Lot Size, the Company appointed Metaverse Securities Limited to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares during the period from 9:00 a.m. on Thursday, 23 May 2024 to 4:00 p.m. on Thursday, 13 June 2024.

Shareholders who wish to take advantage of this facility should contact Metaverse Securities Limited at Suite 4806-07, 48/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong or at telephone number (852) 2523 8221 during office hours (i.e. 9:00 a.m. to 4:30 p.m. within such period). Holders of the Shares who would like to match odd lots are recommended to make an appointment in advance by dialling the telephone number of Metaverse Securities Limited.

The Shareholders or potential investors of the Company should note that (i) the above odd lots trading arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (ii) odd lots might be sold below the market price. If they are in any doubt, they should consult their professional advisers.

Proposed Change in Board Lot Size

As at the Latest Practicable Date, the Existing Shares were traded on the Stock Exchange in existing board lot size of 2,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange to 8,000 New Shares conditional upon the Capital Reorganisation becoming effective. Based on the closing price of HK\$0.065 per Existing Share (equivalent to the theoretical price of HK\$0.26 per New Share) as quoted on the Stock

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Exchange as at the Latest Practicable Date: (i) the value of each board lot of 2,000 Existing Shares is HK\$130; (ii) the value of each board lot of 2,000 New Shares would be HK\$520 assuming the Capital Reorganisation had become effective; and (iii) the value of each new board lot of 8,000 New Shares would be HK\$2,080 assuming the Change in Board Lot Size had also been effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

Reasons for the Capital Reorganisation and the Change in Board Lot Size

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the Existing Shares approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the Company either to change the trading method or to proceed with a consolidation or splitting of the Existing Shares. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 (the “Guide”) has further stated that (i) market price of the Existing Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000. On this basis, the Board considers that it is appropriate to implement the Capital Reorganisation.

The Company has been constantly monitoring the trading prices of the Existing Shares. As disclosed above, at as the Latest Practicable Date, the closing price of the Existing Shares as quoted on the Stock Exchange is below HK\$0.10 and the existing board lot value is less than HK\$2,000. Upon the Capital Reorganisation becoming effective, the Share price would be adjusted to HK\$0.26 per New Share (based on the closing price of HK\$0.065 per Existing Share as at the Latest Practicable Date), and with a board lot size of 8,000 New Shares, the new board lot value would be HK\$2,080. The Capital Reorganisation and the Change in Board Lot Size would enable the share price of the Company and the value of the board lot to comply with the trading requirements under the Listing Rules.

The Board also considers that the Capital Reorganisation and the Change in Board Lot Size are expected to bring about a corresponding upward adjustment in the trading price per new board lot of the New Shares. In addition, the Capital Reorganisation and the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the New Shares as a proportion of the market value of each board lot, since most of the banks or securities houses will charge a minimum transaction cost for each securities trade. It is expected that the Capital Reorganisation would maintain the trading amount for each board lot at a reasonable level and attract a broader range of investors of the Company and thus further broaden the Shareholders’ base, including institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor. It is also expected that the liquidity in trading of the New Shares will increase accordingly.

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Under the Companies Act, the Company may not issue Shares at a discount to the par value of such Shares. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction and Share Subdivision, the par value of the Consolidated Shares will be HK\$0.40 per Consolidated Share. The Capital Reorganisation will keep the par value of the New Shares at a lower level of HK\$0.01 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. In addition, the credit arising from the Capital Reorganisation will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act, thus enabling the Shareholders and potential investors of the Company to have a better appreciation of the financial position of the Company.

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred or to be incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

In view of the above reasons, the Board considers that the Capital Reorganisation and the Change in Board Lot Size are justifiable. Accordingly, the Board is of the view that the Capital Reorganisation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

As disclosed in the Subscription Announcement, the Company had entered into the General Mandate Subscription Agreements and the WE Subscription Agreement. Nevertheless, the General Mandate Subscription Agreements and the WE Subscription Agreement and the transactions thereunder were entered into by the Company for the purpose of raising capital for the Company and improving the financial position of the Group for its future development and prospects, and not intended to undermine or negate the intended purpose of the Capital Reorganisation and the Change in Board Lot Size.

As at the Latest Practicable Date, the Company has no plan or intention to carry out any equity and/or other corporate actions which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation and the Change in Board Lot Size in the next twelve (12) months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

The Shareholders or potential investors of the Company should note that (i) odd lots will be created after the Capital Reorganisation and the Change in Board Lot Size; (ii) the above odd lots trading arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price. If they are in any doubt, they should consult their professional advisers.

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C. CONNECTED TRANSACTIONS IN RELATION TO THE SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 9 February 2024 (after Stock Exchange trading hours), the Company and Wealth Elite entered into the WE Subscription Agreement, pursuant to which Wealth Elite has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 250,000,000 New Shares of par value of HK\$0.01 each at the WE Subscription Price of HK\$0.228 per WE Subscription Share.

The WE Subscription Shares will be allotted and issued under the Specific Mandate to be obtained from the Independent Shareholders at the SGM.

Principal terms of the WE Subscription Agreement

The principal terms of the WE Subscription Agreement are as follows:

Date

9 February 2024 (after Stock Exchange trading hours)

Parties

- (1) the Company, as the issuer; and
- (2) Wealth Elite.

Wealth Elite is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, Wealth Elite is a substantial shareholder of the Company and a company wholly-owned by Mr. Hou, an executive Director, thus a connected person of the Company.

WE Subscription Shares

Pursuant to the WE Subscription Agreement, Wealth Elite has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 250,000,000 New Shares of par value of HK\$0.01 each at the WE Subscription Price of HK\$0.228 per WE Subscription Share.

Upon the Capital Reorganisation becoming effective and assuming that no further Existing Shares are allotted, issued or repurchased from the Latest Practicable Date up to and including the effective date of the Capital Reorganisation (other than the 600,000,000 Existing Shares that shall be allotted as a result of the General Mandate Subscriptions, which are taken into account), immediately after the Capital Reorganisation becoming effective, 2,737,417,279 New Shares will be in issue. Assuming that the Company has a total of 2,737,417,279 issued New Shares upon the Capital Reorganisation becoming effective, the WE Subscription Shares,

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being 250,000,000 New Shares, represent (i) approximately 9.13% of the total number of issued New Shares upon the Capital Reorganisation becoming effective; and (ii) approximately 8.37% of the total number of issued New Shares upon the Capital Reorganisation becoming effective and as enlarged by the allotment and issue of the WE Subscription Shares immediately upon the WE Subscription Completion.

WE Subscription Price

The WE Subscription Price is HK\$0.228 per WE Subscription Share, which represents:

- (i) a discount of approximately 9.52% to the theoretical closing price of HK\$0.252 per New Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.063 per Existing Share as quoted on the Stock Exchange on 9 February 2024, being the date of the WE Subscription Agreement;
- (ii) a discount of approximately 19.03% to the theoretical average closing price of approximately HK\$0.2816 per New Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK\$0.0704 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding 9 February 2024, being the date of the WE Subscription Agreement;
- (iii) a discount of approximately 21.60% to the theoretical average closing price of approximately HK\$0.2908 per New Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK\$0.0727 per Existing Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding 9 February 2024, being the date of the WE Subscription Agreement;
- (iv) a discount of approximately 12.31% to the theoretical average closing price of approximately HK\$0.26 per New Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.065 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a discount of approximately 67.89% to the theoretical unaudited equity attributable to owners per New Share (after taking into account the effect of the Capital Reorganisation) of approximately HK\$0.71 based on: (a) the unaudited equity attributable to owners of the Company of approximately RMB1,725,417,000 (equal to approximately HK\$1,846,196,190 based on the exchange rate of RMB1:HK\$1.07, being the prevailing exchange rate as at 30 September 2023) as at 30 September 2023; and (b) 2,587,417,279 New Shares, based on the total number of issued Existing Shares as at the Latest Practicable Date of 10,349,669,116.

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The market value of the WE Subscription Shares is approximately HK\$63,000,000, based on the theoretical closing price of HK\$0.252 per New Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.063 per Existing Share as quoted on the Stock Exchange on 9 February 2024, being the date of the WE Subscription Agreement. Each WE Subscription Share has par value of HK\$0.01 after the Capital Reorganisation becoming effective.

The WE Subscription Price was negotiated on an arm's length basis between the Company and Wealth Elite and was determined with reference to recent market prices of the Existing Shares and the prevailing market conditions.

The WE Subscription will result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 1.60%, represented by the discount of the theoretical diluted price of approximately HK\$0.2771 per New Share to the benchmarked price of approximately HK\$0.2816 per New Share, whereas:

- (a) the benchmarked price of approximately HK\$0.2816 per New Share represents the higher of (i) the theoretical closing price of HK\$0.252 per New Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.063 per Existing Share as quoted on the Stock Exchange on the date of the WE Subscription Agreement; and (ii) the theoretical average closing price of approximately HK\$0.2816 per New Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK\$0.0704 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the WE Subscription Agreement; and
- (b) the theoretical diluted price of approximately HK\$0.2771 per New Share is derived from the sum of (i) the Company's total market capitalisation of approximately HK\$770,856,706 (by reference to the benchmarked price of approximately HK\$0.2816 per New Share and the number of issued New Shares immediately after the Capital Reorganisation becoming effective (having also taken into account the effect of the General Mandate Subscription) but before the completion of the WE Subscription of 2,737,417,279) and (ii) the gross proceeds from the WE Subscription of HK\$57,000,000, divided by 2,987,417,279 (being the total number of New Shares as enlarged by the WE Subscription).

WE Subscription Consideration

The consideration for WE Subscription shall be paid by Wealth Elite on the WE Subscription Completion Date.

Rights of the WE Subscription Shares

The WE Subscription Shares shall, when fully paid, rank *pari passu* in all respects among themselves and with all other issued New Shares at the date of issue.

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Conditions Precedent for the WE Subscription

WE Subscription Completion is conditional upon the following:

- (i) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and the permission to deal in, the WE Subscription Shares;
- (ii) (if applicable) obtaining all necessary approvals from and making all necessary filings with any government, regulatory authority or any other person in connection with the entering into and performing the obligations under the WE Subscription Agreement by the Company (including but not limited to the issue and allotment of the WE Subscription Shares);
- (iii) the passing of the resolution(s) at the SGM by the Independent Shareholders to approve the WE Subscription Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate to allot and issue the WE Subscription Shares;
- (iv) the Capital Reorganisation having become effective and the dealing in the New Shares having commenced;
- (v) the representations and warranties of the Company under the WE Subscription Agreement being true, accurate and not misleading in all material respects as at the date of the WE Subscription Agreement and the WE Subscription Completion Date and the Company having fully performed its obligations under the WE Subscription Agreement prior to and on the WE Subscription Completion Date;
- (vi) the listing of the Shares of the Company has not been revoked, the Shares continue to be listed on the Stock Exchange (except for any trading halt or suspension less than seven consecutive trading days); and
- (vii) the representations and warranties of Wealth Elite under the WE Subscription Agreement being true, accurate and not misleading in all material respects as at the date of the WE Subscription Agreement and the WE Subscription Completion Date and Wealth Elite having fully performed its obligations under the WE Subscription Agreement prior to and on the WE Subscription Completion Date.

If the above conditions are not fulfilled or waived (the conditions (i) to (iv) above cannot be waived, the conditions (v) and (vi) can be waived by Wealth Elite only and the condition (vii) can be waived by the Company only) on 30 July 2024 (or such other date as may be agreed in writing between the Company and Wealth Elite), the Company may terminate the WE Subscription Agreement by giving written notices to Wealth Elite. In that case, Wealth Elite's obligation to subscribe for and the Company's obligation to issue, allot and deliver the WE Subscription Shares shall terminate and any amounts paid by Wealth Elite under the WE Subscription Agreement shall be refunded to Wealth Elite without interest.

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As at the Latest Practicable Date, none of the above conditions had been fulfilled or waived.

WE Subscription Completion

WE Subscription Completion is expected to take place five (5) Business Days after the date upon which the last condition to be satisfied has been so satisfied, or if applicable, waived (or such other time and/or date as the Company and Wealth Elite may agree in writing).

Specific Mandate

The WE Subscription Shares will be allotted and issued under the Specific Mandate to be obtained from the Independent Shareholders at the SGM.

