
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

HOPE LIFE INTERNATIONAL HOLDINGS LIMITED

曠逸國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1683)

- (1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(4) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;
(5) AMENDMENTS TO AMENDED AND RESTATED ARTICLES OF ASSOCIATION AND ADOPTION OF SECOND AMENDED AND RESTATED ARTICLES OF ASSOCIATION;
AND
(6) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and Independent Shareholders



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

A letter from the Board is set out on pages 13 to 45 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 46 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 47 to 75 of this circular.

It should be noted that the Shares will be dealt in on an ex-entitlement basis from Friday, 17 February 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 2 March 2023 to Thursday, 9 March 2023 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Thursday, 2 March 2023 to Thursday, 9 March 2023 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at 22/F, Euro Trade Centre, 13–14 Connaught Road Central, Central, Hong Kong on Tuesday, 14 February 2023 at 11:00 a.m. is set out on pages EGM-1 to EGM-5 of this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event so that it is received at least 48 hours before the time appointed (i.e. Sunday, 12 February 2023 at 11:00 a.m.) for the EGM or adjourned meeting (as the case may be). Submission of a proxy form shall not preclude you from attending the EGM (or any adjournment of such meeting) and voting in person should you so wish.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed “Letter from the Board – Conditions of the Rights Issue” in this circular. In the event that the Rights Issue is not fully subscribed, any Untaken Shares together with the NQS Unsold Shares will be placed to independent places on a best effort basis under the Placing. Any Untaken Shares or NQS Unsold Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Shareholder and potential investors of the Company are advised to exercise caution when dealing in the Shares, the Consolidated Shares and/or nil-paid Rights Shares up to the date when all the conditions to which the Rights Issue is subject are fulfilled.

20 January 2023

CONTENTS

| | <i>Page</i> |
|--|-------------|
| PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING | 1 |
| EXPECTED TIMETABLE | 3 |
| DEFINITIONS | 7 |
| LETTER FROM THE BOARD | 13 |
| LETTER FROM THE INDEPENDENT BOARD COMMITTEE | 46 |
| LETTER FROM THE INDEPENDENT FINANCIAL ADVISER | 47 |
| APPENDIX I — FINANCIAL INFORMATION OF THE GROUP | I-1 |
| APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP | II-1 |
| APPENDIX III — AMENDMENTS TO AMENDED AND RESTATED ARTICLES OF ASSOCIATION | III-1 |
| APPENDIX IV — GENERAL INFORMATION | IV-1 |
| NOTICE OF EGM | EGM-1 |

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the EGM to protect attending shareholders, staff and stakeholders from the risk of infection:

1. Every attendee of the EGM will be required to wear a surgical face mask throughout the EGM within the EGM venue, please note that no face masks will be provided at the EGM venue and attendees should bring and wear their own face masks;
2. Mandatory body temperature screening will be conducted on every attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the EGM venue;
3. All attendees of the EGM are required to complete a health declaration form and submit the same at the entrance of the EGM venue before admission into the EGM venue;
4. Seating at the EGM venue will be arranged so as to allow for appropriate social distancing and spacing between seats and comply with the relevant Requirement;
5. No corporate gifts and/or refreshments will be distributed at the EGM;
6. Hand sanitizer will be available at the entrance of the EGM venue; and
7. Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Hong Kong government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.

Any attendee who (a) refuses to comply with the precautionary measures; (b) is subject to any prescribed quarantine by the Hong Kong government or has close contact with any person under quarantine; or (c) has a fever or any flu-like symptoms or is otherwise unwell will be denied entry into or be required to leave the EGM venue at the absolute discretion of the Company to such extent permitted under law, to ensure the safety of the attendees at the EGM.

In addition, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and return the proxy form attached to this document.

Shareholders are requested (a) to consider carefully the risk of attending the EGM, which will be held in an enclosed environment; (b) to follow any prevailing requirements or guidelines of the Hong Kong government relating to COVID-19 in deciding whether or not to attend the EGM; and (c) not to attend the EGM if they have contracted or are suspected

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

The Company will closely monitor the development of the COVID-19 pandemic and ensure that the EGM will be conducted in compliance with the laws, regulations and measures introduced by the Hong Kong government from time to time. The Company may implement further changes and precautionary measures where necessary, and may issue further announcement on such measures as and when appropriate.

Shareholders are strongly encouraged to appoint the chairman of the EGM as their proxy to vote on the resolutions, instead of attending the EGM in person.

If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to our head office and principal place of business in Hong Kong or to our email at info@hopelife.hk. If any shareholder has any question relating to the meeting, please contact Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong as follows:

Tricor Investor Services Limited

17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Email: is-enquiries@hk.tricorglobal.com

Tel: +852 2980 1333

Fax: +852 2810 8185

EXPECTED TIMETABLE

Set out below is the expected timetable for the proposed Share Consolidation, the Change in Board Lot Size, the Rights Issue and the Placing which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

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|--|---|
| Latest time for lodging transfer documents of Shares to qualify for attendance and voting at the EGM. | 4:30 p.m. on Tuesday, 7 February 2023 |
| Closure of register of members of the Company to determine entitlement to attend and vote at the EGM | Wednesday, 8 February 2023 to Tuesday, 14 February 2023 (both days inclusive) |
| Latest time for lodging proxy forms for the EGM | 11:00 a.m. on Sunday, 12 February 2023 |
| Record date for attending and voting at the EGM | Tuesday, 14 February 2023 |
| EGM | 11:00 a.m. on Tuesday, 14 February 2023 |
| Announcement of poll results of the EGM. | Tuesday, 14 February 2023 |
| Re-opening of the register of members of the Company | Wednesday, 15 February 2023 |
| Effective date of the Share Consolidation. | Thursday, 16 February 2023 |
| Commencement of dealings in the Consolidated Shares | Thursday, 16 February 2023 |
| Original counter for trading in Existing Shares in board lots of 4,000 Existing Shares temporarily closes. | 9:00 a.m. on Thursday, 16 February 2023 |
| Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) opens | 9:00 a.m. on Thursday, 16 February 2023 |
| First day for free exchange of existing share certificates for the Existing Shares into new share certificates for the Consolidated Shares. | Thursday, 16 February 2023 |
| Last day of dealings in the Consolidated Shares on a cum-entitlement basis | Thursday, 16 February 2023 |

EXPECTED TIMETABLE

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| First day of dealings in the Consolidated Shares on an ex-entitlement basis | Friday, 17 February 2023 |
| Latest time for lodging transfers of the Consolidated Shares in order for the transferees to qualify for the Rights Issue | 4:30 p.m. on Monday, 20 February 2023 |
| Closure of register of members to determine the entitlements to the Rights Issue | Tuesday, 21 February 2023 to Monday, 27 February 2023 (both days inclusive) |
| Record Date for the Rights Issue | Monday, 27 February 2023 |
| Re-opening of the register of members of the Company | Tuesday, 28 February 2023 |
| Despatch of Prospectus Documents (including the PAL and the Prospectus; in the case of the Non-Qualifying Shareholders, the Prospectus only) | Tuesday, 28 February 2023 |
| Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares | Thursday, 2 March 2023 |
| Original counter for trading in the Consolidated Shares in board lots of 16,000 Consolidated Shares (in the form of new share certificates) re-opens | 9:00 a.m. on Thursday, 2 March 2023 |
| Parallel trading in the Consolidated Shares (in the form of both existing share certificates in board lots of 2,000 Consolidated Shares and new share certificates in board lots of 16,000 Consolidated Shares) commences. | 9:00 a.m. on Thursday, 2 March 2023 |
| First day of dealings in nil-paid Rights Shares. | Thursday, 2 March 2023 |
| Latest time for splitting nil-paid Rights Shares | 4:30 p.m. on Monday, 6 March 2023 |
| Last day of dealings in nil-paid Rights Shares | Thursday, 9 March 2023 |
| Latest Time for Acceptance. | 4:00 p.m. on Tuesday, 14 March 2023 |
| Announcement of the number of the Untaken Shares and NQS Unsold Shares subject to the Placing | Tuesday, 21 March 2023 |

EXPECTED TIMETABLE

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| Commencement of the Placing Period (if there are any Untaken Shares and NQS Unsold Shares available) | Wednesday, 22 March 2023 |
| Designated broker ceases to provide matching services for odd lots of the Consolidated Shares | 4:00 p.m. on Wednesday, 22 March 2023 |
| Temporary counter for trading in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) closes | 4:10 p.m. on Wednesday, 22 March 2023 |
| Parallel trading in Consolidated Shares (in the form of both existing share certificates in board lots of 2,000 Consolidated Shares and new share certificates in board lots of 16,000 Consolidated Shares) ends | 4:10 p.m. on Wednesday, 22 March 2023 |
| Last day for free exchange of existing share certificates for the Existing Shares into new share certificates for the Consolidated Shares | Friday, 24 March 2023 |
| Placing End Date for placing the Placing Shares | 6:00 p.m. on Wednesday, 29 March 2023 |
| Latest Time for the Rights Issue to become unconditional and the Placing Long Stop Date | 4:00 p.m. on Thursday, 30 March 2023 |
| Rights Issue Settlement Date and Placing completion date | Thursday, 13 April 2023 |
| Announcement of the results of the Rights Issue (including the results of the Placing and the Net Gain) | Friday, 14 April 2023 |
| Despatch of share certificates for the Rights Shares or refund cheques, if terminated | Monday, 17 April 2023 |
| First day of dealings in the fully-paid Rights Shares | 9:00 a.m. on Tuesday, 18 April 2023 |
| Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any) | Tuesday, 2 May 2023 |

Notes:

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

EXPECTED TIMETABLE

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

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

The Latest Time for Acceptance will not take place if a tropical cyclone signal No. 8 or above, or “extreme conditions” caused by super typhoons or a “black” rainstorm warning is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 14 March 2023, being the date on which the Latest Time for Acceptance falls. In this case, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 14 March 2023, being the date on which the Latest Time for Acceptance falls. In this case, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day on which none of the aforementioned warnings is in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on Tuesday, 14 March 2023, the dates mentioned in the section headed “EXPECTED TIMETABLE” in this circular may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

DEFINITIONS

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

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| “Amended and Restated Articles of Association” | the existing amended and restated articles of association of the Company |
| “Announcements” | the announcements of the Company dated 9 December 2022 and 30 December 2022 in relation to, among other things, the Share Consolidation, the Change in Board Lot Size, the Increase in Authorised Share Capital, the Rights Issue and the Placing |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the Board of Directors |
| “Business Day(s)” | a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning No. 8 or above, or “extreme conditions” caused by super typhoons or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Change in Board Lot Size” | the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Existing Shares to 16,000 Consolidated Shares, conditional upon the Share Consolidation becoming effective |
| “Companies Registry” | Companies Registry of Hong Kong |
| “Companies (WUMP) Ordinance” | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time |
| “Company” | Hope Life International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1683) |

DEFINITIONS

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| “Compensatory Arrangements” | the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the section headed “Letter from the Board – Procedures in respect of the Untaken Shares and NQS Unsold Shares and the Compensatory Arrangements” in this circular |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consolidated Share(s)” | the ordinary share(s) of par value of HK\$0.02 each in the share capital of the Company immediately after the Share Consolidation becoming effective |
| “Controlling Shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “EGM” | an extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue, the Placing, the proposed amendments to the Amended and Restated Articles of Association and the adoption of the Second Amended and Restated Articles of Association and the transactions contemplated thereunder |
| “Existing Share(s)” | the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company before the Share Consolidation |
| “Group” | the Company and 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 |
| “Increase in Authorised Share Capital” | the proposed increase in the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 Existing Shares to HK\$60,000,000 divided into 6,000,000,000 Existing Shares (or 3,000,000,000 Consolidated Shares after the Share Consolidation becoming effective) |

DEFINITIONS

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| “Independent Board Committee” | the independent board committee of the Board, comprising all the independent non-executive Directors namely Mr. Cheung Ting Pong, Ms. Zhao Hongqin and Mr. Zhen Jian, which has been established to advise the Independent Shareholders in respect of the Rights Issue |
| “Independent Financial Adviser” or “Sorrento Capital” | Sorrento Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue |
| “Independent Shareholder(s)” | Shareholders other than (i) all executive Directors and their respective associates (as defined under the Listing Rules); (ii) those who are involved in or interested in the Rights Issue; and (iii) those who are required under the Listing Rules to abstain from voting at the EGM |
| “Independent Third Party(ies)” | third party(ies) independent of and not connected with the Company and any of its connected persons |
| “Last Trading Day” | 9 December 2022, being the last trading day of the Shares immediately prior to the date of the announcement of the Company dated 9 December 2022 |
| “Latest Practicable Date” | 18 January 2023, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication |
| “Latest Time for Acceptance” | 4:00 p.m. on Tuesday, 14 March 2023 (or such other time and date as may be determined by the Company), being the latest time for the application of, and payment for, the Rights Shares |
| “Listing Committee” | has the meaning ascribed to it in the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Net Gain” | any premiums paid by the placees over the Subscription Price for the Untaken Shares and NQS Unsold Shares placed by the Placing Agent under the Placing |
| “Nil Paid Rights” | rights to subscribe the Rights Shares before the Subscription Price is paid |

DEFINITIONS

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| “No Action Shareholders” | Qualifying Shareholder(s) or renounee(s) or transferee(s) of Nil Paid Rights under PAL(s) during the Rights Issue who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any Nil Paid Rights at the time such Nil Paid Rights lapse |
| “Non-Qualifying Shareholder(s)” | Overseas Shareholder(s) whom the Board considers necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “NQS Unsold Shares” | the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company |
| “Overseas Shareholder(s)” | Shareholder(s) whose name(s) appear on the register of members of the Company as at 5:00 p.m. on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong |
| “PAL(s)” | the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue |
| “Placing” | the arrangements to place the Untaken Shares and the NQS Unsold Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties |
| “Placing Agent” | CNI Securities Group Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the SFO |
| “Placing Agreement” | the agreement dated 9 December 2022 entered into between the Company and the Placing Agent in respect of the Placing |
| “Placing End Date” | 6:00 p.m. on Wednesday, 29 March 2023 or such other dates as the Company may announce |

DEFINITIONS

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| “Placing Long Stop Date” | 4:00 p.m. on Thursday, 30 March 2023 (being the next Business Day after the Placing End Date) or such later date as the Company may announce |
| “Placing Period” | the period from Wednesday, 22 March 2023 up to the Placing End Date, being the period during which the Placing Agent will seek to effect the Placing |
| “Placing Share(s)” | the Untaken Share(s) and the NQS Unsold Share(s) |
| “Posting Date” | Tuesday, 28 February 2023, or such other date as the Company may determine and announce for the despatch of the Prospectus Documents |
| “PRC” | the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Prospectus” | the prospectus to be issued by the Company in relation to the Rights Issue |
| “Prospectus Documents” | the Prospectus and PAL(s) |
| “Qualifying Shareholder(s)” | Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders |
| “Record Date” | the date by reference to which provisional allotments under the Rights Issue are expected to be determined, which is Monday, 27 February 2023 or such later date as may be determined and announced by the Company |
| “Registrar” | Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong |
| “Rights Issue” | the proposed offer for subscription of the Rights Shares at the Subscription Price on the basis of two (2) Rights Shares for every one (1) Consolidated Share held by the Shareholders on the Record Date and subject to the conditions set out in the section headed “Letter from the Board – Conditions of the Rights Issue” in this circular |
| “Rights Issue Completion” | completion of the Rights Issue |

DEFINITIONS

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| “Rights Issue Settlement Date” | Thursday, 13 April 2023 |
| “Rights Share(s)” | the Consolidated Share(s) to be allotted and issued under the Rights Issue, being up to 864,000,000 Shares (assuming there is no other change in the total number of issued Shares from the date of the announcement of the Company dated 9 December 2022 up to and including the Record Date) |
| “Second Amended and Restated Articles of Association” | the second amended and restated articles of association of the Company incorporating the amendments set out in Appendix III to this circular proposed to be considered and approved by the Shareholders at the EGM |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) with par value of HK\$0.01 each in the capital of the Company |
| “Share Consolidation” | the proposed consolidation of every two (2) Existing Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.02 each in the share capital of the Company |
| “Share Option Scheme” | the existing share option scheme of the Company adopted on 13 August 2015 |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | the subscription price of HK\$0.140 per Rights Share |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time) |
| “Untaken Share(s)” | the number of unsubscribed Rights Share(s) not taken up by Qualifying Shareholder(s) or renouncee(s) or transferee(s) of Nil Paid Rights under PAL(s) during the Rights Issue |
| “%” | per cent. |

LETTER FROM THE BOARD

HOPE LIFE INTERNATIONAL HOLDINGS LIMITED

曠逸國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1683)

Executive Directors:

Mr. LIANG Zhichao (*Chairman*)

Ms. CHEN Wuyou

Independent non-executive Directors:

Mr. CHEUNG Ting Pong

Mr. ZHEN Jian

Ms. ZHAO Hongqin

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

Flat 1703, 17th Floor

Wanchai Commercial Centre

Nos. 194–204 Johnston Road

Hong Kong

20 January 2023

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

Dear Sir or Madam,

- (1) PROPOSED SHARE CONSOLIDATION;**
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
**(4) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS
SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON
THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;**
**(5) AMENDMENTS TO AMENDED AND RESTATED
ARTICLES OF ASSOCIATION AND ADOPTION OF
SECOND AMENDED AND RESTATED ARTICLES OF ASSOCIATION;**
AND
(6) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcements and the announcement of the Company dated 15 December 2022 in relation to, among other matters, the Share Consolidation, the Change in Board Lot Size, the Increase in Authorised Share Capital, the Rights Issue and the Placing, the

LETTER FROM THE BOARD

proposed amendments to the Amended and Restated Articles of Association and adoption of the Second Amended and Restated Articles of Association.

The purpose of this circular is to provide you with, among other things, (i) further details of the Share Consolidation, the Increase in Authorised Share Capital, the Change in Board Lot Size, the Rights Issue and the Placing; (ii) further details of the proposed amendments to the Amended and Restated Articles of Association and adoption of the Second Amended and Restated Articles of Association; (iii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (v) other information required under the Listing Rules; and (vi) a notice convening the EGM.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every two (2) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.02 each. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have material interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution relating to the Share Consolidation at the EGM.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Existing Shares of par value of HK\$0.01 each, of which 864,000,000 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and assuming that no further Existing Shares will be allotted and issued or repurchased prior thereto, the authorised share capital of the Company shall become HK\$10,000,000 divided into 500,000,000 Consolidated Shares of par value of HK\$0.02 each, of which 432,000,000 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses incurred and to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled.

LETTER FROM THE BOARD

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders by way of poll to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Thursday, 16 February 2023, being the second Business Day after the fulfilment of the above conditions.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of existing share certificates held by such holder.

Other securities of the Company

The Company has adopted a share option scheme on 13 August 2015 pursuant to which the total number of Shares in respect of which options may be granted under the Share Option Scheme shall not exceed 50,000,000 Existing Shares (equivalent to 25,000,000 Consolidated Shares assuming the Share Consolidation has become effective). The scheme mandate limit had not been refreshed and no options were granted since the date of adoption of the Share Option Scheme.

As at the Latest Practicable Date, 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, as the case may be.

Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may, during the specified period, submit share certificates for Existing Shares to the Registrar at 17/F, Far East

LETTER FROM THE BOARD

Finance Centre, 16 Harcourt Road, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares.

Shareholders should note that after the prescribed time for free exchange of share certificates, share certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Existing Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of share certificates cancelled/issued is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Wednesday, 22 March 2023, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of two (2) Existing Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in yellow colour in order to distinguish them from the share certificates for the Existing Shares which are in green colour.

Application of listing of the Consolidated Shares

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated 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 Consolidated 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 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 by the Company for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated 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.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Letter from the Board – Conditions of the Share Consolidation” above. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to

LETTER FROM THE BOARD

exercise caution when dealing in the securities of the Company. 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 are traded on the Stock Exchange in the board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 16,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.079 per Existing Share (equivalent to the theoretical closing price of HK\$0.158 per Consolidated Share) as quoted on the Stock Exchange as at the Latest Practicable Date, (i) the value of each existing board lot of Existing Shares is HK\$316; (ii) the value of each board lot of 4,000 Consolidated Shares would be HK\$632 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 16,000 Consolidated Shares would be HK\$2,528 assuming that the Share Consolidation and the Change in Board Lot Size becoming effective.

The change in Board Lot Size will not result in change in the relative rights of the Shareholders. For the avoidance of doubt, if the Share Consolidation is not approved at the EGM, the proposed Change in Board Lot Size will not become effective and the Shares will continue to be traded on the Stock Exchange in board lot of 4,000 Existing Shares.

Arrangement on odd lot trading and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation and the Change in Board Lot Size, the Company has appointed Cheong Lee Securities Limited as a designated broker to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from 9:00 a.m. on Thursday, 2 March 2023 to 4:00 p.m. on Wednesday, 22 March 2023. Shareholders who wish to take advantage of this facility should contact Ms. Yu of Cheong Lee Securities Limited at Room 16B, 16/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong (telephone number: (852) 3426 6338) during office hours of such period. Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation and the Change in Board Lot Size; (ii) odd lot 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.

LETTER FROM THE BOARD

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited has further stated that (i) the market price of the 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. In view of the fact that the share price of the Company has been trading at a price approaching or below HK\$0.1 for the past two months, and the closing price of the Existing Shares as at the Latest Practicable Date was HK\$0.079 per Existing Share. The value of each existing board lot of 4,000 Existing Shares was HK\$316, which was less than HK\$2,000. Based on the above and having considered the size of the proposed Rights Issue, the Board resolved to propose the Share Consolidation and the Change in Board Lot Size, resulting in HK\$0.158 per Consolidated Share and HK\$2,528 per board lot of 16,000 Consolidated Shares with the view to complying with the trading requirements under the Listing Rules in order to facilitate the proposed size of the Rights Issue.

The Share Consolidation ratio (i.e. every two (2) Existing Shares into one (1) Consolidated Share) and the Change in Board Lot Size was determined after considering the following factors:

- (i) the proposed Share Consolidation ratio and the Change in Board Lot Size would enable the share price of the Company and the value of each board lot to comply with the trading requirements under the Listing Rules to facilitate the Rights Issue and/or future equity fundraising activities of the Company; and
- (ii) the trading volume of the Shares has long been thin and the average daily trading volume for the three months prior to the Last Trading Day accounted for only approximately 0.37% to the total number of the existing issued Shares. The Directors considered that if the ratio of the share consolidation is set to a higher ratio, it may result in substantial reduction in the number of issued Shares or substantial increase in the theoretical share price to such an extent which may further affect the trading liquidity of the Shares in the market or may affect future fundraising activities or corporate actions of the Company.

The Directors consider that the proposed Share Consolidation ratio and the Change in Board Lot Size is a comparatively more appropriate method as a whole to address the Company’s compliance with the Listing Rules and to facilitate the Rights Issue to achieve the Company’s fundraising needs as well as for future fundraising activities.

LETTER FROM THE BOARD

In addition, the Directors consider that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. Furthermore, the Share Consolidation and the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

In addition, the Board considers that the Share Consolidation and the Change in Board Lot Size would maintain the trading amount for each board lot at a reasonable level which will increase the attractiveness of investing the Shares from a broader range of institutional and professional investors and thus would help to further broaden the shareholder base of the Company and improve the value of the Shares in the long run.

As at the Latest Practicable Date, the Company has (i) no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation; and (ii) does not have any agreement, arrangement, understanding or negotiation (either concluded or in process) on any potential fund-raising activities which will involve issue of Shares and save for the Rights Issue, the Company has no intention or plan to conduct other equity fund-raising activities in the next 12 months upon completion of the Rights Issue. However, if there shall arise any change of the Group's current circumstances and existing business plans and that the net proceeds from the Rights Issue may not satisfy such upcoming financing needs, for instance, a change in regulatory and/or business environment in the yellow wine market in the PRC and/or the construction market in Hong Kong which may lead to a change in the Company's business plans to cope with such changes, the Board does not rule out the possibility that the Company may conduct further equity fund-raising exercises to support such future developments of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

In view of the above reasons, in particular, the proposed Share Consolidation ratio and the Change in Board Lot Size is a comparatively more appropriate method as a whole to address the Company's compliance with the Listing Rules and to facilitate the Rights Issue to achieve the Company's fundraising needs as well as for future fundraising activities, the Company considers the Share Consolidation and the Change in Board Lot Size are justifiable notwithstanding the potential costs and impact arising from the creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation and Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 Existing Shares to HK\$60,000,000 divided into 6,000,000,000 Existing Shares (or 3,000,000,000 Consolidated Shares after the Share Consolidation becoming effective). Subject to the passing of an ordinary resolution by the

LETTER FROM THE BOARD

Shareholders at the EGM to approve the Increase in Authorised Share Capital, the Increase in Authorised Share Capital will become effective on the date of the EGM.

In order to accommodate the future growth of the Group and to provide the Company with greater flexibility to raise funds from the Rights Issue, the Board considers the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

The Board proposes subject to the Share Consolidation and the Increase in Authorised Share Capital having become effective, to conduct the Rights Issue on the basis of two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date. Set out below are the details of the Rights Issue statistic:

Rights Issue Statistics

| | | |
|--|---|--|
| Basis of the Rights Issue | : | Two (2) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date |
| Subscription Price | : | HK\$0.140 per Rights Share |
| Number of Existing Shares in issue as at the Latest Practicable Date | : | 864,000,000 Shares |
| Number of Consolidated Shares in issue upon the Share Consolidation becoming effective | : | 432,000,000 Consolidated Shares (assuming there is no further allotment and issue or repurchase of Shares up to the effective date of the Share Consolidation) |
| Maximum number of Rights Shares | : | 864,000,000 Rights Shares (assuming there is no other change in the total number of issued Shares on or before the Record Date), representing (i) 200% of the total issued Consolidated Shares upon the Share Consolidation becoming effective; and (ii) approximately 66.67% of the total number of issued Shares as enlarged immediately upon completion of the Rights Issue |
| Maximum gross proceeds to be raised from the Rights Issue | : | Approximately HK\$120.96 million |

LETTER FROM THE BOARD

No irrevocable commitments

As at the Latest Practicable Date, the Company has not received any irrevocable commitments from any Shareholder to accept or reject the Rights Shares to be allotted and issued to them under the Rights Issue.

The Subscription Price

The Subscription Price is HK\$0.140 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of 16.67% to the adjusted closing price of HK\$0.168 per Consolidated Share (based on the closing price of HK\$0.084 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (ii) a discount of approximately 17.65% to the adjusted average closing price of approximately HK\$0.170 per Consolidated Share (based on the average closing price of approximately HK\$0.085 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (iii) a discount of approximately 17.65% to the adjusted average closing price of HK\$0.170 per Consolidated Share (based on the average closing price of approximately HK\$0.085 per Existing Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (iv) a discount of approximately 6.04% to the theoretical ex-entitlement price of approximately HK\$0.149 per Consolidated Share (based on the benchmarked price of approximately HK\$0.168 per Consolidated Share after taking into account the higher of (i) the closing price of HK\$0.084 per Existing Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average of the closing price of approximately HK\$0.083 per Existing Share as quoted on the Stock Exchange for the previous five consecutive trading days prior to the date of the announcement of the Company dated 9 December 2022 and adjusted for the effect of the Share Consolidation and the number of Shares as enlarged by the Rights Shares);

LETTER FROM THE BOARD

- (v) a discount of 11.39% to the adjusted closing price of HK\$0.158 per Consolidated Share (based on the closing price of HK\$0.079 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation);
- (vi) theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 11.11%, represented by the theoretical diluted price of approximately HK\$0.149 per Share to the benchmarked price of approximately HK\$0.168 per Consolidated Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Existing Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the previous five consecutive trading days prior to the date of the announcement of the Company dated 9 December 2022 and adjusted for the effect of the Share Consolidation); and
- (vii) a discount of approximately 77% to the adjusted consolidated net asset value per Consolidated Share attributable to the Shareholders as at 30 June 2022 of approximately HK\$0.61 per Consolidated Share calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$240,759,000 as at 30 June 2022 as set out in the interim report of the Company for the six months ended 30 June 2022 adjusted by the net proceeds of HK\$20,611,200 received from the placing of new shares under general mandate completed on 5 August 2022; and 864,000,000 Existing Shares in issue as at the Latest Practicable Date after adjusted for the effect of the Share Consolidation.

The Subscription Price and the subscription ratio of the Rights Issue were determined with reference to and having considered (i) the prevailing volatile market conditions of the Hong Kong stock market in 2022 due to the global entry of the rate hike cycle and the continuous impact on the economic activities arising from the COVID-19 pandemic. The Hang Seng Index reached a quarterly high of 22,418.97 on 28 June 2022 and subsequently reversed its trend and traded below 14,863.06 on 28 October 2022, which adversely affected investors' confidence in the stock market; (ii) the fluctuated downward trend of the prevailing market prices of the Existing Shares since the beginning of 2022 which had decreased from HK\$0.242 on 3 January 2022 to HK\$0.084 as at the Last Trading Day, representing a decrease of approximately 65.29%; (iii) the current financial position of the Group is not sufficient to cope with the Group's business plan as discussed in the section headed "Letter from the Board – Reasons for the Rights Issues, the Placing and the Use of Proceeds" in this circular with an aim to maximise value for the Company and the Shareholders as a whole; (iv) the relatively large rights issue ratio (i.e. two (2) Rights Shares for every one (1) Consolidated Share) and the fluctuated downward trend of the market prices of the Existing Shares as discussed in point (ii) above which may not be attractive to Shareholders to participate in the Rights Issue if the Subscription Price is not set at an attractive discount, it would be reasonable to set the Subscription Price at a

LETTER FROM THE BOARD

relatively deep discount for attracting the Qualifying Shareholders to participate in the Rights Issue; and (v) the reasons for the Rights Issue and the use of proceeds as set out in the section headed “Letter from the Board – Reasons for the Rights Issue, the Placing and the Use of Proceeds” in this circular.

In view of the above, the Directors consider that the terms of the Rights Issue, including the subscription ratio, and the Subscription Price which has been set at a discount to the above-mentioned benchmarked price with an objective to encourage the Qualifying Shareholders to take up their entitlements so as to participate in the potential growth of the Company, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The Directors noted that the Subscription Price represents a discount of approximately 77% to the adjusted consolidated net asset value per Consolidated Share attributable to owners of the Company as at 30 June 2022. It was also noted that the Existing Shares had been in general traded at a substantial discount to the consolidated net assets attributable to owners of the Company per Existing Share over the past six months immediately preceding the Last Trading Day. Therefore, the Directors consider that the current market price of the Existing Shares in fact reflects the value of the Existing Shares that is generally perceived by the market having taken into account all business segments of the Group as well as the prevailing market conditions. Accordingly, the net asset value per Existing Share is not a meaningful benchmark to assess the Subscription Price, instead, the prevailing market price of the Existing Shares would be a more appropriate reference in determining the Subscription Price in this regard.

The Directors consider that, despite any potential dilution impact of the Rights Issue on the shareholding interest of the Shareholders, the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not want to participate in the Rights Issue can dispose of the Nil Paid Rights in the market; (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the Company and to participate in the growth and development of the Company, in priority to other potential investors; (iii) the Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the recent market price of the Existing Shares; (iv) the minority Shareholders have the right to express their view on and vote down the Rights Issue at the EGM; and (v) part of the net proceeds from the Rights Issue will be utilised for the development of the Group’s consumer good business which has shown a satisfactory performance with strong growth potential in the interim report of the Company for the six months ended 30 June 2022.

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

LETTER FROM THE BOARD

Each Rights Share will have a par value of HK\$0.02. The aggregate nominal value of the maximum number of Rights Shares will be HK\$17,280,000.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, any Untaken Shares together with the NQS Unsold Shares will be placed on a best efforts basis by the Placing Agent to independent placees under the Placing. Any Untaken Shares and/or NQS Unsold Shares remain unplaced under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised in order for the Rights Issue to proceed.

The Cayman Islands legal adviser of the Company has confirmed that there are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

Conditions of the Rights Issue

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

- (i) the passing of all necessary resolutions to be proposed at the EGM for the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Issue) by the Shareholders (other than those who are required to abstain from voting according to the Listing Rules or other applicable laws and regulations if necessary);
- (ii) the Share Consolidation, the Change in Board Lot Size and the Increase in Authorised Share Capital having become effective;
- (iii) the issue by the Stock Exchange of a certificate authorising the registration of, and the registration with the Companies Registry, respectively, of one copy of each of the Prospectus Documents not later than the Posting Date and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance;

LETTER FROM THE BOARD

- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus bearing a “For Information Only” stamp to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Posting Date;
- (v) the granting by the Listing Committee of the Stock Exchange of the approval for the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
- (vi) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events; and
- (vii) the compliance with any other mandatory requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

The above conditions are incapable of being waived. If any of the above conditions are not satisfied at or prior to the respective time stipulated therein or 4:00 p.m. on the Rights Issue Settlement Date (as the case may be), the Rights Issue will not proceed.

Qualifying Shareholders and Non-Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and a Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, all transfers of Consolidated Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Monday, 20 February 2023.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company.

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

LETTER FROM THE BOARD

Rights of Overseas Shareholders

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

If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may be ineligible to take part in the Rights Issue.

The Board will make enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to Overseas Shareholders on account of either the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in such relevant jurisdiction, the Rights Issue will not be extended to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus.

To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send PALs to them. The Non-Qualifying Shareholders will not be entitled to any provisional allotment under the Rights Issue.

Overseas Shareholders should note that they may or may not be entitled to participate in the Rights Issue, subject to the results of the enquiries to be made by the Company. The Company reserves the right to treat as invalid any acceptances of, or applications for, the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

Based on the register of members of the Company, there is no Overseas Shareholder as at the Latest Practicable Date.