Application for Listing

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the WE Subscription Shares.

Information on Wealth Elite

Wealth Elite is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, Wealth Elite is a substantial shareholder of the Company and a company wholly-owned by Mr. Hou, an executive Director, thus a connected person of the Company.

Information on the Company and the Group

The Company is incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange (stock code: 618). The Group is principally engaged in medical and pharmaceutical retail, the e-commerce and distribution of products, property development and property investment and management businesses.

Reasons for the WE Subscription and Use of Proceeds

The Company considers that the WE Subscription will raise capital for the Company and improve the financial position of the Group for its future development and prospects. It will also provide the Company with capital for new investment opportunities to broaden the revenue and profit potential of the Group and enhance Shareholders' value in long term. In light of the prevailing financial conditions of the Group, the Board considered the WE Subscription to be a suitable financial option as compared to other means of financing as it enables the Group to raise capital in an efficient manner without increasing interest burden on the Group.

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The Board has considered other alternative fundraising methods such as debt financing, rights issue or open offer. The Board considered that the debt financing would incur additional finance costs such as interest expenses on the Group and involve lengthy due diligence and negotiation with the banks, and therefore a less commercially favourable financing means to the Company. In respect of equity financing such as rights issue or open offer, the Company considers that it is difficult for the Company to identify suitable party to underwrite the rights issue or open offer given the trading liquidity of the Shares in history was relatively thin and the prevailing market conditions, therefore, the exact amount of proceeds to be raised from rights issue or open offer would be highly uncertain and subject to market conditions, and the number of willing shareholders. Further, rights issue or open offer would also involve the engagement of reporting accountants, financial advisers and/or brokerage agent(s), issue of listing documents with other application and administrative procedures which may require relatively longer time and incur additional administrative costs such as placing commission as compared to the WE Subscription. The Board considered that rights issue and open offer are not feasible fundraising methods due to the uncertain results and potential time and costs incurred.

Taking into account (i) the alternative fundraising methods available to the Company as discussed above; (ii) the WE Subscription is expected to raise proceeds for the Group with a lower cost; and (iii) the proceeds from the WE Subscription would strengthen the Group's liquidity to meet its daily operation and broaden the revenue and profit potential of the Group, the Board considered that, raising funds by way of allotment and issue of the WE Subscription Shares under Specific Mandate is an appropriate fundraising method currently available to the Company as compared to other alternative fundraising methods and would enable the Company to continue to obtain funds at a lower cost and a shorter timetable. Therefore, the Board believes that the WE Subscription Agreement is made on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the WE Subscription will be HK\$57,000,000. The net proceeds from the WE Subscription (after deducting all applicable costs and expenses of the Subscriptions) will be approximately HK\$56,700,000 and a net issue price of HK\$0.227 per WE Subscription Share.

The Group intends to use the proceeds from the WE Subscription for the following purposes:

- (i) 50% of the proceeds is expected to be used for the Group's strategic investments in, or acquisitions of, businesses or equity interests in companies that are in the medical and pharmaceutical sector. As disclosed in the announcement of the Company dated 1 November 2023 and the interim report of the Company published on 21 December 2023 (the "**2023 Interim Report**"), the Group acquired the entire equity interest in Wuhan Yekaitai Pharmaceutical Chain Co., Ltd.* (武漢葉開泰藥業連鎖有限公司) ("**Yekaitai Pharmaceutical**"), which operated over 50 retail pharmacies in the PRC under the reputable brand of "Yekaitai (葉開泰)". The acquisition of Yekaitai Pharmaceutical enabled the Group to expand its business into the pharmaceutical

LETTER FROM THE BOARD

retail market so as to create new sources of income and diversify the Group's revenue streams, thereby achieving the Group's strategic objective of sustainable development. As disclosed in the 2023 Interim Report, for the six months ended 30 September 2023, the medical and pharmaceutical retail business of the Group recorded a turnover of approximately RMB14,025,000 (unaudited). While at the Latest Practicable Date, the Group has not identified any investment target in the medical and pharmaceutical sector, as the Group is of the view that the medical and pharmaceutical market in the PRC has considerable potential and room for development, the Group intends to further expand its business in the sector when suitable opportunities for investment or acquisition arise;

- (ii) 30% of the proceeds is expected to be used for repayment of the debts of the Group. Principally, the Group intends to repay a loan from a PRC commercial bank in the principal amount of RMB15,000,000 at an interest rate of 4% per annum, which will be due on 6 July 2024. The loan was obtained in the ordinary course of business of the Company to finance its operations and to the best knowledge of the Directors, the lender is a third party independent of the Company and its connected persons; and
- (iii) 20% of the proceeds is expected to be used for replenishment of the Company's general working capital, which is expected to be used for the following purposes: (1) 50% is expected to be used for payment of professional fees; (2) 40% is expected to be used for payment of staff salaries and welfare; and (3) 10% is expected to be used for office rental and expenses.

As disclosed in the 2023 Interim Report, as at 30 September 2023, the Company had (unaudited): (i) cash and cash equivalents of approximately RMB665,904,000; (ii) total current liabilities of approximately RMB7,960,977,000; and (iii) total liabilities of approximately RMB8,780,917,000. It is the intention of the Company to use the net proceeds from the WE Subscription for repayment of part of the Group's liabilities and replenishing the general working capital of the Group, such that the asset-liability ratio and capital structure can be improved and the financial expenses and financial risks can be reduced. The Board believes that the abovementioned use of proceeds for repayment of debts and replenishing the general working capital of the Group would relieve part of the financial pressure, supplement the cash flow, reduce the financial leverage effectively and improve the asset-liability ratio of the Group as well as prevent liquidity risks.

Given the WE Subscription Completion is subject to conditions and the WE Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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Effects on shareholding structure of the Company

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Capital Reorganisation becoming effective, assuming that the Company has a total of 2,737,417,279 issued New Shares upon the Capital Reorganisation becoming effective (the number of issued New Shares has taken into account of the New Shares that shall be allotted as a result of the General Mandate Subscriptions, which shall have been taken place prior to the Capital Reorganisation becoming effective); and (iii) immediately after the Capital Reorganisation becoming effective and completion of the WE Subscription:

	As at the Latest Practicable Date		Immediately after the Capital Reorganisation becoming effective (having also taken into account the effect of the General Mandate Subscription)		Immediately after the Capital Reorganisation becoming effective (having also taken into account the effect of the General Mandate Subscription) and completion of the WE Subscription	
	Existing Shares	%	New Shares	%	New Shares	%
ULTRA FOUNDER INTERNATIONAL LTD (“Ultra Founder”) (Note 1)	1,918,000,000	18.53	479,500,000	17.52	479,500,000	16.05
Firstunion Animation Technology (HK) Co., Limited (“Firstunion”) (Note 2)	1,276,814,973	12.34	319,203,743	11.66	319,203,743	10.68
Eagle Wings Limited Partnership Fund (“Eagle Wings”) (Note 1)	500,000,000	4.83	125,000,000	4.57	125,000,000	4.18
Mr. Xia Ding (Note 3)	38,000,000	0.37	9,500,000	0.35	9,500,000	0.32
Mr. Jiang Xiaoping (Note 4)	34,000,000	0.33	8,500,000	0.31	8,500,000	0.28
Mr. Wong Kai Ho (Note 1)	26,416,155	0.26	6,604,039	0.24	6,604,039	0.22
Wealth Elite	1,161,231,129	11.22	290,307,782	10.61	540,307,782	18.09
Public Shareholders						
Sea Ray Investment	400,000,000	3.86	175,000,000	6.39	175,000,000	5.86
Sleek Charm	400,000,000	3.86	175,000,000	6.39	175,000,000	5.86
Other Public Shareholders	4,595,206,859	44.40	1,148,801,715	41.97	1,148,801,715	38.45
Total:	10,349,669,116	100.00	2,737,417,279	100.00	2,987,417,279	100.00

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Notes:

1. Mr. Wong Kai Ho is an executive Director and chairman of the Board. Apart from his personal interest in 26,416,155 Existing Shares, Mr. Wong Kai Ho is deemed to be interested in (i) the 1,918,000,000 Existing Shares held by Ultra Founder, a company wholly controlled by Mr. Wong Kai Ho; and (ii) the 500,000,000 Existing Shares held by Eagle Wings, of which Mr. Wong Kai Ho is the general partner.
2. Mr. Huang Zhuguang is an executive Director. He is deemed to be interested in the 1,276,814,973 Existing Shares held by Firstunion, a company ultimately owned as to 90% by Mr. Huang Zhuguang.
3. Mr. Xia Ding is the co-chief executive officer of the Company
4. Mr. Jiang Xiaoping is the deputy chief executive officer of the Company.

LETTER FROM THE BOARD

Equity Fund Raising Activities in the Past Twelve Months

Save as disclosed below, the Company had not conducted any equity fund raising activities in the twelve months immediately preceding the Latest Practicable Date.

Date of the announcement	Fundraising activities	Net proceeds raised or to be raised (approximately)	Intended use of proceeds	Actual use of proceeds up to the Latest Practicable Date
15 March 2023 and 23 March 2023	Issue and allotment of 1,161,231,129 Shares under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 15 September 2022	HK\$116,023,000	It was agreed between the Company and the subscriber that the total subscription price shall be satisfied by setting off against the equivalent amount of the debt owed by the Group to the subscriber on a dollar-for-dollar basis	The total subscription price was used to set off against the equivalent amount of the debt owed by the Group to the subscriber on a dollar-for-dollar basis as intended
9 March 2023, 17 March 2023 and 27 March 2023	Issue and allotment of 122,000,000 Shares under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 15 September 2022	HK\$12,100,000	(i) Repayment of the debts of the Group; and (ii) General working capital	Fully applied as intended

LETTER FROM THE BOARD

Date of the announcement	Fundraising activities	Net proceeds raised or to be raised (approximately)	Intended use of proceeds	Actual use of proceeds up to the Latest Practicable Date
25 October 2023 and 29 November 2023	Issue and allotment of 1,220,000,000 Shares under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM	HK\$121,500,000	General working capital	Approximately 15% of the proceeds have been utilised (<i>Note 1</i>)
9 February 2024	Issue and allotment of 600,000,000 Shares under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM	HK\$34,000,000	General working capital	Unutilised (<i>Note 2</i>)

Notes:

- (1) The remaining 85% of the proceeds are expected to be fully utilised by September 2024 and the remainder is expected to be used for the following purposes: (i) 90% is expected to be used for purchase of goods; (ii) 6% is expected to be used for marketing expenses; and (iii) 4% is expected to be used for staff cost.
- (2) As at the Latest Practicable Date, the relevant subscriptions have not been completed.

Listing Rules Implications

As at the Latest Practicable Date, Wealth Elite is a substantial shareholder of the Company and a company wholly-owned by Mr. Hou, an executive Director, thus a connected person of the Company. Therefore, the transaction contemplated under the WE Subscription Agreement shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee comprising all independent non-executive Directors has been established to make recommendation to the Independent Shareholders regarding the WE Subscription Agreement and the transactions contemplated thereunder.

Pelican Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the WE Subscription Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

D. SGM

A notice convening the SGM to be held at 10:00 a.m. on Monday, 6 May 2024 at Room 2303, 23/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong, is set out on pages SGM-1 to SGM-4 of this circular. The SGM will be convened for the purpose of considering and, if thought fit, approving (i) the Capital Reorganisation and transactions contemplated thereunder and (ii) the WE Subscription Agreement and the transaction contemplated thereunder, as well as the grant of the Specific Mandate for the allotment and issue of the WE Subscription Shares.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, save for Wealth Elite, no other Shareholders have a material interest in the transactions contemplated under the WE Subscription, and save for Wealth Elite and its associates, no Shareholders would have to abstain from voting at the SGM in respect of the WE Subscription. Save for Mr. Hou, who is the ultimate beneficial owner of Wealth Elite, no other Director has any material interest in the WE Subscription and is required to abstain from voting on the resolutions passed by the Board to approve the foregoing matters. Save for the aforesaid, based on the information, belief and knowledge of the Company, no Shareholder has a material interest in the proposed resolutions to be considered at the SGM and no Shareholder is required to abstain from voting for such resolutions at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.pkurh.com). Whether or not you are able to attend the SGM, please complete the form of proxy in accordance with the instructions printed thereon and return it to the Share Registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. not later than 10:00 a.m. on Saturday, 4 May 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting if you so wish.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules and bye-law 70 of the bye-laws of the Company, each of the resolutions set out in the notice of the SGM will be put to the vote by way of a poll. An announcement on the poll results will be published by the Company after the SGM in the manner prescribed under the Listing Rules.