The Company will continue to ascertain whether there are any other Overseas Shareholders on the Record Date and will, if necessary, make further enquiries with legal adviser(s) in other overseas jurisdiction(s) regarding the feasibility of extending the Rights Issue to such other Overseas Shareholders registered as a member of the Company on the Record Date and make relevant disclosures in the Prospectus.

Arrangements for the Rights Shares which would otherwise have been available to the Non-Qualifying Shareholders

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their

LETTER FROM THE BOARD

nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid to the Non-Qualifying Shareholders pro-rata to their shareholdings held on the Record Date. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any NQS Unsold Shares will be placed by the Placing Agent at the price not less than the Subscription Price under the Placing together with the Untaken Shares. The proceeds of the sale as described above, less expenses and in the case of being sold by the Placing Agent, also less the Subscription Price and the Placing Agent's commission, will be paid pro-rata (but rounded down to the nearest cent) in Hong Kong dollars pro-rata to the relevant Non-Qualifying Shareholders' and the No Action Shareholders' shareholdings held on the Record Date on the basis of all NQS Unsold Shares and Untaken Shares. Any Untaken Shares and the NQS Unsold Shares remain not placed after completion of the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 21 February 2023 to Monday, 27 February 2023 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Basis of provisional allotment

The basis of the provisional allotment shall be two (2) Rights Share for every one (1) Consolidated Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. There will be no excess application arrangements in relation to the Rights Issue.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of two (2) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue. No odd lot matching services will be provided by the Company in respect of the Rights Shares.

LETTER FROM THE BOARD

Status of the Rights Shares

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

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted by Monday, 17 April 2023 to those entitled to them at their registered addresses by ordinary post at their own risk.

Refund cheques, if the Rights Issue does not become unconditional, are expected to be posted on or before Monday, 17 April 2023 by ordinary post to at the respective applicants, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares (if any) are expected to be posted on or before Monday, 17 April 2023 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

Application for listing and dealing arrangements of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange. The nil-paid and fully-paid Rights Shares will be traded in board lots of 16,000 Shares.

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

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from

LETTER FROM THE BOARD

their stock brokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Procedures in respect of the Untaken Shares and NQS Unsold Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Untaken Shares and the NQS Unsold Shares by offering the Untaken Shares and the NQS Unsold Shares to independent places for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agent to place the Untaken Shares and the NQS Unsold Shares to independent places on a best effort basis after the number of the Untaken Shares and the NQS Unsold Shares that are subject to the Compensatory Arrangements has been announced. Any premium over, the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised will be paid to the No Action Shareholders and the Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 6:00 p.m. on the Placing End Date, acquirers for all (or as many as possible) of those Untaken Shares and the NQS Unsold Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Untaken Shares and the NQS Unsold Shares remain not placed after completion of the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Untaken Shares and NQS Unsold Shares) to the No Action Shareholders and the Non-Qualifying Shareholders (but rounded down to the nearest cent). It is proposed that Net Gain to any of the No Action Shareholder(s) or the Non-Qualifying Shareholders of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Non-Qualifying Shareholders may or may not receive any Net Gain.

The Placing

On 9 December 2022 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company conditionally appointed the Placing Agent and the Placing Agent conditionally agreed to act as the placing agent for the Company to procure, on a best effort basis, places to subscribe for the Placing Shares (i.e. the Untaken Shares and/or the NQS Unsold Share during the Rights Issue) on the terms and subject to the conditions set out in the Placing Agreement. Under the terms of the Placing Agreement, if all the Rights Shares are already fully taken up in the Rights Issue through the PAL(s), the Placing will not proceed.

LETTER FROM THE BOARD

Placing Agreement

The principal terms of the Placing Agreement are summarised below:

Date : 9 December 2022 (after trading hours of the Stock Exchange)

Placing Agent : CNI Securities Group Limited

The Placing Agent confirms that it and its ultimate beneficial owner(s) are Independent Third Parties.

Placing commission and expenses : 0.5% of the gross proceeds from the subscription of the Placing Shares successfully placed by the Placing Agent multiplied by the placing price under the Placing Agreement and reimbursed for the expenses in relation to the Placing (including but not limited to all out-of-pocket expenses actually incurred by the Placing Agent for placing the Placing Shares), which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the company at the Placing End Date.

Placing price : The placing price of each of the Untaken Share and/ or the NQS Unsold Share (as the case maybe) shall be not less than the Subscription Price. The final price determination will be depended on the demand and market conditions of the Untaken Shares and the NQS Unsold Shares during the process of Placing.

Placing Period : The Placing Period shall commence on Wednesday, 22 March 2023, and end on the Placing End Date (i.e. 6:00 p.m. on Wednesday, 29 March 2023) or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Placing.

LETTER FROM THE BOARD

Placees : The Placing Agent shall ensure that the Placing Shares are placed (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owner(s) shall be Independent Third Parties; (ii) such that no placee shall become a substantial Shareholder immediately following the Placing; and (iii) such that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

The Company will continue to comply with the public float requirements after the Placing.

Ranking : The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves with the Consolidated Shares in issue as at the date of allotment and issue of the Placing Shares.

Conditions of the Placing

The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon the following conditions being fulfilled:

- (i) the grant by the Listing Committee of the Stock Exchange of the approval for the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
- (ii) approval of the Rights Issue by Independent Shareholders at the EGM;
- (iii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
- (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion of the Placing Agreement; and

LETTER FROM THE BOARD

- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events on or before the Placing Long Stop Date or such later date as may be agreed between the Company and the Placing Agent in writing.

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

The timetable of the Placing is driven by the timetable of the Rights Issue. Under the term of the Placing Agreement, the Placing Period shall commence on Wednesday, 22 March 2023, or such other date as the Company may announce. The Placing Period shall end on Wednesday, 29 March 2023, or such other date as the Company may announce.

The long stop date for the fulfilment of conditions of the Placing Agreement shall be 4:00 p.m. on Thursday, 30 March 2023 (being the next Business Day after the Placing End Date) or such later date as may be announced by the Company. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions and if the said conditions are not fulfilled on or before the Placing Long Stop Date, the Placing Agreement will lapse and become null and void and the Company and the Placing Agent shall be released from all rights and obligations under the Placing Agreement, save the liabilities for any antecedent breaches thereof.

Termination

The Placing Agreement can only be terminated by mutual written confirmations by the Company and the Placing Agent.

Completion of the Placing

Subject to the fulfilment of conditions of the Placing as set out in the section headed “Letter from the Board – Conditions of the Placing” of this circular, the completion of the Placing is expected to take place on the seventh business day after the Long Stop Date (or such later date as the Company may announce).

The engagement between the Company and the Placing Agent of the Untaken Shares and the NQS Unsold Shares was determined after arm’s length negotiation between the Placing Agent and the Company and is on normal commercial terms. In particular, the Directors, taking into account the range of placing commissions for recent rights issues conducted by issuers listed on the Stock Exchange, consider that the terms of the Placing Agreement, including the placing commission, are normal commercial terms. Given that the Placing would provide (i) a distribution channel of the Untaken Shares and the NQS Unsold Shares; and (ii) a compensatory mechanism for the No Action Shareholders and Non-Qualified Shareholders, the Directors consider that the terms of the Placing Agreement

LETTER FROM THE BOARD

are fair and reasonable and the entering into of the Placing Agreement is in the interest of the Company and its shareholders as a whole.

REASONS FOR THE RIGHTS ISSUE, THE PLACING AND THE USE OF PROCEEDS

The Group is principally engaged in construction and ancillary services which include design, fitting-out, decoration, alteration and addition, construction and other related businesses, consumer goods business and financial services.

Assuming a maximum of 864,000,000 Rights Shares will be issued under the Rights Issue, the estimated gross proceeds of the Rights Issue will be approximately HK\$120.96 million. The estimated expenses in relation to the Rights Issue will amount to approximately HK\$2 million and the estimated maximum net proceeds of the Rights Issue will be approximately HK\$118.96 million. The net subscription price per Rights Share is expected to be approximately HK\$0.138.

The Company intends to apply the net proceeds from the proposed Rights Issue as follows:

- (a) approximately HK\$45 million for the repayment of the Group's interest-bearing borrowing and its accrued interest which will be due in June 2023;
- (b) approximately HK\$50 million for the development of the Group's consumer goods business;
- (c) approximately HK\$15 million to support the Group's construction and its ancillary services, including but not limited to (i) approximately HK\$3 million for the prepayment to be made to the subcontractors and/or supplies before the commencement of projects; and (ii) approximately HK\$12 million for the initial start-up costs of the Group's construction projects such as subcontract fees, payments to be made to materials suppliers and direct labour cost of which HK\$9 million shall be applied to a construction project in Kwun Tong with a contract sum of over HK\$36 million and HK\$3 million shall be applied to the other eight construction projects in Hong Kong with an aggregate contract sum of approximately HK\$13 million; and
- (d) the remaining of the net proceeds from the Rights Issue for the general working capital of the Group, including but not limited to the staff cost, rental expenses and other office overhead.

Details of the repayment of the Group's interest-bearing borrowing and its accrued interest

As disclosed in the Company's interim report for the six months ended 30 June 2022, the Company had an interest-bearing borrowing of HK\$40 million (the "Loan") as at 30 June 2022 which would fall due in December 2022. As at 30 June 2022, the Group has cash and cash equivalents and trade receivables of approximately HK\$6.61 million and approximately HK\$54.76 million, respectively. Subsequently, the trade receivables have been continuously

LETTER FROM THE BOARD

collected from customers and the Group's principal businesses have been generating operating cash flow continuously since July 2022.

As at 30 November 2022, the outstanding principal amount of the Loan and the accrued interest thereon was HK\$40 million and approximately HK\$3.31 million respectively. As at 30 November 2022, the Group has cash and cash equivalents of approximately HK\$23.30 million and trade receivables of approximately HK\$43.48 million.

However, the Group's internal resources may not have sufficient buffer to develop or expand the Group's business after the repayment of the Loan and its accrued interest. In light of the above and with an aim to strengthen the financial resources of the Group in order to provide more buffer for the future development of the Group, the Company intends to conduct the Rights Issue and apply the net proceeds of approximately HK\$45 million for the repayment of the Loan and its accrued interest. Having negotiated with the lender of the Loan, the lender agreed not to immediately demand the repayment of the outstanding amount of the Loan and its accrued interest (if any) when they fall due in December 2022 and agreed to extend the repayment schedule of the Loan for a half-year period to 12 June 2023. The Directors consider that it is prudent and in the interest of the Company and the Shareholders as a whole to apply approximately HK\$45 million from the net proceeds of the Rights Issue for the repayment of the Group's Loan and its accrued interest so that the Group has sufficient financial resources to meet the financial obligations and to reduce the interest burden, improve the financial position of the Group, and provide the Group with the flexibility to develop and expand its principal business.

Details of the Group's consumer goods business and the intended use of proceeds for the development of the Group's consumer goods business

In view of the continuous growth of the consumer goods business, the Company intends to apply HK\$50 million of the net proceeds from the Rights Issue to cope with the growth of the consumer goods business of which (i) approximately HK\$10 million in setting up two yellow wine-themed bistros in the PRC; (ii) approximately HK\$30 million in purchasing raw materials for the production of the Group's yellow wine products to cope with the increasing demand for such yellow wine products and to improve the Group's profitability; and (iii) approximately HK\$10 million for the capital requirement for daily operations of the Group's consumer goods business.

Business model and financial performance of the consumer goods business

The Company commenced the consumer goods business since the beginning of 2021. The Group's consumer goods business is principally engaged in the production and sales of yellow wine products in the PRC which comprises yellow wines from medium to high grade with different flavors and modern-packaging designs to target young and middle-aged middle class to high class consumers. Zhejiang, Jiangxi and Fujian are among the most popular areas in the PRC in respect of Chinese yellow wine and therefore, the Group's consumer goods business has

LETTER FROM THE BOARD

chosen to base in Jiangxi. The Group operates a wine production plant in Jiangxi with yellow wine production capacity of approximately 3,000 tons per annum.

As disclosed in the annual report of the Company for the year ended 31 December 2021, the Company recorded revenue from the consumer goods business of approximately HK\$73.7 million. As disclosed in the interim report of the Company for the six months ended 30 June 2022, the Group's revenue from the consumer goods business for the six months ended 30 June 2022 was approximately HK\$65.24 million, representing approximately 34 times growth from approximately HK\$1.92 million for the six months ended 30 June 2021.

In respect of the production of the Group's yellow wine products, all the Group's yellow wine products for sale are produced via the Group's self-owned wine production plant located in Jiangxi. The Group has its own blending formula using different aged wine bases fermented from at least two years in producing the Group's yellow wine products. Such wine bases are the most essential materials which accounted for the largest portion of the total production cost. At the start-up stage of the Group's consumer goods business, the Group focused on speeding up the penetration of the yellow wine market in the PRC, and therefore, the Group purchased the most essential raw materials namely different ages of ready-made yellow wine bases directly from suppliers despite the fact that self-produced wine bases would make the Group's yellow wine products more profitable. Following the achievement of the consumer goods business which is now more stable, profitable and with higher market share, the management is of the view that it is the right time to gradually shift to producing its own wine bases. Therefore, the Company intends to utilise approximately HK\$30 million from the net proceeds of the Rights Issue in purchasing relevant raw materials necessary to produce its self-made wine bases for the Group's long-term development of the consumer goods business as well as to gradually improve its profitability.

Products

The Group's yellow wine products are sold mainly under the brand labels "Minyue Hong" (閩越紅), "Xian Shisha" (縣石山) and "Xingyun Zhi Guang" (幸運之光). To continuously improve product quality and launch new products to cater for the demand of the market, the Group has a research and development department with 10 employees responsible for quality advancement as well as the development of new wine products.

Customers and sales channel

The Group's yellow wine products are sold mainly to wine dealers and distributors such as food wholesalers, supermarkets and department stores based in Fujian. The Group considers that a prompt and precise marketing and brand-building strategy is one of the essential elements to succeed in the Chinese yellow wine market, and therefore, the Company has allocated and will continue to allocate sufficient resources to promote its yellow wine products by hosting wine-tasting events, wine exhibitions and wine trade fairs in the PRC to attract more recognition from the public and wine distributors on the Group's yellow wine products. The Group employed a sales team of eight staff led by the chairman of the Company who is primarily responsible for

LETTER FROM THE BOARD

formulating marketing strategies to explore more and newer sales channels, analysing marketing data, and establishing and maintaining relationships with existing and potential customers. Currently, the Group's yellow wine business has a customer base of over 1,500 customers.

To further promote the Group's yellow wine products, the Company intends to utilise approximately HK\$10 million for hosting wine-tasting events, wine exhibitions and wine trade fairs in the PRC in the next twelve months and recruiting more staff to support the sales team with an aim to explore more and newer sales channel for the Group's yellow wine products.

Operation scale and expertise

The operation of the Group's consumer goods business is managed by a team of ten members led by the chairman of the Company. The composition of the management team consists of (i) qualified wine technician in the PRC; (ii) professionals with 6 to over 10 years experiences in the marketing and brand-building industry; (iii) professionals with 10 to over 15 years experiences in managing the operation of wine factory and merchandise procurement; and (iv) experienced professionals in finance.

Currently, the Group's consumer goods business has over 50 employees. The Group has a well-established organisational structure to operate the consumer goods business which includes (i) a production department responsible for the operation of the production plant of yellow wine products; (ii) a sales department responsible for formulating marketing strategies and maintaining customer relationship; (iii) a procurement department for the procurement of materials and merchandises necessary for the production of yellow wine products and daily operation of the Group's consumer goods business; (iv) a research, development and quality control department to ensure the quality of the Group's yellow wine products as well as launching new wine products; and (v) other supporting departments such as finance department and administration department.

Latest development and future prospect

The Company considers the performance of the consumer goods business is promising and the Company, therefore, needs to act proactively and promptly to seize such an opportunity to expand the scale of the consumer goods business and develop the consumer goods business into a reliable source of revenue. As disclosed in the announcements of the Company dated 15 July 2022 and 21 July 2022 (the "**Placing Announcements**"), the Company planned to promote and explore new sales channel for the yellow wine products of the Group by setting up three yellow wine-themed bistros in Hong Kong. The Company originally planned to set up two yellow wine-themed bistros, one in Causeway Bay and one in Tsim Sha Tsui, upon completion of the placing as disclosed in the Placing Announcements and one yellow wine-themed bistro in Central and Western district in the second quarter of 2023 subject to (i) the performance of yellow wine-themed bistros in Tsim Sha Tsui and Causeway Bay; (ii) the economy of Hong Kong; and (iii) the coronavirus situation in Hong Kong and the government's corresponding measures to restrict gathering. However, the Company has re-formulated its plan to set up two yellow wine-themed bistros in North Point and Central and Western district first instead of in Tsim Sha Tsui and Causeway Bay after having considered that (i) the Company could not reach a mutual agreement with the landlords of Causeway Bay and Tsim Sha Tsui bistros in respect of

LETTER FROM THE BOARD

the rental terms and no other ideal location in Causeway Bay and Tsim Sha Tsui could be identified by the Company; (ii) the Company was able to identify a suitable location in North Point with desirable rental term and North Point is also considered to be an appropriate location to set up yellow wine-themed bistros given the fact that North Point has long been home of people coming from Fujian who are familiar with Chinese yellow wine culture, which may help the Group to promote its yellow wine products; and (iii) the Company has reached a mutual agreement on the rental term at a suitable location in Sheung Wan.