For the avoidance of doubt, as the proposed Change in Board Lot Size is not required to be approved by the Shareholders under the Bermuda laws nor the Listing Rules, the proposed Change in Board Lot Size will not be subject to the Shareholder's approval in the SGM. The Company intends to implement the proposed Change in Board Lot Size in accordance with the expected timetable and any change(s) to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

E. CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

For the purpose of determination of entitlement to attend and vote at the SGM to be held on Monday, 6 May 2024, the register of members of the Company will be closed from Tuesday, 30 April 2024 to Monday, 6 May 2024 (both days inclusive), during which period no transfer of the Shares will be registered. In order to qualify for attending and voting at the SGM, all Share transfer documents accompanied by the relevant share certificates must be lodged with the Share Registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 29 April 2024.

F. RESPONSIBILITY STATEMENT

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

G. RECOMMENDATIONS

Capital Reorganisation

The Directors are of the view that the Capital Reorganisation is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

LETTER FROM THE BOARD

Connected Transactions in relation to the Subscription of New Shares under Specific Mandate

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 34 of this circular, which contains its recommendation to the Independent Shareholders in respect of the WE Subscription Agreement and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out on pages 35 to 61 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the WE Subscription Agreement and the transactions contemplated thereunder, and the principal factors and reasons considered by it in arriving at its opinions.

In respect of the WE Subscription, the Directors (including the members of the Independent Board Committee whose opinion is set forth in the “Letter from the Independent Board Committee” in this circular after considering the advice of the Independent Financial Adviser but excluding Mr. Hou, who has a material interest in the WE Subscription and is required to abstain and has abstained from voting on the relevant resolutions to approve the WE Subscription Agreement and the transactions contemplated thereunder) are of the view that although the entering into of the WE Subscription Agreement is not in the ordinary and usual course of business of the Group, the terms of the WE Subscription Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolutions approving the WE Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the SGM.

Yours faithfully,
By order of the Board
**Peking University Resources (Holdings)
Company Limited**
Wong Kai Ho
Chairman



资源控股
RESOURCES HOLDINGS

Peking University Resources (Holdings) Company Limited
北大资源(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00618)

28 March 2024

To the Independent Shareholders

Dear Sir or Madam

**CONNECTED TRANSACTION IN RELATION TO
THE SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

We refer to the circular of the Company dated 28 March 2024 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise the Independent Shareholders in respect of the WE Subscription Agreement and the transactions contemplated thereunder. Pelican Financial Limited has been appointed by the Company as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter as set out on pages 35 to 61 of the Circular. Your attention is also drawn to the letter from the Board as set out on pages 9 to 33 of the Circular and the additional information set out in the appendix to the Circular.

Having considered the terms of the WE Subscription Agreement and the situation of the Company, the interests of the Independent Shareholders and the advice of the Independent Financial Adviser, we consider that although the entering into of the WE Subscription Agreement is not in the ordinary and usual course of business of the Group, the terms of the WE Subscription Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions approving the WE Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the SGM.

Yours faithfully
For and on behalf of the
Independent Board Committee

Mr. Chin Chi Ho,
Stanley

*Independent non-
executive Director*

Mr. Chung Wai Man

*Independent non-
executive Director*

Mr. Hua Yichun

*Independent non-
executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of the letter of advice from Pelican Financial Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the WE Subscription Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



PELICAN FINANCIAL LIMITED

28/F, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong

28 March 2024

*To the Independent Board Committee and the Independent Shareholders of
Peking University Resources (Holdings) Company Limited*

Dear Sirs,

CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the WE Subscription Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company dated 28 March 2024 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the Subscription Announcement regarding the connected transaction in relation to the WE Subscription of New Shares under the Specific Mandate.

On 9 February 2024 (after Stock Exchange trading hours), the Company and Wealth Elite entered into the WE Subscription Agreement, pursuant to which Wealth Elite has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 250,000,000 New Shares at the WE Subscription Price of HK\$0.228 per WE Subscription Share. The WE Subscription Shares will be allotted and issued under the Specific Mandate to be obtained from the Independent Shareholders at the SGM. Completion of the WE Subscription is subject to the fulfilment of the conditions referred to in the paragraph headed “Conditions Precedent for the WE Subscription” of the Board Letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Wealth Elite is a substantial shareholder of the Company and a company wholly-owned by Mr. Hou, an executive Director, thus a connected person of the Company. Therefore, the transaction contemplated under the WE Subscription Agreement shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The SGM will be convened and held to consider and, if thought fit, approve the WE Subscription Agreement and the transaction contemplated thereunder, and the grant of the Specific Mandate for the allotment and issue of the WE Subscription Shares.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, save for Wealth Elite, no other Shareholders have a material interest in the transactions contemplated under the WE Subscription, and save for Wealth Elite and its associates, no Shareholders would have to abstain from voting at the SGM in respect of the WE Subscription. Save for Mr. Hou, who is the ultimate beneficial owner of Wealth Elite, no other Director has any material interest in the WE Subscription and is required to abstain from voting on the resolutions passed by the Board to approve the foregoing matters.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, which currently comprises all the independent non-executive Directors, namely Mr. Chin Chi Ho, Stanley, Mr. Chung Wai Man and Mr. Hua Yichun, has been established to advise the Independent Shareholders regarding the WE Subscription Agreement and the transactions contemplated thereunder. We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the WE Subscription and such appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

Pelican Financial Limited ("**Pelican**") is not connected with the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. As at the Latest Practicable Date, we were not aware of any relationships or interest between Pelican and the Company nor any other parties, or any circumstance as set out in Rule 13.84 of the Listing Rules, that could reasonably be regarded as a hindrance to Pelican's independence to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the WE Subscription Agreement and the transaction contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In the last two years, save for the current appointment as Independent Financial Adviser in respect of the WE Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate), we have not been engaged by the Company for the provision of any services that would affect our independence. Apart from normal professional fees payable to us in connection with this appointment of us as Independent Financial Adviser, no arrangement exists whereby Pelican will receive any fees or benefits from the Company or the Directors, chief executive of the Company or substantial Shareholders or any of their respective associates.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the terms of the WE Subscription Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the resolution(s) regarding the WE Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the WE Subscription Shares at the SGM.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions which include, among other things, review of relevant agreements, documents as well as information provided by the Company and verified them, to an extent, to the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group. The documents reviewed include, but are not limited to, the WE Subscription Agreement, the Subscription Announcement, the interim report of the Group for the six months ended 30 September 2023 (the “**2023/24 Interim Report**”), the annual report of the Group for the financial year ended 31 March 2023 (the “**2022/23 Annual Report**”), and the Circular. We have 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 management and/or the Directors, which have been provided to us.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of in-depth investigation into the business and affairs or the prospects of the Group.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the WE Subscription Agreement and the transaction contemplated thereunder, we have considered the following principal factors and reasons.

1. Information on the Group

The Company is incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in medical and pharmaceutical retail, the e-commerce and distribution of products, property development and property investment and management businesses.

Set out below is a summary of the financial information of the Group as extracted from the 2023/24 Interim Report and 2022/23 Annual Report.

Table 1: Financial performance of the Group

	For the six months ended 30 September		For the year ended	For the year ended	For the fifteen months ended
	2023	2022	31 March 2023	31 March 2022	31 March 2022
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Note 1)</i>	<i>(Audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue					
E-commerce and distribution	847,051	1,133,622	1,907,221	5,896,820	7,371,025
Property development	363,171	2,681,994	3,219,727	3,466,256	4,332,820
Property investment and management	48,717	30,694	47,922	76,623	95,779
Medical and pharmaceutical retail	14,025	–	–	–	–
Total Revenue	1,272,964	3,846,310	5,174,870	9,439,699	11,799,624

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	For the six months ended 30 September 2023 <i>(Unaudited)</i> RMB'000		For the year ended 31 March 2023 <i>(Audited)</i> RMB'000		For the year ended 31 March 2022 <i>(Note 1)</i> RMB'000		For the fifteen months ended 31 March 2022 <i>(Audited)</i> RMB'000	
Gross profit	54,002	497,294	760,808	923,558			1,154,448	
Profit/(Loss) for the year/period	166,054	64,775	1,018,855	(346,954)			(433,692)	

Note 1: The financial year end date of the Company has been changed from 31 December to 31 March as disclosed in the announcement of the Company dated 5 January 2022, hence the consolidated financial information was disclosed on a fifteen-months basis ended 31 March 2022 in the 2022/23 Annual Report. For comparison and illustrative purposes, the financial figures corresponding to the twelve-month period ending 31 March 2022 have been calculated on a pro rata basis.

Table 2: Financial position of the Group

	As at 30 September 2023 <i>(Unaudited)</i> RMB'000	As at 31 March 2023 <i>(Audited)</i> RMB'000
Non-current assets	1,642,540	1,638,953
Current assets	10,309,086	11,009,672
Total assets	11,951,626	12,648,625
Non-current liabilities	819,940	793,038
Current liabilities	7,960,977	9,320,030
Total liabilities	8,780,917	10,113,068
Net current assets	2,348,109	1,689,642
Net assets	3,170,709	2,535,557

Financial Highlights

Revenue

For a year-to-year comparison, the Group's revenue decreased by approximately 45.2% from approximately RMB9,439.7 million to RMB5,174.9 million for the year ended 31 March 2023. The decrease was mainly attributable to (i) the litigations initiated against the Group by a creditor and Peking University Founder Group Company Limited (“**Peking Founder**”), the former controlling shareholder of the Company, resulting in a significant decrease in (i) sales of information products and (ii) the areas covered in property development projects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the six months ended 30 September 2023, the Group recorded a decrease in revenue of approximately RMB2,573.3 million or 66.9%, from approximately RMB3,846.3 million for the six months ended 30 September 2022 to approximately RMB1,273.0 million. The decrease was due to (i) the decrease in revenue from property development segment by approximately RMB2,318.8 million as a result of a decrease in areas delivered; and (ii) the decrease in revenue from e-commerce and distribution segment by approximately RMB286.6 million as a result of aforementioned litigations initiated against the Group by a creditor and Peking Founder. As an offset, the Group recorded revenue from the new medical and pharmaceutical retail segment amounted to RMB14.0 million.

Gross profit and gross profit margin

For a year-to-year comparison, the Group's gross profit for the year ended 31 March 2023 was approximately RMB760.8 million, representing a decrease of approximately RMB162.8 million or 17.6% from approximately RMB923.6 million for the twelve months ended 31 March 2022. The decrease was mainly due to the combined effects of improvement in gross profit of properties delivered and decrease in area delivered of property development projects.

For the six months ended 30 September 2023, the Group recorded a gross profit of approximately RMB54.0 million, showing a decrease of approximately RMB443.3 million or 89.1% in the corresponding period of 2022. The decline in gross profit margin from 12.9% to 4.2% was mainly due to the decrease in proportion of revenue generated from property development business, which is typically associated with higher gross profit margin.

Profit for the year/period

For a year-to-year comparison, the net profit for the year ended 31 March 2023 was approximately HK\$1,018.9 million, showing a reversal from a loss of approximately RMB347.0 million for the twelve months ended 31 March 2022. The increase in profit was mainly due to (i) the decrease in other expenses and losses of approximately RMB616.1 million, which was attributable to a decrease in claims and penalty on late repayment of bank and other borrowings as the reduction in interest-bearing financial liabilities following the disposal of Hong Kong Huzi Limited and its subsidiaries ("**Huzi Group**") by the Group in March 2022, as well as the debt settlement with relevant financial institutions; (ii) the decrease in finance costs of approximately RMB172.3 million; and (iii) the decrease in total selling and distribution expenses and administrative expenses of approximately RMB280.8 million, which was attributable to the streamlining of organisational structure following the disposal of Huzi Group in March 2022 and the strict control of expenses implemented by the management of the Group.

For the six months ended 30 September 2023, the Group recorded a profit of approximately RMB166.1 million for the six months ended 30 September 2023, an increase from a profit of approximately RMB64.8 million in the corresponding period of 2022, which was primarily due to (i) the increase in other income and gains of 1,526.9%, from approximately RMB102.9 million for the six months ended 30 September 2022 to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately RMB1,673.5 million for the same period of 2023, which was due to the substantial gain on disposal recorded from the disposal of Hong Kong Tianhe Holdings Limited and its subsidiaries and Chongqing Yueyingya Enterprise Management Co., Ltd. and its subsidiaries in May 2023; (ii) the decrease in income tax expense of approximately RMB140.0 million; and (iii) the decrease in the aggregate of selling and distribution expenses and administrative and other operating expenses by approximately 18.6% to approximately RMB135,141,000 due to strict cost control measures adopted by the Group.

Assets and liabilities

As at 30 September 2023, the Group recorded total assets of approximately RMB11,951.6 million and total liabilities of RMB8,780.9 million as compared to that of approximately RMB12,648.6 million and RMB10,113.1 million as at 31 March 2023, respectively. The Group's net asset value was approximately RMB3,170.7 million as at 30 September 2023 and increased by approximately RMB635.2 million as compared to that of approximately RMB2,535.6 million as at 31 March 2023, which was primarily due to the decrease in interest-bearing bank and other borrowings by approximately RMB685.0 million. The gearing ratio of the Group decreased by 0.36 to 0.40 as at 30 September 2023 from 0.76 as at 31 March 2023.

Bank balances and cash

As at 30 September 2023, the Group had total cash and cash equivalents (including restricted cash) of approximately RMB679.8 million, slightly decreased from approximately RMB725.9 million as at 31 March 2023.

2. Information on Wealth Elite

Wealth Elite is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, Wealth Elite is a substantial shareholder of the Company and a company wholly-owned by Mr. Hou, an executive Director, thus a connected person of the Company.

3. Use of proceeds

The gross proceeds of the WE Subscription will be HK\$57,000,000. The net proceeds from the WE Subscription (after deducting all applicable costs and expenses of the Subscriptions) will be approximately HK\$56,700,000 and a net issue price of HK\$0.227 per WE Subscription Share. The Group intends to use the proceeds from the WE Subscription for the following purposes:

- (i) 50% of the proceeds is expected to be used for the Group's strategic investments in, or acquisitions of, businesses or equity interests in companies that are in the medical and pharmaceutical sector. As disclosed in the announcement of the Company dated 1 November 2023 and the interim report of the Company published on 21 December

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2023 (the “2023 Interim Report”), the Group acquired the entire equity interest in Wuhan Yekaitai Pharmaceutical Chain Co., Ltd.* (武漢葉開泰藥業連鎖有限公司) (“Yekaitai Pharmaceutical”), which operated over 50 retail pharmacies in the PRC under the reputable brand of “Yekaitai (葉開泰)”. The acquisition of Yekaitai Pharmaceutical enabled the Group to expand its business into the pharmaceutical retail market so as to create new sources of income and diversify the Group’s revenue streams, thereby achieving the Group’s strategic objective of sustainable development. As disclosed in the 2023 Interim Report, for the six months ended 30 September 2023, the medical and pharmaceutical retail business of the Group recorded a turnover of approximately RMB14,025,000 (unaudited). While at the Latest Practicable Date, the Group has not identified any investment target in the medical and pharmaceutical sector. As the Group is of the view that the medical and pharmaceutical market in the PRC has considerable potential and room for development, the Group intends to further expand its business in the sector when suitable opportunities for investment or acquisition arise;

- (ii) 30% of the proceeds is expected to be used for repayment of the debts of the Group. Principally, the Group intends to repay a loan from a PRC commercial bank in the principal amount of RMB15,000,000 at an interest rate of 4% per annum, which will be due on 6 July 2024. The loan was obtained in the ordinary course of business of the Company to finance its operations and to the best knowledge of the Directors, the lender is a third party independent of the Company and its connected persons; and
- (iii) 20% of the proceeds is expected to be used for replenishment of the Company’s general working capital, which is expected to be used for the following purposes: (1) 50% is expected to be used for payment of professional fees; (2) 40% is expected to be used for payment of staff salaries and welfare; and (3) 10% is expected to be used for office rental and expenses.

Our view on the use of proceeds

Strategic investments in the medical and pharmaceutical sector

We noted from the 2023/24 Interim Report that the Group recorded a revenue of approximately RMB14.0 million from the new medical and pharmaceutical retail business for the six months ended 30 September 2023. The acquisition of Yekaitai Pharmaceutical, which was disclosed in the announcement of the Company dated 1 November 2023, enables the Group to expand its business into the pharmaceutical retail market so as to create new sources of income and diversify the Group’s revenue streams, thereby achieving the Group’s strategic objective of sustainable development.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In the wake of the pandemic, there has been a noticeable cultural shift toward greater awareness and proactive engagement in health and disease prevention among the general public. Individuals are increasingly taking an active role in investing in their health, moving away from a previously more passive approach to medical care. Concurrently, the implementation of medical reform policies, such as the “zero mark-up drug policy” and “volume-based procurement policy,” has begun to reshape the landscape of public hospitals. Notably, the separation of drug dispensing from prescription writing and the increased mobility of prescriptions have become more pronounced trends, further accelerating change.

These dynamics are likely to drive the expansion of the pharmaceutical retail industry. The main income source of medical institutions will shift from pharmaceutical sales to medical services in the future, and the main platform for promoting pharmaceutical sales will gradually shift from hospitals, outpatient clinics and other medical institutions to retail pharmacies, which have huge market potential for future development.

In light of the above, we concur with the Group’s view that the retail pharmacy market in the PRC has great potential and room for development, and we consider the net proceeds expected to be used for the Group’s strategic investments in the medical and pharmaceutical sector, aligning with the Group’s future operational strategies.

Repayment of the debts of the Group

In respect of the net proceed from the WE Subscription intended to be used for the repayment of the debts of the Group, as at 30 September 2023, the Group had interest-bearing bank and other borrowings of approximately RMB1,254.3 million with a gearing ratio 40%.

With the 30% of the net proceeds to repay a loan from a PRC commercial bank in the principal amount of RMB15 million, the gearing ratio will decrease and we consider the net proceeds intended to be used for the repayment of the debts of the Group to be reasonable.

General working capital

In respect of the net proceeds from the WE Subscription intended to be applied to general working capital of the Group, the Group had total cash and cash equivalents (including restricted cash) of approximately RMB679.8 million as at 30 September 2023. We understand that the Board believes that the use of proceeds for replenishing the general working capital of the Group would relieve part of the financial pressure, supplement the cash flow, and prevent liquidity risks.

From our research of recent comparable subscription transactions (i.e. Comparable Transactions (as defined below)) conducted by listed companies on the Stock Exchange, we noted that most of the Comparable Transactions allocated certain portion of the net proceeds to replenish general working capital and we consider a 20% of net proceeds for general working capital is normal and reasonable.

4. Reasons for and benefits of the WE Subscription

In evaluating the financial performance of the Company as disclosed in the 2022/23 Annual Report and the 2023/24 Interim Report, as shown in Table 1 above, it is noted that the Company has experienced a decline in revenue during the financial year of 2022/23 and the first half of the financial year of 2023/24. This downward trend in revenue performance, alongside the obligation to settle interest-bearing liabilities of approximately RMB640.9 million within the upcoming year, and a decrease in cash and cash equivalents (including restricted cash), which decreased by approximately RMB46.1 million to RMB679.8 million as at 30 September 2023 from RMB725.9 million as at 31 March 2023, signifies a need for a strategic infusion of capital. As such, the Directors are of the view that the WE Subscription will improve the financial position and flexibility of the Group for its future development. It will also provide the Company with capital for new investment opportunities to broaden the revenue and profit potential of the Group and enhance Shareholders' value in long term.

The Group's recent financial performance would have been worsened had it not tapped into the medical and pharmaceutical retail business in August 2023 which recorded a revenue of approximately RMB14.0 million and a profit of approximately RMB1.9 million for the six months ended 30 September 2023. According to the 2023/24 Interim Report and our discussion with the Company, we understand that the Company is of the view that the retail pharmacy market in the PRC has great potential and room for development. Such optimism is substantiated by the progressive deepening of medical reform policies such as the "zero mark-up drug policy" and the "volume-based procurement policy", which have been systematically implemented in public hospitals, with a marked trend toward separating the dispensing of drugs from their prescription and an increasing outflow of prescriptions from hospitals to retail pharmacies. These reforms are gradually transforming retail pharmacies into primary centers for medication distribution, as hospitals shift their focus to providing medical services over drug sales. Moreover, the post-pandemic period has observed a paradigm shift in consumer behavior, with heightened public awareness and proactive engagement in disease prevention and health management, leading to a surge in demand for health and wellness products and services.

Thus, the Company considered that the WE Subscription will enable the Group to have more capital and flexibility to further expand its business into the retail pharmacy market so as to create new sources of income and diversify the Group's revenue streams, thereby achieving the Group's strategic objective of sustainable development.

In light of the prevailing financial conditions of the Group, the Board considered the WE Subscription to be a suitable financial option as compared to other means of financing as it enables the Group to raise capital in an efficient manner without increasing interest burden on the Group, which is particularly advantageous as the Group plans to use some of the proceeds to reduce debt and lower financial expenses. On the other hand, given that the subscriber, Wealth Elite, is a substantial shareholder of the Company, we consider that the WE Subscription reflects the confidence and commitment of Wealth Elite towards the long-term and sustainable development of the Company, and that the WE Subscription is expected to further strengthen the alignment of interests between the Wealth Elite and the Company.

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Having considered (i) the favourable policy for the medical and pharmaceutical retail industry in the PRC; (ii) the growth potential of the Group's medical and pharmaceutical retail business given the increasing consumer health awareness and the shift towards preventative care; (iii) the need to diversify the Group's revenue stream in light of the decrease of revenue from the other business segments as shown in Table 1 above; (iv) the liquidity and flexibility that the WE Subscription is expected to offer through reducing the debt levels and enhancing the Group's working capital base; (v) the expected further alignment of interests between the Company and Wealth Elite through the WE Subscription; and (vi) the WE Subscription Price was determined with reference to recent market prices of the Existing Shares and the prevailing market conditions, we concur with the Directors that the WE Subscription is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

5. Alternative fundraising methods

Upon our enquiry, the Directors advised us that they also considered other forms of fundraising methods for the Group, such as debt financing (i.e. bank borrowings or debt issuance) and other equity financing (i.e. rights issue, open offer), before entering into the WE Subscription Agreement.

For debt financing, it would cause the Group to incur additional financing costs such as interest expenses, which is not preferable given the Group's existing relatively high level of borrowings. This is particularly critical considering the profit reported in its latest financial year was largely attributed to non-recurring gains from the disposals of subsidiaries and financial instruments rather than from the core operational activities of the Group. In the prevailing environment of high interest rates, the Group may be subject to lengthier negotiations with financial institutions and such negotiations could result in less favourable terms and higher interest expenses, hence it would be commercially reasonable to prioritize equity financing as the first option.

In respect of equity financing such as rights issue or open offer, the Company considers that it would be subject to underwriting uncertainty and market risk given the trading liquidity of the Shares in history was relatively thin and the prevailing market conditions, therefore, the exact amount of proceeds to be raised from rights issue or open offer would be highly uncertain. Further, rights issue or open offer may incur additional costs, including underwriting commission and other professional fees (such as professionals fees for the engagement of reporting accountants to prepare unaudited pro forma financial information on the net tangible assets and indebtedness statement, financial advisers for the comfort letter on working capital sufficiency and/or brokerage agent(s) with the underwritten commission, issue of listing documents with other application and administrative procedures), which may require relatively longer time and incur additional costs as compared to the WE Subscription.

Having considered the above, we concur with the Directors that the WE Subscription is fair and reasonable, is currently an appropriate way to raise capital for the Company and is in the interests of the Company and the Shareholders as a whole.

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6. Principal terms of the WE Subscription Agreement

Set out below are the principal terms of the WE Subscription Agreement. For more details, please refer to the section headed “The WE Subscription Agreement” in the Board Letter.