Due to the above reasons, the schedule for setting up two yellow wine-themed bistros in Hong Kong has been delayed. Royal China Bullion Investment Limited, a wholly-owned subsidiary of the Company, has entered into tenancy agreements for the lease of Sheung Wan bistro (the “**Sheung Wan Lease Agreement**”) and the lease of North Point bistro (the “**North Point Lease Agreement**”) with 2 independent landlords in November 2022. The principal terms of the Sheung Wan Lease Agreement and the North Point Lease Agreement are summarised below:

The Sheung Wan Lease Agreement

| | | |
|----------------|---|---|
| Date | : | 11 November 2022 |
| Premises | : | Shop F on G/F., including Cockloft F, Ko Shing Building, Nos. 48–66 Ko Shing Street, Hong Kong |
| Term | : | From 15 November 2022 to 14 November 2024 (both days inclusive) |
| Lettable area | : | Gross floor area of approximately 1,050 square feet |
| Monthly Rental | : | HK\$36,000 (exclusive of the management fee, government rates and rent, and air-conditioning charges), with a rent-free period of 48 days from 15 November 2022 to 31 December 2022 |

The North Point Lease Agreement

| | | |
|---------------|---|--|
| Date | : | 15 November 2022 |
| Premises | : | Portion of shop, G/F., Continental Mansion, 304, King’s Road, 29–37, Cheung Hong Street, Hong Kong |
| Term | : | From 15 November 2022 to 30 November 2024 (both days inclusive) |
| Lettable area | : | Gross floor area of approximately 1,000 square feet |

LETTER FROM THE BOARD

Monthly Rental : HK\$23,000 (exclusive of the management fee, government rates and rent, and air-conditioning charges), with a rent-free period of 16 days from 15 November 2022 to 30 November 2022

The Sheung Wan bistro was opened on 29 December 2022 and the Company is in the course of undergoing the decoration of the North Point bistro and it is expected that the North Point bistro will be opened at the end of January 2023. The Company is also in the course of identifying a suitable location in Tsim Sha Tsui and it is currently scheduled that the third bistro will be opened in the second quarter of 2023.

In respect of the Group's consumer goods business in the PRC, it is always the core revenue driver of the Group's consumer goods business. In the second half of 2022, the Group successfully developed and introduced the Group's most high-end yellow wine product namely "Xingyun Zhi Guang" (幸運之光) into the market. Since the second half of 2022, the Group started to explore and captured clients outbound Fujian. In respect of the plan to open two yellow wine-themed bistros in the PRC, the Company plans to set up two yellow wine-themed bistros with the size of approximately 500 square meters each in Fuzhou and Quanzhou in Fujian Province within four months upon the Rights Issue Completion. The size and the operating scale of each of the yellow wine-themed bistro in the PRC are expected to be approximately five times larger than the yellow wine-themed bistros in Hong Kong, which will serve a wider range of food and beverages, such as snacks, juice, yellow wine and other alcoholic beverages. For the two yellow wine-themed bistros in the PRC, the Company plans to allocate as to (i) approximately HK\$8.2 million for the store decoration, including but not limited to the store design, water and electricity renovation, ceiling, floor and wall engineering, furniture and audio equipment; (ii) approximately HK\$550,000 for the cost of purchasing food and beverages; (iii) approximately HK\$300,000 for the marketing expenses; and (iv) approximately HK\$950,000 for working capital in operating the two yellow wine-themed bistros in the PRC including but not limited to staff cost and rental expenses. The Company plans to host wine-tasting events and wine exhibitions in the yellow wine-themed bistros in the PRC from time to time in order to continue to promote the Chinese culture of drinking yellow wine, the wine products and the yellow wine-themed bistros of the Group.

As the Rights Issue will be on a non-underwritten basis, the actual amount of the net proceeds from the Rights Issue cannot be ascertained at this point. If the Rights Issue is undersubscribed, the Company intends to apply such net proceeds for repayment of the Group's accrued interest and interest-bearing borrowing first and the remaining net proceeds of the proposed Rights Issue will be utilised in proportion to the remaining uses. In the event of undersubscription of the Rights Issue, the Company plans to utilise the cash flow generated from business activities of the Group to meet the expected funding needs for the next 12 months. Meanwhile, the Company will also conduct more time-saving general mandate fund raising activities to meet the expected funding needs for the next 12 months.

LETTER FROM THE BOARD

Other fund-raising alternatives

Other than the Rights Issue, the Company has considered other debt/equity fund-raising alternatives such as bank borrowings, placing or an open offer. The Company had contacted certain banks for securing bank loan facilities. However, the Company could not reach favourable financing terms with the banks upon discussion and as such, the Board considers that debt financing will result in an additional interest burden and a higher gearing ratio of the Group and could not be achievable on favourable terms or may require pledge of other kind of assets or securities which may reduce the Group's flexibility. The Company had also contacted certain securities houses for the feasibility of conducting underwritten fund raising exercise but had received negative feedbacks from those securities houses for conducting such fund raising activities in view of the volatile price performance of the Shares and the financial position of the Group. As for equity fund-raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund-raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

Having considered the above-mentioned alternatives, the Directors (including the independent non-executive Directors whose views are expressed in the Letter from the Independent Board Committee) consider raising funds by way of the Rights Issue is more appropriate as the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company, and thus, in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no intention to dispose of, terminate or scale down any of its existing businesses.

LETTER FROM THE BOARD

EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Share Consolidation; and (iii) immediately after the Share Consolidation and the Rights Issue Completion in different scenarios as set out in below table, in each case assuming there is no change in the issued share capital of the Company as at the Latest Practicable Date and up to and including the Record Date:

| Shareholder | As at the Latest Practicable Date | | Immediately after the Share Consolidation | | Immediately after the Share Consolidation and upon the Rights Issue Completion assuming full acceptance by all Shareholders under the Rights Issue | | Immediately after the Share Consolidation and upon the Rights Issue Completion assuming (a) no subscription by the Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing | |
|-----------------------------|-----------------------------------|---------------|---|---------------|--|---------------|---|---------------|
| | <i>Number of Shares</i> | | <i>Number of Shares</i> | | <i>Number of Shares</i> | | <i>Number of Shares</i> | |
| | | <i>%</i> | | <i>%</i> | | <i>%</i> | | <i>%</i> |
| Public Shareholders: | | | | | | | | |
| Placees | - | - | - | - | - | - | 864,000,000 | 66.67 |
| Other public Shareholders | 864,000,000 | 100.00 | 432,000,000 | 100.00 | 1,296,000,000 | 100.00 | 432,000,000 | 33.33 |
| Total | <u>864,000,000</u> | <u>100.00</u> | <u>432,000,000</u> | <u>100.00</u> | <u>1,296,000,000</u> | <u>100.00</u> | <u>1,296,000,000</u> | <u>100.00</u> |

The public float requirements under the Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 8.08 of the Listing Rules.

If a Qualifying Shareholder does not accept the Rights Shares provisionally allotted to him/her/it in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

LETTER FROM THE BOARD

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

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

| Date of announcement | Event | Net proceeds raised (approximately) | Intended use of proceeds | Actual use of proceeds |
|----------------------|---|-------------------------------------|--|---|
| 5 August 2022 | Placing of new Shares under general mandate | HK\$20,611,200 | Approximately HK\$15.85 million for the operation and development of the Group's consumer goods business, and the remaining for general working capital of the Group | (i) Approximately HK\$10.85 million has been utilised for the operation and development of the Group's consumer goods business including (a) HK\$240,000 for rental deposit of the two yellow wine-themed bistros in North Point and Sheung Wan; (b) approximately HK\$3.48 million for furniture and equipment necessary for setting up the three yellow wine-themed bistros in Hong Kong; (c) HK\$200,000 for upfront payment made to suppliers for food and shop wares of the two yellow wine-themed bistros in North Point and Sheung Wan; (d) HK\$800,000 for 50% deposit made to decoration company for the two yellow wine-themed bistros in North Point and Sheung Wan; (e) HK\$280,000 for working capitals including rental expenses of the two yellow wine-themed bistros in North Point and Sheung Wan, staff costs and staff training for the yellow wine-themed bistros; and (f) approximately HK\$5.85 million for hosting sales event in the PRC; (ii) approximately HK\$4.76 million has been utilised as the general working capital of the Group; and (iii) the remaining unutilised proceed of approximately HK\$5 million will be applied as to (a) HK\$280,000 for setting up the third bistro in Hong Kong which is expected to be utilised by the first quarter of 2023; and (b) HK\$4.72 million for the working capital of the three yellow wine-themed bistros in Hong Kong including staff cost and rental expenses, which is expected to be fully utilised by December 2023. |

LETTER FROM THE BOARD

TAXATION

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

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of the announcement of the Company dated 9 December 2022 (after taking into account the effect of the Share Consolidation), the Rights Issue is conditional upon the minority Shareholders' approval at the EGM, and any Controlling Shareholders and their associates, or where there are no Controlling Shareholders, the Directors (excluding the independent non- executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the Latest Practicable Date, the Company has no Controlling Shareholder as defined under the Listing Rules and none of the Directors and the chief executive of the Company and their respective associates holds any Share. Accordingly, no Shareholder shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM.

DESPATCH OF PROSPECTUS DOCUMENTS

Subject to the approval of the Share Consolidation and the Increase in Authorised Share Capital by the Shareholders and the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL on or before Tuesday, 28 February 2023. A copy of the Prospectus will also be made available on the websites of the Company (www.hopelife.hk) and the Stock Exchange (www.hkexnews.hk). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL to them.

WARNING OF THE RISKS OF DEALING IN THE SHARES, THE ADJUSTED SHARES AND/OR THE NIL-PAID RIGHTS SHARES

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD NOTE THAT THE RIGHTS ISSUE AND THE PLACING ARE CONDITIONAL UPON, AMONG OTHERS, CONDITIONS SET OUT IN THE SECTIONS HEADED "LETTER FROM THE BOARD – PROPOSED RIGHTS ISSUE – CONDITIONS OF THE RIGHTS ISSUE" AND "LETTER FROM THE BOARD – PROPOSED RIGHTS ISSUE – CONDITIONS OF THE PLACING" IN THIS CIRCULAR, RESPECTIVELY.

LETTER FROM THE BOARD

ACCORDINGLY, THE RIGHTS ISSUE AND/OR THE PLACING MAY OR MAY NOT PROCEED.

ANY DEALINGS IN THE SHARES, THE CONSOLIDATED SHARES AND/OR THE NIL-PAID RIGHTS SHARES UP TO THE DATE ON WHICH ALL THE CONDITIONS OF THE RIGHTS ISSUE AND THE PLACING ARE FULFILLED WILL BEAR THE RISK THAT THE RIGHTS ISSUE AND/OR THE PLACING MAY NOT BECOME UNCONDITIONAL OR MAY NOT PROCEED.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY, AND IF THEY ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS.

AMENDMENTS TO AMENDED AND RESTATED ARTICLES OF ASSOCIATION AND THE ADOPTION OF THE SECOND AMENDED AND RESTATED ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 15 December 2022 in relation to the proposed amendments to the Amended and Restated Articles of Association and adoption of the Second Amended and Restated Articles of Association.

The Board proposes to make certain amendments to the Amended and Restated Articles of Association for the purposes of, among others, (i) bringing the Amended and Restated Articles of Association in line with the relevant requirements of the Listing Rules, including the core shareholder protection standards set out in Appendix 3 to the Listing Rules, and the applicable laws of the Cayman Islands; (ii) allowing general meetings to be held as a physical meeting, an electronic meeting or a hybrid meeting where Shareholders may attend by electronic means in addition to physical attendance in person, and the powers of the Board and the chairman of the meeting in relation thereto; (iii) allowing any document or information relating to proxies for a general meeting to be sent to an electronic address; (iv) providing the Board with the power to capitalise reserves of the Company to pay up in full Shares to be issued pursuant to a share incentive scheme or employee benefit scheme that has been adopted or approved by the Shareholders; and (v) making other housekeeping amendments, including consequential amendments in line with the above amendments to the Amended and Restated Articles of Association (collectively, the “**Proposed Amendments**”). Details of the Proposed Amendments are set out in Appendix III to this circular. The Board also proposes to adopt the Second Amended and Restated Memorandum and Articles of Association (which incorporate the Proposed Amendments) in substitution for, and to the exclusion of, the existing Amended and Restated Articles of Association in their entirety,

The Directors believe that the Proposed Amendments and the proposed adoption of the Second Amended and Restated Articles of Association are in the interests of the Company and the Shareholders as a whole. A special resolution will be proposed at the EGM to approve the Proposed Amendments and the adoption of the Second Amended and Restated Articles of Association.

LETTER FROM THE BOARD

The Company's legal advisers as to the law of Hong Kong have confirmed that the Proposed Amendments conform with the requirements of the Listing Rules, and the Company's legal adviser as to the law of Cayman Islands has confirmed that the Proposed Amendments do not contravene the laws of the Cayman Islands. The Company also confirms that there is nothing unusual about the Proposed Amendments for a company listed in Hong Kong.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue, the Placing, the Proposed Amendments to the Amended and Restated Articles of Association and the adoption of the Second Amended and Restated Articles of Association. The register of members of the Company will be closed from Wednesday, 8 February 2023 to Tuesday, 14 February 2023 (both days inclusive) for determining the Shareholders' entitlements to attend and vote at the EGM.

In order to be registered as a member of the Company on the record date for attendance and voting at the EGM, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by no later than 4:30 p.m. (Hong Kong time) on Tuesday, 7 February 2023.

A notice convening the EGM to be held at 22/F, Euro Trade Centre, 13–14 Connaught Road Central, Central, Hong Kong on Tuesday, 14 February 2023 at 11:00 a.m. is set out on pages EGM-1 to EGM-5 of this circular.

A form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM or not, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event so that it is received at least 48 hours before the time appointed (i.e. Sunday, 12 February 2023 at 11:00 a.m.) for the EGM or adjourned meeting (as the case may be). Submission of a proxy form shall not preclude you from attending the EGM (or any adjournment of such meeting) and voting in person should you so wish.

In compliance with the Listing Rules, all the resolutions to be proposed at the EGM will be voted on by way of poll at the EGM.

The Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL on or before Tuesday, 28 February 2023. A copy of the Prospectus will also be made available on the websites of the Company (www.hopelife.hk) and the Stock Exchange (www.hkexnews.hk). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL to them.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Cheung Ting Pong, Mr. Zhen Jian and Ms. Zhao Hongqin, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. Sorrento Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Your attention is drawn to the letter from the Independent Board Committee set out on page 46 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 47 to 75 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

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

The Directors also consider that the Proposed Amendments and the adoption of the Second Amended and Restated Articles of Association are in the best interests of the Company and the Shareholders.

Accordingly, the Directors also recommend the Shareholders to vote in favour of such resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

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

For and on behalf of
Hope Life International Holdings Limited
LIANG Zhichao
Chairman

HOPE LIFE INTERNATIONAL HOLDINGS LIMITED

曠逸國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1683)

20 January 2023

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS
SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON
THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

We refer to the circular of the Company dated 20 January 2023 (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

The Independent Financial Adviser has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect. Having taken into account the terms of the Rights Issue and the Placing Agreement, and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue and the Placing Agreement, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

The Independent Board Committee

Hope Life International Holdings Limited

Mr. Cheung Ting Pong

Mr. Zhen Jian

Ms. Zhao Hongqin

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Sorrento Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, in relation to the Rights Issue which has been prepared for the purpose of inclusion in this circular.



11/F
The Wellington
198 Wellington Street
Central
Hong Kong

20 January 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the proposed offer for subscription of up to 864,000,000 Rights Shares by way of the Rights Issue at the Subscription Price of HK\$0.140 each to be made by the Company to the Qualifying Shareholders on the basis of two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 20 January 2023 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As stated in the Letter from the Board, on 9 December 2022, the Company and CNI Securities Group Limited (the “**Placing Agent**”) entered into the Placing Agreement, pursuant to which the Company conditionally appointed the Placing Agent and the Placing Agent conditionally agreed to act as the placing agent for the Company to procure, on a best effort basis, places to subscribe for the Placing Shares (i.e. the Untaken Shares and/or the NQS Unsold Shares during the Rights Issue) on the terms and subject to the conditions set out in the Placing Agreement. Pursuant to the Rights Issue, the Company will offer up to 864,000,000 Rights Shares to the Qualifying Shareholders whose names shall appear on the register of members of the Company at the close of business on the Record Date on the basis of two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date. Under the terms of the Placing Agreement, if all the Rights Shares are already fully taken up in the Rights Issue

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

through the PAL(s), the Placing will not proceed. The maximum gross proceeds from the Rights Issue will be approximately HK\$120.96 million and the expected maximum net proceeds (i.e. after deducting all relevant expenses relating to the Rights Issue) will be approximately HK\$118.96 million which applied towards (i) repayment of the Group's interest-bearing borrowing and its accrued interest; (ii) development of the Group's consumer goods business; (iii) support the Group's construction and its ancillary services; and (iv) general working capital of the Group.