Date	9 February 2024 (after Stock Exchange trading hours)
Parties	(i) the Company, as the issuer; and (ii) Wealth Elite;
WE Subscription Shares	Pursuant to the WE Subscription Agreement, Wealth Elite has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 250,000,000 New Shares of par value of HK\$0.01 each at the WE Subscription Price of HK\$0.228 per WE Subscription Share.

Upon the Capital Reorganisation becoming effective and assuming that no further Existing Shares are allotted, issued or repurchased from the Latest Practicable Date up to and including the effective date of the Capital Reorganisation (other than the Existing Shares that shall be allotted as a result of the General Mandate Subscriptions, which are taken into account), immediately after the Capital Reorganisation becoming effective, 2,737,417,279 New Shares will be in issue. Assuming that the Company has a total of 2,737,417,279 issued New Shares upon the Capital Reorganisation becoming effective, the WE Subscription Shares, being 250,000,000 New Shares, represent (i) approximately 9.13% of the total number of issued New Shares upon the Capital Reorganisation becoming effective; and (ii) approximately 8.37% of the total number of issued New Shares upon the Capital Reorganisation becoming effective and as enlarged by the allotment and issue of the WE Subscription Shares immediately upon the WE Subscription Completion.

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WE Subscription Price The WE Subscription Price of HK\$0.228 per WE Subscription Share represents:

- (i) a discount of approximately 9.52% to the theoretical closing price of HK\$0.252 per New Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.063 per Existing Share as quoted on the Stock Exchange on 9 February 2024, being the date of the WE Subscription Agreement; and
- (ii) a discount of approximately 19.03% to the theoretical average closing price of approximately HK\$0.2816 per New Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK\$0.0704 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding 9 February 2024, being the date of the WE Subscription Agreement.
- (iii) a discount of approximately 21.60% to the theoretical average closing price of approximately HK\$0.2908 per New Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK\$0.0727 per Existing Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding 9 February 2024, being the date of the WE Subscription Agreement; and
- (iv) a discount of approximately 12.31% to the theoretical closing price of approximately HK\$0.26 per New Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.065 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date.

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- (v) a discount of approximately 67.89% to the theoretical unaudited equity attributable to owners per New Share (after taking into account the effect of the Capital Reorganisation) of approximately HK\$0.71 based on: (a) the unaudited equity attributable to owners of the Company of approximately RMB1,725,417,000 (equal to approximately HK\$1,846,196,190 based on the exchange rate of RMB1: HK\$1.07, being the prevailing exchange rate as at 30 September 2023) as at 30 September 2023; and (b) 2,587,417,279 New Shares, based on the total number of issued Existing Shares as at the Latest Practicable Date of 10,349,669,116.

The market value of the WE Subscription Shares is approximately HK\$63,000,000, based on the theoretical closing price of HK\$0.252 per New Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.063 per Existing Share as quoted on the Stock Exchange on 9 February 2024, being the date of the WE Subscription Agreement. Each WE Subscription Share has par value of HK\$0.01 after the Capital Reorganisation becoming effective.

The WE Subscription Price was negotiated on an arm's length basis between the Company and Wealth Elite and was determined with reference to recent market prices of the Existing Shares and the prevailing market conditions.

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The WE Subscription will result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 1.60%, represented by the discount of the theoretical diluted price of approximately HK\$0.2771 per New Share to the benchmarked price of approximately HK\$0.2816 per New Share, whereas:

- (a) the benchmarked price of approximately HK\$0.2816 per New Share represents the higher of (i) the theoretical closing price of HK\$0.252 per New Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.063 per Existing Share as quoted on the Stock Exchange on the date of the WE Subscription Agreement; and (ii) the theoretical average closing price of approximately HK\$0.2816 per New Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK\$0.0704 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the WE Subscription Agreement; and
- (b) the theoretical diluted price of approximately HK\$0.2771 per New Share is derived from the sum of (i) the Company's total market capitalisation of approximately HK\$770,856,706 (by reference to the benchmarked price of approximately HK\$0.2816 per New Share and the number of issued New Shares immediately after the Capital Reorganisation becoming effective (having also taken into account the effect of the General Mandate Subscription) but before the completion of the WE Subscription of 2,737,417,279) and (ii) the gross proceeds from the WE Subscription of HK\$57,000,000, divided by 2,987,417,279 (being the total number of New Shares as enlarged by the WE Subscription).

WE Subscription Consideration

The consideration for WE Subscription shall be paid by Wealth Elite on the WE Subscription Completion Date.

Rights of the WE Subscription Shares

The WE Subscription Shares shall, when fully paid, rank pari passu in all respects among themselves and with all other issued New Shares at the date of issue.

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- Conditions Precedent for the WE Subscription** WE Subscription Completion is conditional upon the following:
- (i) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and the permission to deal in, the WE Subscription Shares;
 - (ii) (if applicable) obtaining all necessary approvals from and making all necessary filings with any government, regulatory authority or any other person in connection with the entering into and performing the obligations under the WE Subscription Agreement by the Company (including but not limited to the issue and allotment of the WE Subscription Shares);
 - (iii) the passing of the resolution(s) at the SGM by the Independent Shareholders to approve the WE Subscription Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate to allot and issue the WE Subscription Shares;
 - (iv) the Capital Reorganisation having become effective and the dealing in the New Shares having commenced;
 - (v) the representations and warranties of the Company under the WE Subscription Agreement being true, accurate and not misleading in all material respects as at the date of the WE Subscription Agreement and the WE Subscription Completion Date and the Company having fully performed its obligations under the WE Subscription Agreement prior to and on the WE Subscription Completion Date;
 - (vi) the listing of the Shares of the Company has not been revoked, the Shares continue to be listed on the Stock Exchange (except for any trading halt or suspension less than seven consecutive trading days); and

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(vii) the representations and warranties of Wealth Elite under the WE Subscription Agreement being true, accurate and not misleading in all material respects as at the date of the WE Subscription Agreement and the WE Subscription Completion Date and Wealth Elite having fully performed its obligations under the WE Subscription Agreement prior to and on the WE Subscription Completion Date.

If the above conditions are not fulfilled or waived (the conditions (i) to (iv) above cannot be waived, the conditions (v) and (vi) can be waived by Wealth Elite only and the condition (vii) can be waived by the Company only) on 30 July 2024 (or such other date as may be agreed in writing between the Company and Wealth Elite), the Company may terminate the WE Subscription Agreement by giving written notices to Wealth Elite. In that case, Wealth Elite's obligation to subscribe for and the Company's obligation to issue, allot and deliver the WE Subscription Shares shall terminate and any amounts paid by Wealth Elite under the WE Subscription Agreement shall be refunded to Wealth Elite without interest.

As at the Latest Practicable Date, none of the above conditions had been fulfilled or waived.

WE Subscription Completion

WE Subscription Completion is expected to take place five (5) Business Days after the date upon which the last condition to be satisfied has been so satisfied, or if applicable, waived (or such other time and/or date as the Company and Wealth Elite may agree in writing).

Specific Mandate

The WE Subscription Shares will be allotted and issued under the Specific Mandate to be obtained from the Independent Shareholders at the SGM.

Application for Listing

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the WE Subscription Shares.

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7. Our assessment of the WE Subscription Price

Given that the WE Subscription Price was determined based on the closing price and the trading volume of the Shares as at 9 February 2024 (being the date of the WE Subscription Agreement) and the then market conditions, in assessing the fairness and reasonableness of the WE Subscription Price, we have conducted the following analysis:

(a) Share price performance

In order to understand the general price trend of the Shares, we reviewed the daily closing prices of the Shares as quoted on the Stock Exchange from 9 February 2023 to and including 9 February 2024 (being approximately 12 months to and including the date of the WE Subscription Agreement) (the “**Review Period**”) together with the Hang Seng Index, for our analysis. We consider that a review period of approximately 12 months before the date of the WE Subscription Agreement as adequate as a longer period may not accurately reflect recent market conditions.

We understand that the WE Subscription Completion is conditional upon the fulfilment/waiver (as the case may be) of certain conditions, including but not limited to the Capital Reorganisation having become effective and the dealing in the New Shares having commenced. Regarding the Capital Reorganisation, the Share consolidation will involve a consolidation of every four (4) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company into one Consolidated Share of par value of HK\$0.40 each.

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Set out below are the historical closing Share prices and the Hang Seng Index during the Review Period:

Chart 1: Historical closing prices of the Shares during the Review Period



Source: the website of the Stock Exchange

As illustrated above, during the Review Period, the Existing Shares were traded within the range of HK\$0.061 and HK\$0.180 per Existing Share with an average of approximately HK\$0.120 per Existing Share. The WE Subscription Price of HK\$0.057 per Existing Share (i.e. HK\$0.228 per WE Subscription Share) is below the range of the closing Share prices.

We noted that the closing Share prices generally fluctuated between HK\$0.110 and HK\$0.117 before the end of March 2023. The closing Share price then experienced a surge starting at HK\$0.111 on 29 March 2023, and reached its peak at HK\$0.180 on 12 April 2023. After our discussions with the Company and our review of the Company's announcements, we are unaware of any events or information that led to such a surge, except for the announcements regarding: (i) the completion of very substantial acquisition in relation to the acquisition of 49% of the equity interest in Chongqing Yayuan Henghui Information Technology Co., Ltd.* (重慶雅源恒輝信息技術有限公司), 49% of the equity interest in Chongqing Yinghe Yiyuan Enterprise Management Co., Ltd.* (重慶盈合益遠企業管理有限公司), and approximately 31.53% of the equity interest in Zhejiang Peking University Resources Real Estate Co., Ltd* (浙江北大資源地產有限公司) by way of the debt settlement on 24 March 2023; and (ii) the completion of the subscriptions for 122,000,000 new Shares at a subscription price of HK\$0.10 per Share under general mandate on 27 March 2023.

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After the surge, the closing Share price began a downward trend and reached the lowest point of HK\$0.061 on 8 February 2024, the day before the date of the WE Subscription Agreement.

Apart from the above events, we noted that the movement of the closing Share prices in general correlated with the overall market performance as reflected by the Hang Seng Index and formed a general decreasing trend. Both the closing Share prices and the Hang Seng Index reflected a negative market sentiment during the Review Period. This sentiment may have been influenced by the effects of global monetary tightening and the economic downturn in the PRC and Hong Kong.

The Group recorded a revenue of approximately RMB1,273.0 million for the six months ended 30 September 2023, representing a decrease of approximately HK\$2,573.3 million or 66.9% as compared with the corresponding period of 2022. Such decrease in revenue was mainly attributable to (i) the decrease in revenue from the property development business by approximately RMB2,318.9 million as a result of a decrease in areas delivered; and (ii) the decrease in revenue from e-commerce and distribution business by approximately RMB286.6 million.

The revenue of the property development segment was RMB363.2 million for the six months ended 30 September 2023, which accounts for 28.5% of the Group's total revenue. The revenue of the property development segment decreased by 86.5% to approximately RMB363.2 million as compared with approximately RMB2,682.0 million for the six months ended 30 September 2022, which was due to the significant decline in the delivered area of the Group's property development projects.

The e-commerce and distribution segment of the Group recorded a revenue of approximately RMB847.1 million for the six months ended 30 September 2023, which accounts for 66.5% of the Group's total revenue. The revenue in the e-commerce and distribution segment decreased by 25.3% as compared with the corresponding period of 2022. The e-commerce and distribution segment has been affected mainly by various litigations initiated against the Group by a creditor and Peking Founder, the former controlling shareholder of the Company.

Taking into account (i) the currently weak global economy; (ii) the decrease in revenue of the above two major segments; and (iii) the fact that the liquidity of the Shares had been relatively low during the Review Period as discussed below, we consider that it is reasonable that there is a discount to the WE Subscription Price to its average closing Share prices.