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within a 12 months period immediately preceding the date of the announcement of the company (the “**Initial Announcement**”) dated 9 December 2022 in relation to, among others, the Rights Issue (after taking into account the effect of the Share Consolidation), the Rights Issue is conditional upon the minority Shareholders' approval at the EGM, and any Controlling Shareholders and their respective associates, or where there are no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM. As at the Latest Practicable Date, there were no controlling shareholders (has the meaning ascribed thereto under the Listing Rules) and none of the Directors and the chief executive of the Company and their respective associates holds any Share. Accordingly, no Shareholder shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM.

The Independent Board Committee comprising Mr. Cheung Ting Pong, Ms. Zhao Hongqin and Mr. Zhen Jian (i.e. all the independent non-executive Directors) has been established by the Board to consider the terms of the Rights Issue and to make recommendation to the Independent Shareholders as regards voting. We, Sorrento Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Rights Issue are normal commercial and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) whether to vote in favour of the Rights Issue at the EGM.

We are independent from and not connected with the Group, its substantial shareholders, directors or chief executive, or any of their respective associates pursuant to Rule 13.84 of the Listing Rules or connected persons. During the last two years, we have not been engaged as any financial adviser to the Company and we are not aware of any relationship or interest between us and the Company or other parties that would be reasonably considered to affect our independence to act as an independent financial adviser to the Independent Shareholders in respect of the Rights Issue. Accordingly we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS AND ASSUMPTIONS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, documents, opinions and representations expressed to us by the Directors and management of the Company, e.g. annual/interim reports and latest unaudited financial information, indebtedness, agreements relating to fund-raising (i.e. loan agreements and the Placing Agreement), base wine and wine production facility purchase agreements, base wine purchase invoices, construction project quotation and wine business development plan, trading statistics of the Shares. We have assumed that (i) all such statements, information, opinions and representations expressed to us by the Directors and management of the Company, for which they are solely responsible, are true, accurate and complete in all material aspects at the time they were made and up to the date of the Circular; and (ii) all the opinions and representations have been reasonably made by the Directors and the management of the Company after due and careful enquiry. We have also assumed that the information referred to in the Circular will continue to be true, accurate and complete as at the date of the Circular and if there is any material change of information in the Circular up to the date of the EGM, we will inform the Shareholders as soon as practicable. We have also sought and obtained confirmation from the Directors and/or management of the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Company or any of its subsidiaries, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONCERNED

In considering whether the terms of the Rights Issue are fair and reasonable and are in the interest of the Company and the Shareholders as a whole, we have taken into account the principal factors and reasons set out below:

1. Information on the Group

The Group is principally engaged in construction and ancillary services which include design, fitting-out, decoration, alteration and addition, construction and other related businesses, financial services and consumer goods business. As at the Latest Practicable Date, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Existing Shares of which 864,000,000 Existing Shares with par value of HK\$0.01 each were in issue. As set out in the Letter from the Board, the Company proposed to conduct the Share Consolidation whereby every two (2) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.02 each.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The audited consolidated financial information of the Group for each of the two years ended 31 December 2021, as extracted from the annual report of the Company for the year ended 31 December 2021 (the “**Annual Report**”) and the unaudited consolidated financial information of the Group for the six months ended 30 June 2021 and 2022, as extracted from the interim report of the Company for the six months ended 30 June 2022 (the “**Interim Report**”), are summarised as follows:

| | For the six months ended | | For the year ended | |
|---|---------------------------------|-----------------|---------------------------|-----------------|
| | 30 June | | 31 December | |
| | 2022 | 2021 | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) | (audited) | (audited) |
| Revenue from continuing operations | 108,138 | 63,506 | 247,170 | 113,182 |
| Cost of sales | (84,950) | (48,874) | (200,016) | (89,718) |
| Gross profit | 23,188 | 14,632 | 47,154 | 23,464 |
| Other income | – | – | 893 | 1,081 |
| Other gains and losses | 250 | 670 | – | 120 |
| Selling and distribution expenses | – | – | (8,924) | – |
| Other operating expenses | – | – | (905) | (472) |
| Reversal of allowance for expected credit losses/ (Impairment losses under expected credit loss model, net of reversal) | 2,200 | – | (3,385) | (10,819) |
| Administrative expenses | (12,505) | (11,208) | (25,490) | (21,540) |
| Finance costs | (2,697) | (89) | (393) | (166) |
| Profit/(loss) before taxation from continuing operations | 10,436 | 3,942 | 8,950 | (8,332) |
| Income tax (expense)/credit | (2,555) | – | (2,079) | 52 |
| Profit/(loss) for the year/period from continuing operations | 7,881 | 3,942 | 6,871 | (8,280) |
| Loss for the year from discontinued operations, net of income tax | – | – | – | (1,841) |
| Profit/(loss) for the year/period | 7,881 | 3,942 | 6,871 | (10,121) |
| Profit/(loss) for the year/period attributable to owners of the Company from continuing operations | 6,322 | 3,853 | 4,987 | (8,266) |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| | For the six months ended | | For the year ended | |
|--|--------------------------|-----------------|--------------------|-----------------|
| | 30 June | | 31 December | |
| | 2022 | 2021 | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) | (audited) | (audited) |
| Profit/(loss) for the year/period attributable to owners of the Company from discontinued operations | – | – | – | (1,841) |
| Profit/(loss) for the year/period attributable to non-controlling interests | 1,559 | 89 | 1,884 | (14) |

Comparison between the years ended 30 June 2022 and 30 June 2021

The Company recorded a revenue of approximately HK\$108.14 million for the six months ended 30 June 2022 representing an increase of approximately 70.27% as compared with approximately HK\$63.51 million for the six months ended 30 June 2021 mainly due to the significant increase in revenue contribution of consumer goods business of the Group (i.e. production and sales of food and beverage products). During the six months ended 30 June 2022, this business became the largest segment of the Group and represented approximately 60.33% of the total revenue of the Group as compared with only 3.03% for the six months ended 30 June 2021.

The gross profit margin of the Group were stable at approximately 23.04% for the six months ended 30 June 2021 and approximately 21.44% for the six months ended 30 June 2022 notwithstanding the significant growth of the Group's consumer goods business.

Finance costs of the Company increased significantly from approximately HK\$89,000 for the six months ended 30 June 2021 to approximately HK\$2.70 million for the six months ended 30 June 2022 mainly due to the interest incurred on other borrowing during the period.

As a result of the abovementioned and the reversal of allowance for expected credit losses of approximately HK\$2.20 million for the six months ended 30 June 2022, the Group recorded a profit for the period of approximately HK\$7.88 million as compared with approximately HK\$3.94 million for the six months ended 30 June 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparison between the years ended 31 December 2021 and 2020

The Company recorded a revenue of approximately HK\$247.17 million for the year ended 31 December 2021 representing an increase of approximately 118.39% as compared with approximately HK\$113.18 million for the year ended 31 December 2020 mainly due to (i) the revenue contribution of consumer goods business of the Group (i.e. production and sales of food and beverage products) which was absent in the year ended 31 December 2020; and (ii) the increase in revenue of construction and ancillary services of the Group by approximately HK\$65.24 million for the year ended 31 December 2021 as compared with prior year. The construction and ancillary services of the Group remained as the largest business segment of the Group and contributed approximately 68.25% of total revenue of the Group during the year ended 31 December 2021.

The gross profit margin of the Group were stable at approximately 20.73% for the year ended 31 December 2020 and approximately 19.08% for the year ended 31 December 2021.

The Group recorded a selling and distribution expenses of approximately HK\$8.92 million for the year ended 31 December 2021 as compared with nil for the year ended 31 December 2020 as the Group did not commence its consumer goods business in 2020.

The Group recorded an impairment losses under expected credit loss model, net of reversal of approximately HK\$3.39 million for the year ended 31 December 2021 as compared with approximately HK\$10.82 million for the year ended 31 December 2020 mainly due to decrease in loan receivables (credit impaired).

Administrative expenses of the Group increased from approximately HK\$21.54 million for the year ended 31 December 2020 to approximately HK\$25.49 million for the year ended 31 December 2021 mainly due to the consumer goods business.

Finance costs of the Company increased slightly from approximately HK\$166,000 for the year ended 31 December 2020 to approximately HK\$393,000 for the year ended 31 December 2021 mainly due to the interest incurred on other borrowing during the year.

As a result of the abovementioned, the Group recorded a profit for the year attributable to owners of the Company from continuing operations of approximately HK\$4.99 million for the year ended 31 December 2021 as compared with loss for the year attributable to owners of the Company from continuing operations of approximately HK\$8.27 million for the year ended 31 December 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| | As at 30 June 2022 | As at 31 December 2021 |
|---|-----------------------------------|---------------------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (audited) |
| Non-current assets | 31,585 | 35,086 |
| Current assets | <u>283,797</u> | <u>282,843</u> |
| Total assets | <u>315,382</u> | <u>317,929</u> |
| Non-current liabilities | 626 | 977 |
| Current liabilities | <u>70,672</u> | <u>72,990</u> |
| Total liabilities | <u>71,298</u> | <u>73,967</u> |
| Net current assets | <u>213,125</u> | <u>209,853</u> |
| Equity attributable to owners of the Company | 240,759 | 242,065 |
| Non-controlling interests | <u>3,325</u> | <u>1,897</u> |
| Total equity/Net assets | <u><u>244,084</u></u> | <u><u>243,962</u></u> |

As at 31 December 2021, the current assets and current liabilities of the Company amounted to approximately HK\$282.84 million and HK\$72.99 million respectively. Accordingly, the Company had net current assets of approximately HK\$209.85 million and current ratio of approximately 3.88 times, calculated as current assets over the current liabilities as at 31 December 2021. The current assets of the Company as at 31 December 2021 mainly included (i) inventories of approximately HK\$121.55 million; (ii) loan receivables of approximately HK\$65.67 million; (iii) deposits, prepayments and other receivables of approximately HK\$55.90 million; (iv) cash and bank balances of approximately HK\$21.92 million; (v) trade receivables of approximately HK\$13.70 million; and (vi) contract assets of approximately HK\$3.38 million. The current liabilities of the Company as at 31 December 2021 mainly included (i) other borrowing of approximately HK\$40.00 million; (ii) trade payables of approximately HK\$18.61 million; (iii) accrued expenses and other payables of approximately HK\$7.17 million; and (iv) contract liabilities of approximately HK\$6.30 million.

As at 30 June 2022, current assets of the Company increased to approximately HK\$283.80 million mainly due to increase in inventories by approximately HK\$42.40 million and trade receivables by approximately HK\$41.06 million respectively as

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

compared to the balance as at 31 December 2021 as offset by the decrease in loan receivables by approximately HK\$62.66 million and cash and bank balances of approximately HK\$15.31 million respectively as compared to the balance as at 31 December 2021. As at 30 June 2022, current liabilities of the Company decreased to approximately HK\$70.67 million mainly due to decrease in contract liabilities by approximately HK\$5.64 million and accrued expenses and other payables by approximately HK\$1.61 million respectively as offset by the increase in trade payables by approximately HK\$4.42 million. As set out in the Letter from the Board, the Company had an unaudited cash and cash equivalents of approximately HK\$23.30 million as at 30 November 2022.

The non-current assets of the Company decreased from approximately HK\$35.09 million as at 31 December 2021 to approximately HK\$31.59 million as at 30 June 2022 mainly due to depreciation of property, plant and equipment and right-of-use assets.

On 5 August 2022, the Company completed a placing of new Shares under general mandate (the “**2022 Placing**”) pursuant to which 144,000,000 Shares at HK\$0.145 each were placed to no less than six places for operation and development of the Group’s consumer goods business and general working capital of the Group.

Save as the above, the Company has not conducted any other equity financing activity in the 12 months immediately preceding the date of the Initial Announcement.

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

The Group is principally engaged in construction and ancillary services which include design, fitting-out, decoration, alteration and addition, construction and other related businesses, consumer goods business and financial services.

On 5 August 2022, the Company completed the 2022 Placing and raised a net proceeds of approximately HK\$20.61 million of which approximately HK\$5 million remains unutilised and is intended to be applied towards its bistro business in Hong Kong in 2023. As advised by the Company, the Company intends to apply the net proceeds from the Rights Issue towards its business development in the PRC including setting up two bistros in the PRC, purchase of raw materials and working capital of bistros and wine production except repayment of the Group’s interest-bearing borrowing and its accrued interest and support of the Group’s construction and its ancillary services in Hong Kong. Given the Company has already utilised over three-fourths of net proceeds from the 2022 Placing and certain new proceeds from the Rights Issue will be applied towards same business segment and new market in the PRC such as rental, salary and marketing activities for wine production and bistros, we consider that the Rights Issue would enable to Group to raise additional capital for geographical business expansion and thus is in the interest of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Assuming a maximum of 864,000,000 Rights Shares will be issued under the Rights Issue, the estimated gross proceeds of the Rights Issue will be approximately HK\$120.96 million. The estimated expenses in relation to the Rights Issue will amount to approximately HK\$2 million and the estimated maximum net proceeds of the Rights Issue will be approximately HK\$118.96 million. The net subscription price per Rights Share is expected to be approximately HK\$0.138.

The Company intends to apply the net proceeds from the proposed Rights Issue as follows: (i) approximately HK\$45 million for the repayment of the Group's interest-bearing borrowing and its accrued interest which will be due in June 2023; (ii) approximately HK\$50 million for the development of the Group's consumer goods business; (iii) approximately HK\$15 million to support the Group's construction and its ancillary services, including but not limited to (a) approximately HK\$3 million (approximately HK\$2 million for a project in Kwun Tong and HK\$1 million for other projects respectively) for the prepayment to be made to the subcontractors and/or supplies before the commencement of projects; and (b) approximately HK\$12 million for the initial start-up costs of the Group's construction projects such as subcontract fees, payments to be made to materials suppliers and direct labour cost of which HK\$9 million shall be applied to a construction project in Kwun Tong with a contract sum of over HK\$36 million and HK\$3 million shall be applied to the other eight construction projects in Hong Kong with an aggregate contract sum of approximately HK\$13 million; and (iv) the remaining of the net proceeds from the Rights Issue for the general working capital of the Group, including but not limited to the staff cost, rental expenses and other office overhead.

As part of our due diligence, we have reviewed the agreements in relation to a loan in the principal amount of HK\$40 million between the Company, as borrower, and the lender (i.e. loan agreement dated 13 December 2021 and its supplemental agreement dated 13 December 2022) and noted that the interest rate is 1% per month and repayment is on quarterly basis with default interest rate of 1% per month. As advised by the Company the Company has only repaid interest once in May 2022 and therefore the outstanding amount of loan principal and accrued interest has become approximately HK\$43.73 million as at 31 December 2022. We have also independently calculated the implied cost of capital for the Rights Issue (being the percentage of estimated expenses in relation to the Rights Issue (e.g. professional fee and relevant expenses) to the maximum gross proceeds of the Rights Issue), and noted that the implied cost of capital of approximately 1.65% is substantially lower than the annualised interest rate of 12% for the aforesaid loan. Given the significant difference between annualised interest rate of the loan agreement and implied cost of capital, the Company could save finance costs of approximately 10.35% per annum or approximately HK\$2.02 million for the period from January 2023 to due date of the loan, i.e. 12 June 2023 as extended pursuant to the abovementioned supplemental agreement, based on the outstanding amount of loan principal and accrued interest of approximately HK\$43.73 million as at 31 December 2022. Therefore, we consider the Company's proposed obtainment of lower cost of capital by way of the Rights Issue to repay the loan and accrued interests with higher interest rate is in the interest of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the bistros proposed to be opened by the Group in the PRC, we have obtained and reviewed a business proposal from the Company and noted that the Company plans to open two bistros decorated in ancient Chinese style serving the Group's yellow wine products like "Minyue Hong" (閩越紅), "Xian Shisha" (縣石山) and other cocktails and wines. As advised by the Company, the Company currently targets to open these two bistros in Fujian Province and hire over 40 staff for them subject to availability of the financial resources. The Company expects to incur approximately RMB8.60 million (or equivalent to approximately HK\$10.00 million) which comprises approximately RMB7.20 million on renovation, approximately RMB0.50 million on procurement, approximately RMB0.30 million on marketing activities and approximately RMB0.60 million on initial working capital and wages. Given the proposed bistros in Fujian Province may broaden the sales channel of and help to promote the Group's yellow wine products which is in line with the recent business expansion strategy of the Group in respect of setting up bistros in Hong Kong and the abovementioned cost items are necessary for setting up bistro business, we are of the view that the intended use of proceeds in this regard is fair and reasonable.

According to the Letter from the Board, the Group operates a wine production plant in Jiangxi with yellow wine production capacity of approximately 3,000 tons per annum. As advised by the Company during the nine months ended 30 September 2022, the Group produced and sold approximately 1,600 tonnes of yellow-wine products, recorded relevant revenue of approximately RMB51.30 million and consumed approximately 900 tonnes of base wines. We have also (i) enquired the quantity and total amount of base wine purchased by the Group during the nine months ended 30 September 2022 and calculated the average unit price of base wine of approximately RMB39,000 per tonne (tax inclusive); (ii) reviewed (a) a base wine purchase agreement of the Group with its sole supplier of base wine, and (b) 21 invoices of base wine purchase of four months in 2022 on half yearly basis (i.e. sample invoices of two months in each interim period) with their total invoice amount represents around one-third of the purchase amount of base wine for the year ended 31 December 2022 from such supplier and we consider such sampling size is fair and representative; and (iii) the costing calculation of the Group's wine products showing the budget costs (including relevant base wine) of production of wine and noted that the budget cost of base wines is generally over RMB30,000 per tonne (tax exclusive) which is comparable to with the unit price of base wine stated in the abovementioned sample invoices. As advised by the Company, the Group expects to purchase 800 to 1,000 tonnes of base wines for its wine production from 2023. Having considered the purchase price of base wines and historical sales volume of the Group's wine products, we consider that the intended utilisation of approximately HK\$30 million from the net proceeds of the Rights Issue is justifiable.

As part of our work done, we have conducted independent research on the general economic conditions of Fujian Province, the PRC based on the information from websites of Fujian Provincial People's Government and Fujian Provincial Bureau of Statistics noted that (i) the per capita disposal income of residents in Fujian Province increased by approximately 5.5% for the first half of 2022 as compared with the same period in 2021; (ii) the food and beverage (including bars) income in Fujian Province increased by

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately 2.9% during the first eleven months of 2022 as compared with the same period in 2021; and (iii) the resident consumer price of liquor was relatively stable with a growth of 0.4% during the first eleven months of 2022 as compared with the same period in 2021. Based on the above, we concur with the Company that there is commercial reason for the Company to allocate approximately HK\$50 million from the net proceeds of the Rights Issue to the development of the Group's consumer goods business, i.e. wine production and new bistros in the PRC.

We have also obtained and reviewed a construction contract of the Group in relation to a concrete project in Kwun Tong with contract sum of approximately HK\$36.27 million and the relevant project costing and noted that the Group expects to incur cost of approximately HK\$34.46 million and, as advised by the Company, approximately HK\$11 million of which (approximately HK\$2 million for prepayment to be made to the subcontractors and/or supplies and HK\$9 million for initial start-up costs of construction project respectively) is expected to be funded by the net proceeds of the Rights Issue. Furthermore, we have also obtained and reviewed quotations of eight other projects with total quotation amount of approximately HK\$12.74 million and, as advised by the Company, the relevant project costs comprising subcontracting costs and material costs are expected to be approximately HK\$11.75 million based on the historical gross profit margin of similar projects and of which approximately HK\$4 million (approximately HK\$1 million for prepayment to be made to the subcontractors and/or supplies and HK\$3 million for initial start-up costs of construction projects respectively) is expected to be funded by the net proceeds of the Rights Issue. As confirmed by the Company, the commencement of these projects is expected to take place in the second quarter of 2023 and therefore the Group has imminent need of capital to undertake these projects if awarded.

Based on the above and the fact that the Rights Issue will give all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company without diluting their corresponding shareholdings and to participate in the long-term growth of the Company at a price lower than the current market level, we concur with the view of the Company that it is fair and reasonable and in the interest of the Company to conduct the Rights Issue to support the imminent capital need of the Group and the intended use of proceeds are reasonable and commercially justifiable.

3. Alternative financing methods

As stated in the Letter from the Board, other financing alternatives were considered, including, among other things, (i) debt financing such as bank borrowings; and (ii) equity financing such as placing of new shares and open offer. The Company had contacted certain banks for securing bank loan facilities but the Company could not reach favourable financing terms with the banks upon discussion. As advised by the Company, it was mainly due to the negative cash flow from operating activities of the Group over few years and majority of the Group's assets are inventories, trade receivables and equipment and machinery for wine production. As such, the Board considers that debt financing will result in an additional interest burden and a higher gearing ratio of the Group and could not be

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

achievable on favourable terms or may require pledge of other kind of assets or securities which may reduce the Group's flexibility. Furthermore, as debt financing is normally for fixed term and the success and timing of renewal would materially affect the liquidity of the Company, the Company did not consider it appropriate to the Group.

The Company had also contacted certain securities houses for the feasibility of conducting underwritten fund-raising exercise but had received negative feedbacks from those securities houses for conducting such fund-raising activities in view of the volatile price performance of the Shares and the financial position of the Group. As for equity fund-raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund-raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

Having considered other fund-raising alternatives for the Company as disclosed above, and taking into account the benefits and cost of each of the alternatives, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) are of the view that the Rights Issue is more appropriate to the Company and is in the interest of the Company and the Shareholders as a whole.

4. Principal terms of the Rights Issue

4.1 Issue statistics

| | | |
|--|---|--|
| Basis of the Rights Issue | : | Two (2) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date |
| Subscription price | : | HK\$0.140 per Rights Share |
| Number of Existing Shares in issue as at the Latest Practicable Date | : | 864,000,000 Shares |
| Number of Consolidated Shares in issue upon the Share Consolidation becoming effective | : | 432,000,000 Consolidated Shares (assuming there is no further allotment and issue or repurchase of Shares up to the effective date of the Share Consolidation) |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Maximum number of Rights Shares : 864,000,000 Rights Shares (assuming there is no other change in the total number of issued Shares on or before the Record Date), representing (i) 200% of the total issued Consolidated Shares upon the Share Consolidation becoming effective; and (ii) approximately 66.67% of the total number of issued Shares as enlarged immediately upon completion of the Rights Issue

Number of Shares in issue upon completion of the Rights Issue : 1,296,000,000 Shares

As at the Latest Practicable Date, the Company did 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, as the case may be.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, any Untaken Shares together with the NQS Unsold Shares will be placed on a best efforts basis by the Placing Agent to independent placees under the Placing. Any Untaken Shares and/or NQS Unsold Shares remain not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

As the Rights Issue will proceed on a non-underwritten basis, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

4.2 Subscription Price

In order to access the fairness and reasonableness of the Subscription Price, we set out the following informative analysis for illustrative purpose only.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical price movement analysis

As set out in the Letter from the Board, the Subscription Price of HK\$0.140 per Rights Share, which will be payable in full upon application, represents:

- (i) a discount of approximately 11.39% to the adjusted closing price of HK\$0.158 per Consolidated Share (based on the closing price of HK\$0.079 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and adjusted for the effect of the Share Consolidation);
- (ii) a discount of approximately 16.67% to the adjusted closing price of HK\$0.168 per Consolidated Share (based on the closing price of HK\$0.084 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (iii) a discount of approximately 17.65% to the adjusted average closing price of HK\$0.170 per Consolidated Share (based on the average closing price of approximately HK\$0.085 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (iv) a discount of approximately 17.65% to the adjusted average closing price of HK\$0.170 per Consolidated Share (based on the average closing price of approximately HK\$0.085 per Existing Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (v) a discount of approximately 6.04% to the theoretical ex-rights price of approximately HK\$0.149 per Consolidated Share (based on the closing price of HK\$0.084 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Rights Shares and adjusted for the effect of the Share Consolidation);
- (vi) theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 11.11%, represented by the theoretical diluted price of approximately HK\$0.149 per Share to the benchmarked price of approximately HK\$0.168 per Consolidated Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Existing Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of the Existing Shares as quoted on the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

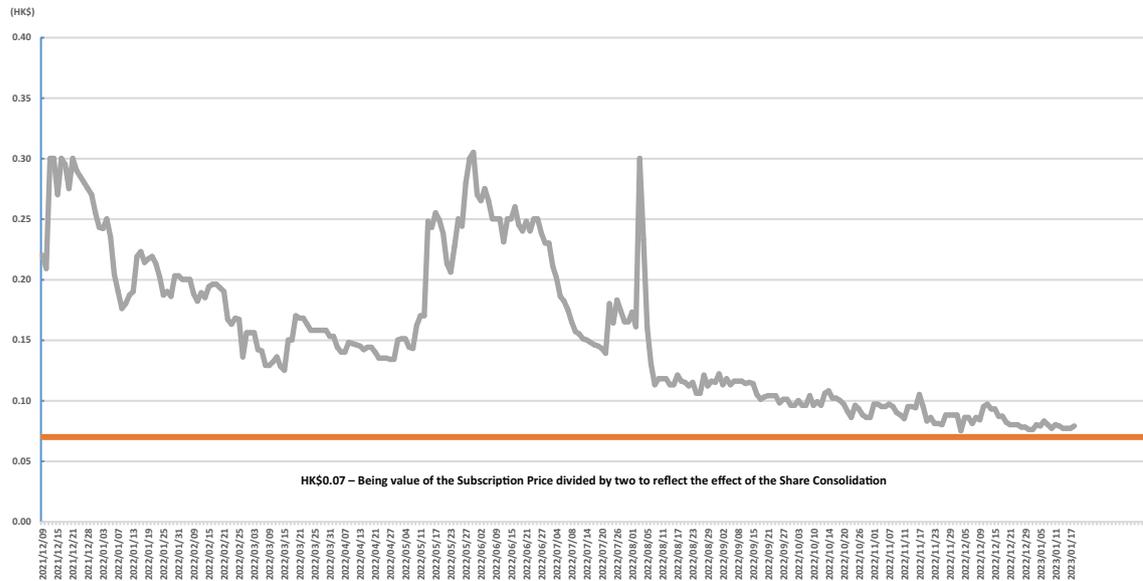
Stock Exchange for the previous five consecutive trading days prior to the date of the Initial Announcement and adjusted for the effect of the Share Consolidation); and

- (vii) a discount of approximately 77% to the adjusted consolidated net asset value per Consolidated Share (the “NAV per Share”) attributable to the Shareholders as at 30 June 2022 of approximately HK\$0.61 per Consolidated Share calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$240,759,000 as at 30 June 2022 as set out in the Interim Report adjusted by the net proceeds of HK\$20,611,200 received from the 2022 Placing; and 864,000,000 Existing Shares in issue as at the Latest Practicable Date after adjusted for the effect of the Share Consolidation.

According to the Letter from the Board, the Subscription Price was determined with reference to and having considered (i) the prevailing volatile market conditions of the Hong Kong stock market in 2022 due to the global entry of the rate hike cycle and the continuous impact on the economic activities arising from the COVID-19 pandemic; (ii) the fluctuated downward trend of the prevailing market prices of the Existing Shares since the beginning of 2022 which had decreased from HK\$0.242 on 3 January 2022 to HK\$0.084 as at the Last Trading Day, representing a decrease of approximately 65.29%; (iii) the current financial position of the Group is not sufficient to cope with the Group’s business plan as disclosed in the Letter from the Board; (iv) the relatively large rights issue ratio and the fluctuated downward trend of the market prices of the Existing Shares which may not be attractive to the Shareholders to participate in the Rights Issue if the Subscription Price is not set at an attractive discount, it would be reasonable to set the Subscription Price at a relatively deep discount for attracting the Qualifying Shareholders to participate in the Rights Issue; and (v) the reasons for the Rights Issue and the use of proceeds as set out in the section headed “Reasons for the Rights Issue, the Placing and the Use of Proceeds” in the Letter from the Board.

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the movements in the closing price of the Shares during the period from 9 December 2021, being 12 months immediately preceding the Last Trading Day, to the Latest Practicable Date (the “Price Review Period”). We consider that a period of 12 months is adequate to illustrate the recent price movements of the Shares for conducting a reasonable comparison between the closing price of the Shares and the Subscription Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



Source: The Stock Exchange

Although the Subscription Price (taking into account the effect of the Share Consolidation) appears to be at a substantial discount to the NAV per Share of approximately HK\$0.34 per Share as at 31 December 2021 and as at 30 June 2022, we consider that the NAV per Share is not a meaningful benchmark to assess the Subscription Price as the Shares have been protractedly traded at significant discount to the NAV per Share in the open market during the Price Review Period and the Subscription Price was determined with reference to, among others, the prevailing stock market conditions, the price trend of the Existing Shares and the funding need to cope with the Group's business plan. Given the recent market price of the Shares have already reflected the expectation of the investors to the Company such as financial results and corporate actions of the Company and the recent market sentiment, we consider that recent market price of the Shares to be relevant for our assessment to the fairness and reasonableness of the Subscription Price.

As illustrated in the above chart, the closing price of the Shares has been on a decreasing trend in general during the Price Review Period from HK\$0.300 per Share on 13 December 2021 to HK\$0.075 per Share on 2 December 2022 and remained at HK\$0.079 per Share as at the Latest Practicable Date.

On 14 December 2021, the Company announced the change of directors and chairman of the Company and composition of board committees.

On 17 March 2022, the Company announced a positive profit alert for the results of the year ended 31 December 2021. On 30 March 2022, the Company announced its final results for the year ended 31 December 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Since 3 May 2022, the closing prices of the Shares have surged from HK\$0.151 per Share until to HK\$0.305 per Share on 31 May 2022. Then the closing price of the Shares generally decreased in June 2022. We have enquired and were confirmed by the Company that they were not aware of any reasons that caused the fluctuation in price and trading volume of the Shares in this period.

On 22 June 2022, the Company announced a placing of new shares under general mandate but the termination of which was then announced on 20 July 2022. On 21 July 2022, the closing price of the Shares was HK\$0.139 per Share and the Company announced the 2022 Placing which was completed on 5 August 2022.

Since 22 July 2022, the closing prices of the Share increased again from HK\$0.180 per Share to HK\$0.300 per Share on 3 August 2022. We have enquired and were confirmed by the Company that they were not aware of any reasons that caused the fluctuation in price and trading volume of the Shares in this period.

On 25 August 2022, the Company announced a positive profit alert for the results of the six months ended 30 June 2022. On 31 August 2022, the Company announced its unaudited interim results for the year ended 30 June 2022.

On 11 October 2022, the Company announced the change of independent non-executive directors of the Company and composition of board committees.

In the Price Review Period, the highest closing price of the Shares was HK\$0.305 per Share on 31 May 2022 and the lowest closing price of the Shares was HK\$0.075 per Share on 2 December 2022 respectively. The Subscription Price (after adjustment to the effect of the Share Consolidation) represents a discount of approximately 77.05% and approximately 6.67% to the highest and the lowest closing price of the Shares in the Price Review Period respectively. Notwithstanding the aforesaid discount has been up to approximately 77.05%, the closing prices of the Share have been generally on downward trend during the Price Review Period and particularly fluctuated at historical low level between HK\$0.076 and HK\$0.083 per Share over the past one month with the Shares traded in open market while Hang Seng Index (one of the most representative benchmarks of Hong Kong stock market performance) has been increasing.

We consider that the closing prices and general decreasing price trend of the Shares during the Price Review Period should have reflected market evaluation on the recent financial performance/position and development of the Group. Hence, we consider it is fair and reasonable for the Company to determine the Subscription Price with reference the prevailing market price, particularly the more recent closing prices, of the Shares and a discount (which will be analysed below) to enhance the attractiveness of the Rights Issue given the diverging performance between the Share price and the general stock market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical trading volume and liquidity analysis

We have also reviewed the historical trading volume of the Shares during the Price Review Period. The number of trading days, average daily trading volume of the Shares and the percentages of daily trading volume of the Shares as compared to the total number of issued Shares and the Shares held by the public during the Price Review Period are shown in the table below.

| Month/period | Number of trading days | Average daily trading volume | % of average daily trading volume to the total number of Shares in issue <i>(Note 1)</i> | % of average daily trading volume to the total number of Shares in the public hands <i>(Note 2)</i> |
|--------------------------|------------------------|------------------------------|---|--|
| 2021 | | | | |
| December <i>(Note 3)</i> | 16 | 3,605,250 | 0.5007 | 0.6324 |
| 2022 | | | | |
| January | 21 | 1,202,476 | 0.1670 | 0.2109 |
| February | 17 | 229,647 | 0.0319 | 0.0403 |
| March | 23 | 329,043 | 0.0457 | 0.0577 |
| April | 18 | 237,333 | 0.0330 | 0.0416 |
| May | 20 | 12,025,100 | 1.6702 | 2.1093 |
| June | 21 | 4,938,857 | 0.6860 | 0.8663 |
| July | 20 | 4,543,450 | 0.6310 | 0.7970 |
| August | 23 | 16,093,565 | 2.2352 | 2.8229 |
| September | 21 | 1,111,048 | 0.1286 | 0.1556 |
| October | 20 | 8,075,600 | 0.9347 | 1.1309 |
| November | 22 | 484,000 | 0.0560 | 0.0678 |
| December | 20 | 3,032,000 | 0.3509 | 0.4246 |
| 2023 | | | | |
| January <i>(Note 4)</i> | 12 | 868,667 | 0.1005 | 0.1005 |

Source: The Stock Exchange

Notes:

1. Calculated based on the total number of the Shares in issue at the end of month/period.
2. Calculated based on the total number of the Shares in public hands at the end of month/period according to the public information on the Stock Exchange.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Represents number of trading days and trading volume for the period from 9 December 2021 to 31 December 2021, both days inclusive.
4. Represents number of trading days and trading volume for the period from 3 January 2023 to the Latest Practicable Date, both days inclusive.