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(b) Trading liquidity of the Existing Shares

In order to understand the market demand for the Existing Shares, we have studied the trading liquidity of the Existing Shares. The following table sets out the total trading volume and average daily trading volume of the Existing Shares, as well as the percentage of the average daily trading volume of the Shares to the total number of issued Existing Shares for each month during the Review Period:

Table 3: Trading liquidity of the Existing Shares

Month	Number of trading days (days)	Average daily volume (Shares)	% of average daily trading volume to total issued Existing Shares (Note) (%)
2023			
February	15	904,533	0.012%
March	23	1,884,957	0.024%
April	17	24,616,118	0.270%
May	21	17,256,952	0.189%
June	21	11,927,619	0.131%
July	20	12,697,400	0.139%
August	23	11,970,299	0.131%
September	19	11,441,895	0.125%
October	20	12,409,900	0.136%
November	22	10,927,364	0.120%
December	19	9,464,098	0.091%
2024			
January	22	8,942,818	0.086%
February (up to and including the Last Trading Day)	7	9,960,857	0.096%
		Minimum	0.012%
		Mean	0.119%
		Maximum	0.270%

Source: the website of the Stock Exchange

Note: Based on the number of Existing Shares at the end of each respective month, with 7,846,437,987 Existing Shares as of the end of March 2023, 9,129,669,116 Existing Shares from April to November 2023 and 10,349,669,116 Existing Shares from December 2023 onwards.

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As illustrated in the above table, the average daily trading volume of the Existing Shares per month to the total issued Existing Shares ranged from approximately 0.012% to 0.270%, with the average daily trading volume of the Existing Shares to the total issued Existing Shares of approximately 0.119% during the Review Period.

We noted from the above table that the Existing Shares were generally thinly traded during the Review Period. The majority of the months having an average of less than 0.20% of issued Existing Shares traded daily, with the exception of April 2023, which experienced a slightly higher average daily trade of 0.270% of issued Existing Shares traded daily. The low liquidity of the Existing Shares may imply the lack of interest from potential investors to invest in the Shares and as such, it may be difficult for the Company to conduct equity fund raising exercise in the market.

(c) Share prices after the Review Period

For our further reference, we have reviewed the movement of the Existing Share prices after the Review Period. We noted that the Existing Share prices fluctuated and continued to decrease after the Review Period, starting from HK\$0.063 subsequent to 9 February 2024 (being the date of the WE Subscription Agreement), falling to HK\$0.053 on 26 February 2024, which is below the WE Subscription Price of HK\$0.057 per Existing Share. Subsequently, the closing Share price experienced a slight increase to HK\$0.065 on the Latest Practicable Date.

(d) Market comparables analysis

To further assess the fairness and reasonableness of the WE Subscription Price, we have conducted a search on the website of the Stock Exchange for transactions which (i) involved the subscription of new shares of listed companies by either their connected person(s) or independent third party(ies); and (ii) were announced during 1 August 2023 up to the Last Trading Day.

The selection of the comparable transactions (the “**Comparable Transactions**”) is based on the following criteria: (i) subscription of new shares under specific mandate carried out by the companies listed on the Stock Exchange; (ii) excluding issues under share award plan or for emolument or restructuring scheme or acquisition purposes; and (iii) excluding issues of A shares or domestic shares.

We considered our selection criteria for these Comparable Transactions and the length of the Review Period as fair and reasonable given that (i) the selection of subscription exercises with subscribers therein being connected persons and/or independent third parties of the relevant issuers would provide a more comprehensive view of prevailing market conditions; and (ii) there is a sufficient number of Comparable Transactions conducted during the six-month period prior to the date of WE Subscription Agreement for our analysis.

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In selecting the Comparable Transactions, we have also included companies with different market capitalisation and from different industries listed on the Stock Exchange, given that we consider (i) such inclusion would provide a more comprehensive reference point compared to a limited number of comparable transactions which are announced only by other similar constituent companies listed on the Stock Exchange, and/or by those with a market capitalization that is close to that of the Company; (ii) the market sentiment toward a company's shares, which are often affected by, among others, the company's financial performance, industry or market capitalization, are already reflected in their recent share prices and hence the premium/discount represented by the Comparable Transactions' subscription prices over/to the recent share prices already provides a relevant and direct reference with regards to the market practice in determining the subscription price; and (iii) whether a company is listed on the Main Board or GEM of the Stock Exchange, or has a small or larger market capitalization, would unlikely have a material impact on the premium/discount represented by its subscription price over/to its recent share prices, and such view is supported by the figures presented by the Comparable Transactions as shown in Table 4 below. Taking into account these factors, we consider that our selection criteria for the Comparable Transactions are fair and reasonable and provide a meaningful reference for our assessment of the WE Subscription Price.

Based on our selection criteria, we have identified 13 Comparable Transactions which we consider to be exhaustive and sufficient for our assessment of the fairness and reasonableness of the WE Subscription Price. Independent Shareholders should note that the businesses, operations and prospects of the Group may not be the same as those companies involved in the Comparable Transactions. However, we consider that the subscription prices in the Comparable Transactions were determined under similar market conditions and sentiment and hence reflect relevant general market trends in an open market. Accordingly, we are of the view that the Comparable Transactions provide a meaningful reference in our assessment of the fairness and reasonableness of the WE Subscription Price.

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Table 4: Comparable Transactions

Date of Announcement	Company Name (Stock code)	Market Cap (HK\$ mil)	Premium/ (discount) of the subscription price over/to the closing price per share on the last trading day on/prior to the date of the respective agreement (%)	Premium/ (discount) of the subscription price over/to the average closing price for the last five trading days prior to/up to and including the date of the respective agreement (%)	Premium/ (discount) of the subscription price over/to the average closing price for the last ten trading days prior to/up to and including the date of the respective agreement (%)	Premium/ (Discount) of the subscription price over/(to) the consolidated NAV per share (Note) (%)
19 October 2023	Digital Domain Holdings Limited (547)	1,221.8	5.6	3.2	(3.9)	173.1
20 October 2023	Virtual Mind Holding Company Limited (1520)	186.4	8.7	7.3	5.7	0.4
7 November 2023	InvesTech Holdings Limited (1087)	24.6	(9.5)	(9.5)	(23.2)	(93.1)
10 November 2023	Creative China Holdings Limited (8368)	279.2	(10.2)	(8.0)	(9.1)	38.0
13 November 2023	OSL Group Limited (formerly known as BC Technology Group Limited) (863)	2,157.2	(22.8)	(4.8)	(1.1)	286.9
24 November 2023	East Buy Holding Limited (1797)	32,215.8	0.0	5.9	71	973.8
30 November 2023	Greatview Aseptic Packaging Company Limited (468)	949.0	(4.7)	(3.6)	(2.1)	(22.8)
15 December 2023	China Zenith Chemical Group Limited (362)	54.2	0.0	0.0	(1.5)	(105.7)
19 December 2023	Differ Group Auto Limited (6878)	8,979.1	(34.5)	(39.2)	(44.4)	18.8

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Date of Announcement	Company Name (Stock code)	Market Cap (HK\$ mil)	Premium/ (discount) of the subscription price over/to the closing price per share on the last trading day on/prior to the date of the respective agreement (%)	Premium/ (discount) of the subscription price over/to the average closing price for the last five trading days prior to/up to and including the date of the respective agreement (%)	Premium/ (discount) of the subscription price over/to the average closing price for the last ten trading days prior to/up to and including the date of the respective agreement (%)	Premium/ (Discount) of the subscription price over/(to) the consolidated NAV per share (Note) (%)
21 December 2023	Guangzhou Rural Commercial Bank Co., Limited (1551)	5,537.1	14.5	15.1	15.5	(94.7)
22 December 2023	Cornerstone Technologies Holdings Limited (8391)	620.4	17.1	13.6	17.8	759.0
12 January 2024	ZO Future Group (2309)	1,944.3	(15.0)	(11.4)	(10.4)	823.9
2 February 2024	Virtual Mind Holding Company Limited (1520)	280.0	(23.7)	(24.8)	(25.8)	5.9
	Minimum	24.6	(34.5)	(39.2)	(44.4)	(105.7)
	Average	4,188.4	(5.7)	(4.3)	(5.8)	212.6
	Maximum	32,215.8	17.1	15.1	17.8	973.8
	The Company	652.0	(9.52)	(19.03)	(21.60)	(67.89)

Source: the website of the Stock Exchange

Note: The consolidated NAV per share is calculated based on the NAV according to the latest results announcement prior to the date of announcement of the respective transaction and the number of shares is based on the amount as at its respective last trading date of the transaction. Unless specified in the announcement, the NAV are translated into HK\$ at an exchange rate of RMB1 = HK\$1.07 (if applicable).

As illustrated in the table above, the subscription prices in the Comparable Transactions:

- (i) ranged from a discount of approximately 34.5% to a premium of approximately 17.1%, with an average discount of approximately 5.7%, to/over their respective closing share prices on/prior to the date of the agreement;
- (ii) ranged from a discount of approximately 39.2% to a premium of approximately 15.1%, with an average discount of approximately 4.3%, to/over their respective closing share prices for the last five consecutive trading days prior to/up to and including the date of the agreement; and

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- (iii) ranged from a discount of approximately 44.4% to a premium of approximately 17.8%, with an average discount of approximately 5.8%, to/over their respective average closing prices for the last ten consecutive trading days prior to/up to and including the date of the agreement;
- (iv) ranged from a discount of approximately 105.7% to a premium of approximately 973.8%, with an average discount of approximately 212.6%, to/over their respective consolidated NAV per share;

As such, (i) the discount of the WE Subscription Price of approximately 9.52% to the theoretical closing price of New Share (after taking into account the effect of the Capital Reorganisation) on the Last Trading Day (the “**LTD Discount**”); (ii) the discount of the WE Subscription Price of approximately 19.03% to the theoretical closing price of New Share (after taking into account the effect of the Capital Reorganisation) for the last five consecutive trading days prior to the Last Trading Day (the “**5 Days Discount**”); (iii) the discount of the WE Subscription Price of approximately 21.60% over the theoretical closing price of New Share (after taking into account the effect of the Capital Reorganisation) for the last ten consecutive trading days prior to the Last Trading Day (the “**10 Days Discount**”); and (iv) the discount of the WE Subscription Price of approximately 67.89% to the theoretical unaudited NAV per New Share (after taking into account the effect of the Capital Reorganisation) (the “**NAV Discount**”), fall within the above ranges of the Comparable Transactions.

Having considered that (i) the LTD Discount, the 5 Days Discount, the 10 Days Discount, and the NAV Discount are within the ranges of those of the Comparable Transactions; (ii) the liquidity of the Shares had been relatively low during the Review Period; (iii) the reasons for and benefits of the WE Subscription; and (iv) the WE Subscription is appropriate fundraising method currently available to the Group, we are of the view that the WE Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

8. Potential financial effects

According to the 2023/24 Interim Report, the unaudited consolidated net asset value and cash and cash equivalents (including restricted cash) of the Group amounted to approximately RMB3,170.7 million and approximately RMB679.8 million, respectively.

Upon WE Subscription Completion, it is expected that both the net asset value and cash and cash equivalents of the Group will increase by the same amount of approximately HK\$56.7 million, being the estimated net proceeds of the WE Subscription.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position or results of the Group will be upon WE Subscription Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Nonetheless, based on the above analysis, the WE Subscription is expected to have a positive impact on the Group's financial position. Accordingly, we are of the view that the WE Subscription is in the interests of the Company and the Shareholders as a whole.

9. Potential dilution of the shareholding of the Company

As illustrated in the Board Letter under the section headed "Effect on shareholding structure of the Company", the shareholding in the Company held by existing public Shareholders would be reduced from approximately 52.12% as at the Latest Practicable Date to approximately 50.17% immediately after the Capital Reorganisation becoming effective (having also taken into account the effect of the General Mandate Subscription) and the allotment and issue of the WE Subscription Shares, representing a dilution for the public Shareholders.

We consider the said level of dilution to the shareholding interests of existing public Shareholders as a result of the WE Subscription to be acceptable.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, although the WE Subscription is not conducted in the ordinary and usual course of business of the Group, we are of the opinion that, the terms of the WE Subscription Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and 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(s) approving the WE Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the WE Subscription Shares at the SGM. We also recommend the Independent Shareholders to vote in favour of the resolution(s) relating to the WE Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the WE Subscription Shares at the SGM.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles Li[#]
Managing Director

* *For identification purposes only*

[#] *Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in the securities of the Company or its associated corporations

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

Name of Directors/ chief executives	Position	Capacity/Nature	Number of Shares held <i>(Note 1)</i>	Approximate % of issued share capital of the Company <i>(Note 1)</i>
Mr. Wong Kai Ho	Chairman and	Interest of	2,418,000,000 (L)	23.36% (L)
	executive	controlled	<i>(Note 2)</i>	4.83% (S)
	Director	corporation	500,000,000 (S) <i>(Note 3)</i>	
Mr. Huang Zhuguang	Executive	Beneficial owner	26,416,155 (L)	0.26% (L)
	Director	Interest of controlled corporation	1,276,814,973 (L) <i>(Note 4)</i>	12.34% (L)
Mr. Hou Ruilin	Executive Director	Interest of controlled corporation	1,161,231,129 (L) <i>(Note 5)</i>	11.22% (L)

Name of Directors/ chief executives	Position	Capacity/Nature	Number of	Approximate % of
			Shares held (Note 1)	issued share capital of the Company (Note 1)
Mr. Xia Ding	Co-chief executive officer	Beneficial owner	38,000,000 (L)	0.37% (L)
Mr. Jiang Xiaoping	Deputy chief executive officer	Beneficial owner	34,000,000 (L)	0.33% (L)

Notes:

- (1) (L) refers to long position and (S) refers to short position.
- (2) Under the SFO, Mr. Wong Kai Ho is deemed to be interested in (i) the 1,918,000,000 Shares held by ULTRA FOUNDER INTERNATIONAL LTD (“**Ultra Founder**”), a company wholly controlled by Mr. Wong Kai Ho; and (ii) the 500,000,000 Shares held by Eagle Wings Limited Partnership Fund (“**Eagle Wings**”), of which Mr. Wong Kai Ho is the general partner.
- (3) Eagle Wings has a short position in 500,000,000 Shares. As the general partner of Eagle Wings, Mr. Wong Kai Ho is deemed to have a short position in 500,000,000 Shares under the SFO.
- (4) Firstunion Animation Technology (HK) Co. Limited (“**Firstunion**”) is wholly-owned by Guangdong First Union Animation Technology Co., Ltd.* (廣東順聯動漫科技有限公司) (“**Guangdong First**”), which in turn is wholly-owned by Guangdong Guancheng Industrial Investment Co., Ltd.* (廣東貫成實業投資有限公司) (“**Guangdong Guancheng**”). Guangdong Guancheng is owned as to 90% by Mr. Huang Zhuguang. Firstunion is a controlled corporation (within the meaning of the SFO) of Mr. Huang Zhuguang. As such, under the SFO, Mr. Huang Zhuguang is deemed to be interested in the 1,276,814,973 Shares held by Firstunion.
- (5) Under the SFO, Mr. Hou Ruilin is deemed to be interested in the 1,161,231,129 Shares held by Wealth Elite, a company wholly-owned by Mr. Hou Ruilin.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

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

(b) Substantial Shareholders and other persons' interests in Shares and underlying Shares

So far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group:

Name of Shareholders	Capacity/Nature	Number of Shares held <i>(Note 1)</i>	Approximate % of issued share capital of the Company <i>(Note 1)</i>
Ultra Founder	Beneficial owner	1,918,000,000 (L) <i>(Note 2)</i>	18.53% (L)
Guangdong Guancheng	Interest of controlled corporation	1,276,814,973 (L) <i>(Note 3)</i>	12.34% (L)
Guangdong First	Interest of controlled corporation	1,276,814,973 (L) <i>(Note 3)</i>	12.34% (L)
Firstunion	Beneficial owner	1,276,814,973 (L) <i>(Note 3)</i>	12.34% (L)
Wealth Elite	Beneficial owner	1,161,231,129 (L) <i>(Note 4)</i>	11.22% (L)

Notes:

- (1) (L) refers to long position and (S) refers to short position.
- (2) Ultra Founder is wholly controlled by Mr. Wong Kai Ho.
- (3) Firstunion is wholly-owned by Guangdong First, which in turn is wholly-owned by Guangdong Guancheng. Guangdong Guancheng is owned as to 90% by Mr. Huang Zhuguang.
- (4) Wealth Elite is wholly-owned by Mr. Hou Ruilin.

Save as disclosed above, as at the Latest Practicable Date, the Company was not notified by any persons (other than Directors or chief executive of the Company as discussed above) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

3. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which have been, since 31 March 2023 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which was significant in relation to the businesses of the Group.

4. 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 was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors or their respective close associates (as defined under the Listing Rules) had any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

6. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Pelican Financial Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, the above expert did not have (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 direct or indirect interest in any assets which had, since 31 March 2023 (being the date to which the latest published audited financial statements of the Group were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

7. MATERIAL ADVERSE CHANGE

Save as disclosed in the section headed “8. Litigation” below, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statement of the Group were made up.

8. LITIGATION

As at the Latest Practicable Date, save as disclosed below, to the best of the Directors’ knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group:

- (a) In August 2021, Minmetals International Trust Co., Ltd (五礦國際信託有限公司) (“**Minmetals International**”), filed a civil complaint in the Intermediate People’s Court of Xining, Qinghai Province against a subsidiary of HK Huzi, Dongguan Yihui Property Co., Limited* (東莞億輝地產有限公司) (“**Dongguan Yihui**”), and the Company’s subsidiaries, Yuxi Runya Property Company Limited* (玉溪潤雅置業有限公司) (“**Yuxi Runya**”) and Chongqing Yingfeng, in respect of the outstanding debts with principal amount of approximately RMB1,458,513,000. In February 2022, the Intermediate People’s Court of Xining, Qinghai Province issued a civil judgement, which ruled that (i) Dongguan Yihui and Yuxi Runya shall jointly repay to Minmetals International the principal amount of the borrowings of approximately RMB1,458,513,000 together with the related interest and the other costs, and (ii) Minmetals International has the priority of the compensation from the proceeds of auction and sale of the collateral provided by Yuxi Runya and Chongqing Yingfeng. Yuxi Runya has appealed the judgement to the Higher People’s Court of Qinghai Province. In July 2022, the Higher People’s Court of Qinghai Province issued a civil judgement, ruling that the appeal of Yuxi Runya was dismissed and the first instance judgment was upheld. Currently, Minmetals International has filed an application for enforcement with the Intermediate People’s Court of Xining; Minmetals International, Dongguan Yihui, Yuxi Runya and Chongqing Yingfeng are actively negotiating for the settlement of the repayment plan under this litigation. Details of the litigation are set out in the announcement of the Company dated 30 September 2022;
- (b) In August 2021, Minmetals International filed a civil complaint in the Intermediate People’s Court of Xining, Qinghai Province against Wuhan Tianhe Jinrui Property Development Company Limited* (武漢天合錦瑞房地產開發有限公司) (“**Wuhan Tianhe**”), Peking University Resources Group Investment Company Limited* (北大資源集團投資有限公司) (“**Resources Investment**”), both of which being subsidiaries of HK Huzi, as well as Yuxi Runya, in respect of the outstanding

entrusted loans with principal of RMB620 million. In February 2022, the Intermediate People's Court of Xining, Qinghai Province issued a civil judgement, which ruled that Wuhan Tianhe and Yuxi Runya shall jointly repay to Minmetals International the outstanding principal of RMB620 million together with the related interest and other costs and Minmetals International has the priority of compensation from the proceeds of auction and sale of the collateral provided by Wuhan Tianhe and Resources Investment. Wuhan Tianhe appealed the judgement to the Higher People's Court of Qinghai Province. In July 2022, the Higher People's Court of Qinghai Province issued a civil judgement, ruling that the appeal of Wuhan Tianhe was dismissed and the first instance judgment was upheld. Minmetals International has filed an application for enforcement with the Intermediate People's Court of Xining; Minmetals International, Wuhan Tianhe, Yuxi Runya and Resources Investment are actively negotiating for the settlement of the repayment plan under this litigation. Details of the litigation are set out in the announcement of the Company dated 30 September 2022;

- (c) A civil legal proceeding filed by China Construction Eighth Engineering Division Corp., Ltd.* (中國建築第八工程局有限公司) against Zhejiang Peking University Resources Real Estate Co., Ltd.* (浙江北大資源地產有限公司) (“**Zhejiang Resources**”) with the Zhejiang Hangzhou Intermediate People's Court* (浙江省杭州市中級人民法院) in respect of outstanding construction project sum with interests and penalties amounting to approximately RMB105.3 million, in relation to a property development project of Zhejiang Resources. On 31 January 2024, Zhejiang Hangzhou Intermediate People's Court issued a civil judgment which ruled that, among others, Zhejiang Resources shall pay a sum of approximately RMB50.1 million to the plaintiff. As at the Latest Practicable Date, Zhejiang Resources has filed an appeal to the Zhejiang Higher People's Court* (浙江省高級人民法院);
- (d) Western Trust Co., Ltd* (西部信託有限公司) (“**Western Trust**”) filed a civil complaint in the Intermediate People's Court of Xi'an, Shaanxi Province against Zhejiang Resources, in respect of the outstanding debts in relation to a loan provided to Zhejiang Resources with principal amount of approximately RMB300,000,000 at interest of approximately 10.4% per annum which is secured by a land parcel in Yuhang District, Hangzhou as collateral for a term of three years, together with interest and penalty of approximately RMB389,400,000. On 1 April 2022, the court issued a first instance judgement in favour of the plaintiff, which ruled that Zhejiang Resources shall repay the outstanding principal together with interest and penalty, and the plaintiff has the right to the proceeds of auction and sale of the land parcel collateral as payment for the judgement sum. Subsequently, Zhejiang Resources and Western Trust both appealed to the Higher People's Court of Shaanxi Province. In March 2023, the Higher People's Court of Shaanxi Province issued a civil judgement, which ruled that Zhejiang Resources shall repay the outstanding principal together with interest and penalty, and the plaintiff has the right to the proceeds of auction and sale of the land parcel collateral as payment for the judgement sum. Currently, Western Trust has applied to the Intermediate People's

Court of Xi'an, Shaanxi Province for enforcement of the effective judgement; and Zhejiang Resources applied to the Supreme People's Court for a retrial in September 2023 due to its disagreement with the second instance judgement and is pending the filing of the retrial;

- (e) The Intermediate People's Court of Guiyang, Guizhou Province* (貴州省貴陽市中級人民法院) issued a judgement on 31 March 2023 in respect of a civil legal proceeding against Kaifeng Boyuan Real Estate Development Co., Ltd.* (開封博元房地產開發有限公司) (“**Kaifeng Boyuan**”) and Chongqing Yingfeng, each an indirect subsidiary of the Company, among other co-defendants. According to the judgement, it was alleged by the plaintiff, Beijing Deyu Yuantong Technology Co., Ltd.* (北京德隅源通科技有限公司), that Kaifeng Boming Real Estate Development Co., Ltd.* (開封博明房地產開發有限公司) (“**Kaifeng Boming**”) obtained a loan from Huaneng Guicheng Trust Corp., Ltd.* (華能貴誠信託有限公司) (“**Huaneng Trust**”) in 2019 for a principal amount of RMB1 billion secured by, among others, the pledge of certain land parcels held by Kaifeng Boyuan, and the share charge of the entire equity interest in Kaifeng Boyuan held by Chongqing Yingfeng. Kaifeng Boming failed to repay the loan and the outstanding principal is RMB590 million. Huaneng Trust subsequently transferred the loan and security to the plaintiff, who initiated the litigation against the defendants. The judgement ruled that, among others: (i) Kaifeng Boming shall repay the plaintiff the outstanding principal of RMB590 million together with interest and default interest; (ii) the plaintiff has the priority in respect of the compensation from the proceeds of auction and sale of certain land parcels held by Kaifeng Boyuan; (iii) the plaintiff has the priority in respect of the compensation from the proceeds of auction and sale of the entire equity interest in Kaifeng Boyuan held by Chongqing Yingfeng; and (iv) Kaifeng Boyuan to be jointly liable for the amount payable by Kaifeng Boming mentioned in (i). In August 2023, the Higher People's Court of Guizhou Province issued a civil judgement, which ruled that, among others: (i) Kaifeng Boming shall repay the plaintiff the outstanding principal of RMB509 million together with interest and default interest; (ii) the plaintiff has the priority in respect of the compensation from the proceeds of auction and sale of certain land parcels held by Kaifeng Boyuan; (iii) the plaintiff has the priority in respect of the compensation from the proceeds of auction and sale of the entire equity interest in Kaifeng Boyuan held by Chongqing Yingfeng; and (iv) Kaifeng Boyuan to be jointly liable for the amount payable by Kaifeng Boming mentioned in (i). Currently, the plaintiff has filed an application for enforcement with the Intermediate People's Court of Guiyang; Kaifeng Boyuan, Chongqing Yingfeng and Kaifeng Boming are actively negotiating with the plaintiff for the settlement of the repayment plan under this litigation. Details of the litigation are set out in the announcements of the Company dated 21 April 2023 and 21 August 2023;
- (f) CITIC Trust Co., Ltd. (中信信託有限責任公司) (“**CITIC Trust**”) filed a civil complaint in the Beijing Financial Court against certain subsidiaries of the Company, namely Hong Kong Tianhe Holdings Limited (香港天合控股有限公司), Ezhou Jinfeng Property Development Co., Limited* (鄂州金豐房地產開發有限公