As demonstrated in the table above, during the Price Review Period, the average daily trading volume of the Shares by month/period were in the range of approximately 0.0319% to 2.2352% as to the total number of issued Shares and approximately 0.0403% to 2.8229% as to the total number of Shares held in public hands respectively. The above statistics revealed that the liquidity of the Shares was relatively low in the open market. On this basis and the closing price of the Shares generally showed a decreasing trend during the Price Review Period, we concur with the Directors that the discount to the Share price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company. For this reason, we are of the view that the discount to the Share price as represented by the Subscription Price is justifiable.

Rights Issue comparable analysis

In order to further assess the fairness and reasonableness of the terms of the Rights Issue, we have identified an exhaustive list of 32 rights issue transactions (the “**Comparables**”) announced by other companies listed on the Stock Exchange (except those terminated or lapsed) for the period from six months immediately prior to the Last Trading Day (the “**Comparable Review Period**”) and up to the Latest Practicable Date. Shareholders should note that the subject companies in the Comparables may have different principal business activities, market capitalisations, profitability and financial positions as compared to those of the Company. Although the circumstances surrounding such Comparables may be different from those relating to the Company, we consider that the Comparable Review Period is adequate and fair and reasonable to capture the prevailing market conditions in relation to rights issue transactions which the Comparables, for illustrative purpose only, serve as a general reference for prevailing market practices in relation to rights issue transactions conducted by the companies listed in the Stock Exchange.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Announcement date | Company name | Stock code | Basis of entitlement | Premium/(discount) of the subscription price over/to the average share price for the five previous consecutive trading days up to and including the last trading day (%) | Premium/(discount) of the subscription price over/to the theoretical ex-right share price (%) | Underwriting/placing related commission, as the case may be | Excess application (%) | Maximum dilution effect Yes/No (Note 1) | Cumulative theoretical dilution impact (%) (Note 2) | Market capitalisation (HK\$, million) (Note 3) |
|-------------------|---|------------|----------------------|--|---|---|------------------------|---|---|--|
| 10 June 2022 | Gameone Holdings Limited | 8282 | 1 for 2 | (40.40) | (31.20) | 1.50 | Yes | 33.33 | 13.50 | 50.16 |
| 13 June 2022 | China Water Industry Group Limited | 1129 | 1 for 2 | (31.37) | (23.25) | N/A | Yes | 33.33 | 10.46 | 419.55 |
| 17 June 2022 | Ocean Star Technology Group Limited | 8297 | 1 for 2 | (41.20) | (32.00) | 1.00 | Yes | 33.33 | 13.90 | 108.00 |
| 12 July 2022 | Besunyen Holdings Company Limited | 926 | 1 for 2 | (14.22) | (5.91) | 1.00 | Yes | 33.33 | 10.58 | 306.89 |
| 14 July 2022 | Wan Cheng Metal Packaging Company Limited | 8291 | 1 for 1 | (25.00) | (14.30) | 2.50 | No | 50.00 | 16.50 | 27.04 |
| 28 July 2022 | China Financial Leasing Group Limited | 2312 | 2 for 1 | (29.10) | (12.10) | 1.00 | Yes | 66.67 | 19.60 | 70.25 |
| 3 August 2022 | Kwan On Holdings Limited | 1559 | 1 for 4 | 0.00 | (0.42) | N/A | Yes | 20.00 | 0.13 | 177.57 |
| 3 August 2022 | SJM Holdings Limited | 880 | 1 for 4 | (33.80) | (29.00) | 2.00 | Yes | 20.00 | 7.10 | 34,230.70 |
| 4 August 2022 | Xinyi Electric Storage Holdings Limited | 8328 | 1 for 10 | (18.82) | (17.41) | N/A | Yes | 9.09 | 2.88 | 4,121.74 |
| 5 August 2022 | Jia Yao Holdings Limited | 1626 | 1 for 1 | (14.29) | (7.69) | 5.00 | Yes | 50.00 | 7.14 | 1,068.00 |
| 10 August 2022 | Easy Repay Finance & Investment Limited | 8079 | 1 for 2 | (44.95) | (35.14) | 7.07 | No | 33.33 | 16.09 | 73.55 |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Announcement date | Company name | Stock code | Basis of entitlement | Premium/ (discount) of the subscription price over/to the average share price for the five previous consecutive trading days up to and including the last trading day (%) | Premium/ (discount) of the subscription price over/to the share price on the last trading day (%) | Premium/ (discount) of the subscription price over/to the theoretical ex-right share price (%) | Underwriting/ placing related commission, as the case may be | Excess application (%) | Maximum dilution effect Yes/No (Note 1) | Cumulative theoretical dilution impact (%) (Note 2) | Market capitalisation (HK\$, million) (Note 3) |
|-------------------|---|------------|----------------------|---|---|--|--|------------------------|---|---|--|
| 23 September 2022 | Tasty Concepts Holding Limited | 8096 | 5 for 2 | (14.30) | (14.30) | (4.50) | 2.50 | No | 71.43 | 10.30 | 16.78 |
| 26 September 2022 | Endurance RP Limited | 575 | 1 for 1 | (21.50) | (21.50) | (15.59) | 2.00 | No | 50.00 | 13.89 | 388.19 |
| 11 October 2022 | AMCO United Holding Limited | 630 | 1 for 1 | (16.70) | (16.70) | (9.10) | 2.50 | No | 50.00 | 8.33 | 140.29 |
| 13 October 2022 | Great Wall Terroir Holdings Limited | 524 | 1 for 4 | (6.30) | (15.70) | (5.10) | N/A | Yes | 20.00 | 6.49 | 78.77 |
| 18 October 2022 | China Zenith Chemical Group Limited | 362 | 5 for 2 | (28.57) | (25.93) | (9.10) | 1.00 | Yes | 71.43 | 21.80 | 110.25 |
| 18 October 2022 | Cherish Sunshine International Limited | 1094 | 5 for 8 | (13.70) | (17.11) | (11.27) | Nil <i>(underwritten by connected person)</i> | No | 38.46 | 6.64 | 330.81 |
| 20 October 2022 | Crocodile Garments Limited | 122 | 1 for 2 | (66.10) | (66.40) | (56.50) | N/A | Yes | 33.33 | 22.80 | 255.84 |
| 21 October 2022 | E. Bon Holdings Limited | 599 | 1 for 4 | (20.00) | (20.99) | (17.60) | 2.50 | Yes | 20.00 | 4.42 | 134.42 |
| 21 October 2022 | C&N Holdings Limited | 8430 | 3 for 1 | (13.30) | (13.30) | (3.70) | 1.50 | No | 75.00 | 10.00 | 55.05 |
| 10 November 2022 | Lai Sun Garment (International) Limited | 191 | 1 for 2 | (50.00) | (50.80) | (40.80) | 2.00 | No | 33.33 | 17.10 | 1,395.73 |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Announcement date | Company name | Stock code | Basis of entitlement | Premium/ (discount) of the subscription price over/to the average share price for the five previous consecutive trading days up to and including the last trading day (%) | Premium/ (discount) of the subscription price over/to the share price on the last trading day (%) | Premium/ (discount) of the subscription price over/to the average share price for the five previous consecutive trading days up to and including the last trading day (%) | Premium/ (discount) of the subscription price over/to the theoretical ex-right share price (%) | Underwriting/ placing related commission, as the case may be | Excess application (%) | Maximum dilution effect Yes/No (Note 1) | Cumulative theoretical dilution impact (%) (Note 2) | Market capitalisation (HK\$, million) (Note 3) |
|-------------------|--|------------|----------------------|---|---|---|--|--|------------------------|---|---|--|
| 10 November 2022 | Lai Sun Development Company Limited | 488 | 1 for 2 | (50.20) | (51.90) | (42.10) | 2.00 | No | 33.33 | 17.40 | 1,676.17 | |
| 14 November 2022 | Contel Technology Company Limited | 1912 | 2 for 5 | (23.20) | (25.00) | (18.20) | 3.50 | No | 28.57 | 7.10 | 80.16 | |
| 28 November 2022 | CCLAM Future Energy Limited | 145 | 1 for 2 | (21.88) | (23.31) | (15.97) | 2.50 | Yes | 33.33 | 7.63 | 128.11 | |
| 29 November 2022 | Enterprise Development Holdings Limited | 1808 | 3 for 2 | (39.72) | (39.37) | (20.86) | 1.00 | Yes | 60.00 | 23.83 | 120.00 | |
| 2 December 2022 | Tibet Water Resources Ltd. | 1115 | 1 for 3 | (12.50) | (9.84) | (9.68) | 1.00 | No | 25.00 | 3.13 | 1,611.00 | |
| 28 December 2022 | Jiading International Group Holdings Limited | 8153 | 1 for 2 | (50.00) | (51.55) | (40.12) | 3.50 | No | 33.33 | 17.28 | 218.56 | |
| 28 December 2022 | New Amanate Group Limited | 8412 | 1 for 2 | (10.60) | (12.10) | (7.30) | 1.50 | Yes | 33.33 | 5.63 | 56.63 | |
| 30 December 2022 | 華泰證券股份有限公司 (Huatai Securities Co., Ltd.*) | 6886 | 3 for 10 | N/A | N/A | N/A | N/A | No | 23.08 | N/A | 90,483.62 (including both A shares and H shares) | |
| 6 January 2023 | SDM Education Group Holdings Limited | 8363 | 1 for 2 | 0.00 | 0.00 | 0.00 | 4.00 | Yes | 33.33 | 0.00 | 70.01 | |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Announcement date | Company name | Stock code | Basis of entitlement | Premium/ (discount) of the subscription price over/to the average share price for the five previous consecutive trading days up to and including the last trading day (%) | Premium/ (discount) of the subscription price over/to the share price on the last trading day (%) | Premium/ (discount) of the subscription price over/to the average share price for the five previous consecutive trading days up to and including the last trading day (%) | Premium/ (discount) of the subscription price over/to the theoretical ex-right share price (%) | Underwriting/ placing related commission, as the case may be | Excess application (%) | Maximum dilution effect Yes/No (Note 1) | Cumulative theoretical dilution impact (%) (Note 2) | Market capitalisation (HK\$, million) (Note 3) |
|-------------------|--|------------|----------------------|---|---|---|--|--|------------------------|---|---|--|
| 10 January 2023 | Kinetix Systems Holdings Limited | 8606 | 1 for 2 | (29.35) | (29.35) | (29.35) | (21.69) | 1.30 | No | 33.33 | 9.78 | 115.66 |
| 11 January 2023 | Add New Energy Investment Holdings Group Limited | 2623 | 1 for 3 | (13.60) | (13.00) | (13.00) | (10.90) | 1.00 (Placing fee) | No | 25.00 | 3.40 | 299.55 |
| | | | | | | | | Nil (Underwritten by connected person) | | | | |
| | | | Minimum | (66.10) | (66.40) | (66.40) | (56.50) | 1.00 | | 9.09 | 0.00 | 16.78 |
| | | | Maximum | 0.00 | 0.00 | 0.00 | 0.00 | 7.07 | | 75.00 | 23.83 | 90,483.62 |
| | | | Median | (21.88) | (25.00) | (25.00) | (15.59) | 2.00 | | 33.33 | 10.00 | 137.36 |
| | | | Mean | (25.63) | (26.24) | (26.24) | (18.34) | 2.25 | | 37.72 | 10.80 | 4,325.60 |
| | The Company | | 2 for 1 | (16.67) | (17.65) | (17.65) | (6.04) | 0.50 | No | 66.67 | 11.11 | 68.26 |

* For identification purpose only

Source: The Stock Exchange

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. The potential maximum dilution effect of each rights issue is calculated as number of rights shares issued or to be issued under the basis of entitlement divided by the total number of shares as enlarged by the rights issue according to their respective basis of entitlements and assuming all rights shares have been/will be allotted and issued times 100%.
2. Being the cumulative (where applicable) theoretical dilution impact (as defined under Rule 7.27B of the Listing Rules or Rule 10.44A of the Rules Governing the Listing of Securities on GEM of the Stock Exchange) as disclosed in the relevant announcements, circulars and/or listing documents.
3. Based on the market capitalisation quoted by the Stock Exchange as at the Latest Practical Date.

We noted from the above table that almost all of the Comparables had set the subscription price of their rights issue at a discount to the prevailing market price of the relevant shares before the relevant announcements in respect of the rights issue were made. Therefore we consider it is a normal market practice for listed companies to set the subscription price of rights issue at a discount to the prevailing market price of the relevant shares so as to encourage the shareholders' participation. The discount/premium represented by the subscription prices to/over the closing price of shares of the Comparables on respective last trading day ranges from a discount of approximately 66.10% to nil discount with mean and median discount of approximately 25.63% and 21.88% respectively. The discount of approximately 16.67% of the Subscription Price to the closing price of the Shares on the Last Trading Day falls within the range of those of the Comparables and is lower than the mean and median discounts of the Comparables.

The subscription prices of the Comparables represent a range from a discount of approximately 56.50% to nil discount relative to their respective theoretical ex-rights prices as disclosed in relevant announcements. The discount of approximately 6.04% of the Subscription Price to the theoretical ex-rights prices of the Shares on the Last Trading Day is lower than the mean and median discount of the Comparables and within the range.

Based on the above analysis and the facts that (i) the Shares were traded above the Subscription Price (taking into account the effect of the Share Consolidation) throughout the Comparable Review Period; (ii) the liquidity in trading of the Shares was thin during the Comparable Review Period; (iii) it is common for the listed companies in Hong Kong to set the subscription price of rights issue at a discount to the market price of the listed shares in order to enhance the attractiveness of the rights issue transactions; (iv) the discounts of the Subscription Price to the closing price of the Shares on the Last Trading Day fall within the range of the Comparables; (v) the interest of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered with an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares; and (vi) those Qualifying Shareholders who do not wish to subscribe for their pro-rata entitlement of the Rights Shares

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

can receive economic benefits from selling their nil-paid Rights Shares in the market, we consider that the Subscription Price is on normal commercial term and fair and reasonable so far as the Independent Shareholders are concerned.

4.3 Application for excess Rights Shares

As stated in the Letter from the Board, the Qualifying Shareholders will not be entitled to subscribe for any Rights Shares in excess of their respective entitlements. We have reviewed the Comparables, and noted that 15 out of 32 Comparables did not offer excess application to their shareholders. Furthermore, 25 out of 32 Comparables were not fully underwritten, among which 12 of them did not offer excess application to their shareholders. Therefore, we consider that the absence of excess application arrangement is not an uncommon market practice.

After having considered the facts that (i) the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company; (ii) the Qualifying Shareholders who accept their respective entitlements under the Rights Issue in full can maintain their respective existing shareholdings in the Company after completion of the Rights Issue; and (iii) the absence of excess application arrangement is not an uncommon market practice, we are of the view that the absence of excess application arrangement is acceptable so far as the Independent Shareholders are concerned.

5. Compensatory Arrangements

According to the Letter from Board, the Company would make arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Untaken Shares and the NQS Unsold Shares by offering the Untaken Shares and the NQS Unsold Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue (i.e. the Compensatory Arrangements). Therefore, on 9 December 2022, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Untaken Shares and the NQS Unsold Shares. Please refer to the paragraph headed “The Placing Agreement” in the Letter from the Board for the details of the Placing Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5.1 Placing Price

Pursuant to the Placing Agreement, the placing price (the “**Placing Price**”) of each of the Untaken Share and/or the NQS Unsold Share shall be not less than the Subscription Price. The final price determination is depends on the demand and market conditions of the Untaken Shares and/or the NQS Unsold Shares during the process of the Placing.

Given that (i) the Placing Price shall be not less than the Subscription Price, which is not prejudicial to the interests of the Qualifying Shareholders; and (ii) the Subscription Price is fair and reasonable as discussed in the paragraph headed “4.2 Subscription Price” above, we consider that the Placing Price is fair and reasonable so far as the Independent Shareholders are concerned.

5.2 Placing Commission

Pursuant to the Placing Agreement, the Company shall pay the Placing Agent a placing commission (the “**Placing Commission**”) of 0.5% of the amount which is equal to the Placing Price multiplied by the Untaken Shares and NQS Unsold Shares that have been successfully placed by the Placing Agent. As advised by the Company, the Placing Commission was determined after arm’s length negotiation between the Company and the Placing Agent and is on normal commercial terms, and the Directors, have taken into account the range of placing commission for recent rights issues conducted by issuers listed on the Stock Exchange.

As illustrated in table above, the placing/underwriting commission rate of the Comparables ranged from 1.00% to 7.07% (except those underwritten by connected person(s)). The Placing Commission falls below the range of the placing/underwriting commission rate of the Comparables. Accordingly, we consider that the Placing Commission is fair and reasonable.