司) (“**Ezhou Jinfeng**”), and Tianhe Property Development Co., Limited* (天合地產發展有限公司) (“**Tianhe Property**”) as defendants in respect of the (i) outstanding debts amounting to approximately RMB1.05 billion (which includes the related interest calculated up to 10 November 2021); and (ii) CITIC Trust’s priority in compensation over the proceeds from the auction or sale of the 90% equity interests in Tianhe Property held by HK Tianhe and the land use rights in several properties held by Ezhou Jinfeng. In August 2023, the court organized and conducted a trial of the case, and adjourned it to November 2023 with the addition of Suzhou Fengyutai Investment Company Limited* (蘇州豐羽泰投資有限公司) (“**Suzhou Fengyutai**”) and Fusheng (Yichang) Real Estate Development Company Limited* (富盛(宜昌)房地產發展有限公司) (“**Yichang Fusheng**”) (each of which is a subsidiary of Peking University Resources Group Co., Ltd. (北大資源集團有限公司), a former controlling shareholder of the Company) as defendants. The Group has disposed the entire interest of HK Tianhe and Tianhe Property on 19 May 2023 (the “**Disposal**”). For details of the Disposal, please refer to the announcements of the Company dated 11 May 2023 and 2 June 2023. Following the completion of the Disposal, HK Tianhe and Tianhe Property were no longer part of the Group and therefore the obligations and liabilities of HK Tianhe and Tianhe Property under the litigation were removed from the consolidated financial statement of the Group. On 28 December 2023, the Court has issued a civil judgment in respect of the Litigation and ruled that, among others, (i) HK Tianhe shall repay CITIC Trust the outstanding principal together with interest (calculated up to 6 April 2020) amounting to approximately RMB735.8 million, as well as overdue interest and damages for breach of contract; (ii) HK Tianhe shall pay CITIC Trust attorney fee of RMB150,000; (iii) Tianhe Property shall be jointly liable for the amount payable by HK Tianhe mentioned in (i) and (ii); and (iv) CITIC Trust shall have the priority in compensation over the proceeds from the auction or sale of the 90% equity interests in Tianhe Property held by HK Tianhe and the land use rights in several properties held by Ezhou Jinfeng, Suzhou Fengyutai and Yichang Fusheng. Details of the litigation are set out in the announcements of the Company dated 8 April 2022, 4 January 2024 and 9 January 2024; and

- (g) the Beijing Financial Court* (北京金融法院) issued a judgment on 29 December 2023 in respect of a civil legal proceeding filed by Beijing Branch of China Huarong Asset Management Co. Ltd.* (中國華融資產管理股份有限公司北京市分公司) (“**China Huarong**”) against Chongqing Yingfeng, an indirect wholly-owned subsidiary of the Company, and certain former subsidiaries of the Company, namely, Dongguan Yihui, Dongguan Yida Property Co., Limited* (東莞億達地產有限公司) (“**Dongguan Yida**”) and Kunshan Hi-Tech Electronic Arts Creative Industry Development Co., Limited* (昆山高科電子藝術創意產業發展有限公司) (“**Kunshan Hi-Tech**”) in respect of a debt owed by Dongguan Yihui and Dongguan Yida to China Huarong (the “**Debt**”). According to the judgment, the court has ruled that (i) Dongguan Yihui and Dongguan Yida shall jointly repay China Huarong the Debt with the principal amount of approximately RMB130.7 million, as well as the compensation for restructuring grace period (the “**Restructuring Compensation**”) and penalties for breach of contract; (ii) China Huarong shall have the priority in compensation over the proceeds from the auction or sale of several properties held

by Chongqing Yingfeng and Kunshan Hi-Tech; and (iii) Dongguan Yihui, Dongguan Yida, Kunshan Hi-Tech and Chongqing Yingfeng shall pay China Huarong attorney fee of RMB150,000. The relevant parties have been negotiating with China Huarong over the settlement of the Debt and the Litigation. Dongguan Yihui, Dongguan Yida and China Huarong entered into a debt settlement agreement (the “**Debt Settlement Agreement**”) on 30 June 2022, a supplemental agreement to the Debt Settlement Agreement (the “**First Supplemental Agreement**”) on 29 December 2022 and the second supplemental agreement to the Debt Settlement Agreement on 20 December 2023 (the “**Second Supplemental Agreement**”). Under the Second Supplemental Agreement, the parties agreed that (i) Dongguan Yihui and Dongguan Yida shall repay part of the principal amount of the Debt each quarter, and all outstanding principal amount of the Debt shall be repaid by 20 December 2024; (ii) Dongguan Yihui and Dongguan Yida shall repay the Restructuring Compensation with respect to the Debt by 20 December 2024; and (iii) Dongguan Yihui and Dongguan Yida shall repay costs incurred by China Huarong in recovering the Debt. As advised by the PRC legal advisors, despite the issue of the Judgement, the Second Supplemental Agreement is still legally binding and enforceable between the parties. Details of the litigation are set out in the announcement of the Company dated 11 January 2024.

9. DOCUMENTS ON DISPLAY

A copy of the WE Subscription Agreement will be published on the website of the Company (www.pkurh.com) and the website of the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular.

10. MISCELLANEOUS

- (a) The Company’s registered office is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.
- (b) The Company’s head office and principal place of business in Hong Kong is at Room 2303, 23/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.
- (c) The branch share register and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The company secretary of the Company is Ms. Leung Mei King, who is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (e) In case of any inconsistency between English and Chinese versions of this circular, the English version shall prevail.

NOTICE OF SGM



资源控股
RESOURCES HOLDINGS

Peking University Resources (Holdings) Company Limited
北大资源(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00618)

NOTICE IS HEREBY GIVEN THAT the special general meeting of Peking University Resources (Holdings) Company (the “**Company**”) will be held at 10:00 a.m. on Monday, 6 May 2024 at Room 2303, 23/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong for the following purposes.

SPECIAL RESOLUTION

To consider and, if thought fit, pass with or without amendments the following resolution as special resolution of the Company:

1. **“THAT**, subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the New Shares (as defined below); and (ii) compliance with relevant procedures and requirements under the Companies Act 1981 of Bermuda and the Rules Governing the Listing of Securities on the Stock Exchange to effect the Capital Reorganisation (as defined below), with effect from 8 May 2024 or the above conditions are fulfilled (whichever is later):
 - (a) every four (4) issued and unissued existing shares in the issued share capital of the Company of par value of HK\$0.10 each be consolidated into one (1) consolidated share (the “**Consolidated Share(s)**”) of par value of HK\$0.40 each (the “**Share Consolidation**”);
 - (b) immediately following the Share Consolidation becoming effective, the issued share capital of the Company be reduced to the effect that the par value of each issued Consolidated Share be reduced from HK\$0.40 to HK\$0.01 by (i) an elimination of any fraction of a Consolidated Share arising from the Share Consolidation in order to round down the total number of the Consolidated Shares to a whole number; and (ii) a cancellation of HK\$0.39 of the paid-up capital of the Company on each issued Consolidated Share so that each issued Consolidated Share will be treated as one (1) fully paid-up share of par value HK\$0.01 each in the share capital of the Company (the “**New Share(s)**”) (the “**Capital Reduction**”) and the credit arising from the Capital Reduction be transferred to the contributed surplus account of the Company;

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- (c) immediately following the Share Consolidation and the Capital Reduction becoming effective, each authorised but unissued Consolidated Share (including those authorised unissued Consolidated Shares arising from the Capital Reduction) be subdivided into forty (40) authorised but unissued New Shares of par value HK\$0.01 each (the “**Share Subdivision**”) so that immediately following the Share Consolidation, the Capital Reduction and the Share Subdivision (collectively, the “**Capital Reorganisation**”), the authorised share capital of the Company shall become HK\$1,500,000,000 divided into 150,000,000,000 New Shares;
- (d) the New Shares shall rank *pari passu* in all respects with each other and have such rights and be subject to such restrictions as set out in the memorandum of association and bye-laws of the Company (the “**Bye-laws**”);
- (e) all fractional New Shares shall be disregarded and not be issued to the shareholders of the Company and any fractions of the New Shares be aggregated and, if possible, sold by an agent appointed by the Company for that purpose and the net proceeds retained for the benefits of the Company;
- (f) the directors of the Company (the “**Director(s)**”) be and are hereby authorised to credit the amount arising from the Capital Reduction to the contributed surplus account of the Company and the Directors may use such amount for such purposes as may be permitted by the applicable laws and the Bye-laws as the Directors consider appropriate; and
- (g) any one Director, or any two Directors or any one Director and the company secretary of the Company (the “**Company Secretary**”) be and is or are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under the common seal of the Company where applicable, and take any and all steps, and to do and/or procure to be done any and all acts and things as he or she or they may consider necessary, desirable or expedient to give effect to the Capital Reorganisation.”

ORDINARY RESOLUTION

To consider and, if thought fit, pass with or without amendments the following resolution as ordinary resolution of the Company:

2. “**THAT:**

- (a) the subscription agreement dated 9 February 2024 (the “**Subscription Agreement**”) (a copy of which is tabled at the SGM and marked “A” and signed by the chairman of the SGM for identification purpose) entered into between the Company (as the issuer) and Wealth Elite Group Investment Limited as the subscriber (the “**Subscriber**”), pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 250,000,000 New Shares of the Company (the “**Subscription Share(s)**”) at the subscription price of HK\$0.228 per Subscription Share, and the transactions contemplated thereunder, be and is hereby approved, confirmed and ratified;

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- (b) subject to and conditional upon the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares, the Directors be and are hereby granted with a specific mandate (the “**Specific Mandate**”) which shall entitle the Directors to exercise all the powers of the Company to allot and issue the Subscription Shares to the Subscriber, on and subject to the terms and conditions of the Subscription Agreement entered into between the Company and the Subscriber, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may be granted from time to time to the Directors prior to the passing of this resolution; and
- (c) any one Director be and is hereby authorised to, on behalf of the Company, do all such acts and things, to sign and execute all such documents or agreements or deeds and take all such actions as he/she may in his/her absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement entered into between the Company and the Subscriber or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith as are, in the opinion of such Director, in the interest of the Company and the shareholders of the Company as a whole.”

Hong Kong, 28 March 2024

By order of the Board
Peking University Resources (Holdings) Company Limited
Wong Kai Ho
Chairman

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Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.pkurh.com) in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote instead of that shareholder. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held that shareholder.
3. Any Shareholder entitled to attend and vote at the SGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A Shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy needs not be a Shareholder. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e., not later than 10:00 a.m. on Saturday, 4 May 2024 (Hong Kong time)) or the adjourned meeting (as the case may be). To be effective, all proxy appointments must be lodged with Tricor Tengis Limited before the deadline. Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For the purpose of determination of entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 30 April 2024 to Monday, 6 May 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 29 April 2024.
5. Where there are joint holders of any share, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the meeting, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
6. A circular containing further details concerning proposed resolutions set out in this notice will be sent to all Shareholders together with this notice.
7. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the Board comprises executive Directors of Mr. Wong Kai Ho (Chairman), Mr. Wang Guiwu, Mr. Huang Zhuguang and Mr. Hou Ruilin; and the independent non-executive Directors of Mr. Chin Chi Ho, Stanley, Mr. Chung Wai Man and Mr. Hua Yichun.