We have also reviewed other major terms of the Placing Agreement, including but not limited to the conditions and termination clause of the Placing Agreement (details of which are set out in the Letter from the Board) and we are not aware of any term which is unusual. As such, we are of the view that the terms of the Placing Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

In view of the above, we consider that the implementation of the Compensatory Arrangements is in the interests of the Company and the Shareholders as a whole.

6. Dilution effect of the Rights Issue on shareholding interests

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their proportionate shareholding interests in the Company will remain unchanged after the Rights Issue. Qualifying Shareholders who do not accept the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. However, they and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. As at the Latest Practicable Date, the existing public Shareholders held approximately 100.00% of the total issued share capital of the Company. Upon completion of the Rights Issue (assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders), the shareholding of the existing public Shareholders will be diluted to approximately 33.33%.

As set out in table above, the maximum dilution of the Comparables ranged from approximately 9.09% to approximately 75.00% with an average dilution of approximately 37.72%. For the Non-Qualifying Shareholders and those Qualifying Shareholders who do not take up their full provisional allotments under the Rights Issue, depending on the extent to which they subscribe for the Rights Shares, their shareholding interests in the Company upon completion of the Rights Issue will be diluted by up to a maximum of approximately 66.67%, which falls within the range of the Comparables. Such dilution effect is determined by the basis of entitlement of the rights issue mainly based upon the funding needs of the Company and the Comparables with consideration of their respective market capitalisation or share prices. Given (i) the market capitalisation of the Company was only approximately HK\$68.26 million as at the Latest Practicable Date which is smaller than majority of the Comparables; (ii) the Group has recorded negative cash flow from operating activities of the Group over few years and has imminent need of capital for debt reduction, business operation and expansion; (iii) other fundraising alternatives such as bank borrowing and placing are not appropriate with consideration with the status of the Company as discussed in paragraph headed “3. Alternative financing methods” above; and (iv) the potential maximum dilution of the Rights Issue is within range of Comparable, we consider that such potential maximum dilution of the Rights Issue is reasonable. As set out in the Letter from the Board, the cumulative theoretical dilution impact is approximately 11.11% and we also noted that cumulative (where applicable) theoretical dilution impact of the Comparables range from nil to 23.83% with 16 out of 32 Comparables showing dilution impact not less than 10%. Hence, we consider that it is reasonable for the Rights Issue with such cumulative theoretical dilution impact.

In all cases of rights issue, the dilution on the shareholding of those qualifying shareholders who do not take up in full their provisional allotments under the rights issue is inevitable. In fact, the dilution magnitude of any rights issue depends mainly on the extent of the basis of entitlement under such exercise since the higher offering ratio of new shares to existing shares is, the greater the dilution on the shareholding would be.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the enlargement of the capital base of the Company and Independent Shareholders' interests in the Company will not be diluted if they elect to exercise their full provisional allotments under the Rights Issue; (ii) the Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market, subject to availability; (iii) shareholding dilution is inherent in rights issue in general; and (iv) the positive impact on the financial position of the Group as a result of the Rights Issue as detailed in paragraph headed "7. Financial effects" below, we are of the view that the potential dilution effect on the shareholding, which may only happen to the Qualifying Shareholders who decide not to subscribe for their pro-rata Rights Shares, is justifiable.

7. Financial effects

It should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Rights Issue.

7.1 Net tangible assets

According to the unaudited pro forma financial information of the Group as set out in Appendix II to the Circular, had the Rights Issue been completed in full on 30 June 2022, the consolidated net tangible assets of the Group attributable to the Shareholders would have increased from an unaudited one of approximately HK\$240.76 million to an unaudited pro forma adjusted one of approximately HK\$359.72 million immediately after the completion of the Rights Issue.

7.2 Bank balances

Upon completion of the Rights Issue in full and before the utilization of net proceeds, e.g. repayment of the Group's short term liabilities, as intended by the Company, the bank balances of the Company is expected to increase by an amount equivalent to the net proceeds from the Rights Issue, which is estimated to be approximately HK\$118.96 million.

7.3 Gearing

The gearing ratio of the Company, as expressed as the ratio of debt (i.e. other borrowing plus interest payable) to equity, was approximately 16.99% as at 30 June 2022. Since approximately HK\$45 million of the net proceeds from the Rights Issue is intended to be used to repay the Group's interest-bearing borrowing and its accrued interest, the interest-bearing debt of the Company are expected to decrease substantially as a result of the Rights Issue assuming the Rights Issue will be completed in full and the entire net proceeds will be applied as intended.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above analysis, we are of the view that the Rights Issue would have a positive effect on the Group's net tangible assets, cash position and gearing.

RECOMMENDATION

Taking into consideration of the above principal factors and reasons, we are of the opinion that the terms of the Rights Issue (including the Subscription Price and the potential dilution effect) are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favor of the relevant resolution(s) proposed at the EGM thereby approving the Rights Issue.

Yours faithfully,
For and on behalf of
Sorrento Capital Limited
Wesker Poon
Managing Director

Note: Mr. Wesker Poon is a responsible officer of type 6 (advising on corporate finance) regulated activity and has more than ten years of experience in corporate finance and investment banking. Mr. Poon has participated in and completed various advisory transactions (including fund-raising activities of listed companies in Hong Kong).

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2019, 2020, 2021 and the six-month period ended 30 June 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hopelife.hk), respectively:

- (i) the unaudited financial information of the Group for the six-month period ended 30 June 2022 is disclosed in the interim report of the Company for the six months ended 30 June 2022 published on 19 September 2022, from pages 9 to 29 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0919/2022091900699.pdf>);
- (ii) the audited consolidated financial information of the Group for the year ended 31 December 2021 is disclosed in the annual report of the Company for the year ended 31 December 2021 published on 26 April 2021, from pages 75 to 182 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042600928.pdf>);
- (iii) the audited consolidated financial information of the Group for the year ended 31 December 2020 is disclosed in the annual report of the Company for the year ended 31 December 2020 published on 28 April 2021, from pages 73 to 178 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042801615.pdf>);
- (iv) the audited consolidated financial information of the Group for the year ended 31 December 2019 is disclosed in the annual report of the Company for the year ended 31 December published on 27 April 2020, from pages 66 to 178 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042701549.pdf>).

B. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 November 2022, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following indebtedness:

| | <i>HK\$'000</i> |
|--|-----------------|
| Borrowing – interest-bearing and unsecured | 40,000 |
| Lease liabilities | 494 |
| | <hr/> |
| | 40,494 |
| | <hr/> <hr/> |

Save as aforesaid and apart from intra-group liabilities, normal trade payables and accruals in the ordinary course of business, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, material capital or hire purchase commitments or other borrowings, mortgages, charges, guarantees or contingent liabilities as at the close of business on 30 November 2022.

C. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for at least the next twelve (12) months following the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

D. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in construction and ancillary services which include design, fitting-out, decoration, alteration and addition, construction and other related businesses, consumer goods business and financial services.

In order to broaden income source of the Group, it is the Group's business direction to explore business opportunities. Since then, the Group has commenced the consumer goods business in 2021. According to the Company's annual report for the year ended 31 December 2021 and the Company's interim report for the six months ended 30 June 2022, the Group's consumer goods business has contributed revenue of approximately HK\$73.68 million and approximately HK\$65.24 million respectively. Segment profit contributed from the Group's consumer goods business for the year ended 31 December 2021 and for the six months ended 30 June 2022 were approximately HK\$8.33 million and approximately HK\$6.92 million respectively.

In 2022, Hong Kong property market was still negatively affected by COVID-19 in Hong Kong, and the beginning of the interest rate hike cycle since the second half of 2022 has obviously affected the investment sentiment of the Hong Kong property market. Uncertainty in Hong Kong property market may affect the demand from the property developers for our construction and ancillary services. Revenue contributed from the Group's construction and ancillary services for the six months ended 30 June 2022 was approximately HK\$42.56 million, representing a decrease of approximately 28.08% when compared with the same period in 2021. The Company is of the view that the Group's consumer goods business has contributed valuable return to the Group dilute the negative impact arising from the continuous uncertainty of the Group's construction and ancillary services in Hong Kong during the interest rate hike cycle.

Looking forward, the Group's construction and ancillary services and consumer goods business are positioned to be the key revenue drivers of the Group.

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

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 30 June 2022.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and based on the judgements, estimates and assumptions of the Directors, and because of the hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at the date to which it is made up or at any future date.

| | Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 | Estimated net proceeds from the Rights Issue | Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after completion of the Rights Issue | Unaudited consolidated net tangible assets per Share attributable to the owners of the Company as at 30 June 2022 | Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company after completion of the Rights Issue |
|---|--|--|---|---|--|
| | HK\$'000 (Note 1) | HK\$'000 (Note 2) | HK\$'000 | HK\$ (Note 3) | HK\$ (Note 4) |
| Based on 864,000,000 Rights Shares to be issued at a Subscription Price of HK\$0.140 per Rights Share | 240,759 | 118,960 | 359,719 | 0.557 | 0.278 |

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 is extracted from the published unaudited interim report of the Company for the six months ended 30 June 2022, which is equal to the unaudited consolidated net assets attributable to owners as at 30 June 2022 of HK\$240,759,000.
2. The estimated net proceeds from the Rights Issue are based on 864,000,000 Rights Shares to be issued at the Subscription Price of HK\$0.140 each per Rights Share, after deduction of the related expenses including, among others, placing commission and other professional fees. The estimated net proceeds are approximately HK\$118,960,000.
3. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2022 was HK\$0.557, which was based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 of HK\$240,759,000, divided by 432,000,000 Consolidated Shares which being adjusted for the effect of share subscription completed on 5 August 2022 and immediately after the Share Consolidation having become effective.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2022 immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of Rights Issue of approximately HK\$359,719,000, divided by 1,296,000,000 Consolidated Shares which represents 864,000,000 Existing Shares in issue as at 30 June 2022 which being adjusted for the effect of share subscription completed on 5 August 2022 (equivalent to 432,000,000 Consolidated Shares immediately after the Share Consolidation having become effective) and 864,000,000 Rights Shares, assuming the Share Consolidation has become effective and the Rights Issue has been completed on 30 June 2022.
5. Except for the share subscription completed on 5 August 2022, no adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 30 June 2022.

The following is the text of a report, prepared for the purpose of incorporation in this circular and received from the independent reporting accountants, KTC Partners CPA Limited, Certified Public Accountants, in respect of the Unaudited Pro Forma Financial Information.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP



The Board of Directors
Hope Life International Holdings Limited
Flat 1703, 17th Floor
Wanchai Commercial Centre
Nos. 194–204 Johnston Road
Hong Kong

Dear Sirs,

Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hope Life International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company (the “**Director**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 and notes as set out in Appendix II to the circular issued by the Company dated 20 January 2023 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix II to the Circular. Capitalised terms used herein shall have the same meanings as those defined in the Circular unless otherwise specified.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the rights issue of 864,000,000 shares on the basis of two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date at the Subscription Price of HK\$0.140 per Rights Share (the “**Rights Issue**”) on the Group's financial position as at 30 June 2022 as if the Rights Issue had taken place at 30 June 2022. As part of this process, information about the Group's unaudited consolidated net tangible assets of the Group attributable to the owners of the Company has been extracted by the Directors from the Group's unaudited condensed consolidated statement of financial position as at 30 June 2022, on which an unaudited interim report has been published.

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Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (the “**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

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

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

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 30 June 2022 would have been as presented.

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

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

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

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

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

KTC Partners CPA Limited

Certified Public Accountants (Practising)

Wong Kin Shing

Practising Certificate Number: P07435

Hong Kong, 20 January 2023

Details of the Proposed Amendments to the existing Amended and Restated Articles of Association.

The Companies ~~Law Act~~ (As Revised)
Exempted Company Limited by Shares

SECOND AMENDED AND RESTATED
ARTICLES OF ASSOCIATION

OF

~~LC Group Holdings Limited Hope Life International Holdings Limited~~
良斯集團控股有限公司曠逸國際控股有限公司

(Adopted pursuant to a special resolution
at the extraordinary general meeting held pursuant to special resolutions passed on
13 August 2015/14 February 2023)

INDEX

| SUBJECT | Article No. |
|--|-------------|
| Table A | 1 |
| Interpretation | 2 |
| Share Capital | 3 |
| Alteration of Capital | 4-7 |
| Share Rights | 8-9 |
| Variation of Rights | 10-11 |
| Shares | 12-15 |
| Share Certificates | 16-21 |
| Lien | 22-24 |
| Calls on Shares | 25-33 |
| Forfeiture of Shares | 34-42 |
| Register of Members | 43-44 |
| Record Dates | 45 |
| Transfer of Shares | 46-51 |
| Transmission of Shares | 52-54 |
| Untraceable Members | 55 |
| General Meetings | 56-58 |
| Notice of General Meetings | 59-60 |
| Proceedings at General Meetings | 61-65 |
| Voting | 66-74 |
| Proxies | 75-80 |
| Corporations Acting by Representatives | 81 |
| Written Resolutions of Members | 82 |
| Board of Directors | 83 |
| Retirement of Directors | 84-85 |
| Disqualification of Directors | 86 |
| Executive Directors | 87-88 |
| Alternate Directors | 89-92 |
| Directors' Fees and Expenses | 93-96 |
| Directors' Interests | 97-100 |
| General Powers of The Directors | 101-106 |
| Borrowing Powers | 107-110 |
| Proceedings of The Directors | 111-120 |
| Managers | 121-123 |
| Officers | 124-127 |
| Register of Directors and Officers | 128 |
| Minutes | 129 |
| Seal | 130 |
| Authentication of Documents | 131 |
| Destruction of Documents | 132 |

| SUBJECT | Article No. |
|---|--------------------|
| Dividends and Other Payments | 133–142 |
| Reserves | 143 |
| Capitalisation | 144–145 |
| Subscription Rights Reserve | 146 |
| Accounting Records | 147–151 |
| Audit | 152–157 |
| Notices | 158–160 |
| Signatures | 161 |
| Winding up | 162–163 |
| Indemnity | 164 |
| <u>Financial Year</u> | <u>165</u> |
| Amendment to Memorandum and Articles of Association and Name of Company | 166 |
| Information | 167 |

**THE COMPANIES ~~ACT~~LAW (AS REVISED)
EXEMPTED COMPANY LIMITED BY SHARES**

**SECOND AMENDED AND RESTATED
ARTICLES OF ASSOCIATION**

OF

~~LC Group Holdings Limited Hope Life International Holdings Limited~~
良斯集團控股有限公司曠逸國際控股有限公司
 (Adopted pursuant to a special resolution passed
 pursuant to special resolutions passed at the extraordinary general meeting held on
 13 August 2015 14 February 2023)

TABLE A

1. The regulations in Table A in the Schedule to the Companies ~~Act~~Law (As Revised) do not apply to the Company.

INTERPRETATION

2. (1) In these Articles, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column.

| WORD | MEANING |
|-----------------------|---|
| <u>“Act”</u> | <u>the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands.</u> |
| <u>“announcement”</u> | <u>an official publication of a Notice or document of the Company, including a publication, subject to and to such extent permitted by the Listing Rules, by electronic communication or by advertisement published in the newspapers or in such manner or means ascribed and permitted by the Listing Rules and applicable laws.</u> |
| “Articles” | these Articles in their present form or as supplemented or amended or substituted from time to time. |
| “Auditor” | the auditor of the Company for the time being and may include any individual or partnership. |

| WORD | MEANING |
|----------------------------------|--|
| “Board” or “Directors” | the board of directors of the Company or the directors present at a meeting of directors of the Company at which a quorum is present. |
| “business day” | shall mean a day on which the Designated Stock Exchange generally is open for the business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Designated Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day for the reason of a Number 8 or higher Typhoon Signal, Black Rainstorm Warning or other similar event, such day shall for the purposes of these Articles be counted as a business day. |
| “capital” | the share capital of the Company from time to time. |
| “clear days” | in relation to the period of a notice that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect. |
| “clearing house” | a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction. |
| “close associate” | in relation to any Director, shall have the same meaning as defined in the rules of the Designated Stock Exchange (“Listing Rules”) as modified from time to time, except that for purposes of Article 100 where the transaction or arrangement to be approved by the Board is a connected transaction referred to in the Listing Rules, it shall have the same meaning as that ascribed to “associate” in the Listing Rules. |
| “Company” | LC Group Holdings Limited 良斯集團控股有限公司 Hope Life International Holdings Limited 曠逸國際控股有限公司. |
| “competent regulatory authority” | a competent regulatory authority in the territory where the shares of the Company are listed or quoted on a stock exchange in such territory. |

| WORD | MEANING |
|------------------------------------|---|
| “debenture” and “debenture holder” | include debenture stock and debenture stockholder respectively. |
| “Designated Stock Exchange” | a stock exchange in respect of which the shares of the Company are listed or quoted and where such stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company. |
| “dollars” and “\$” | dollars, the legal currency of Hong Kong. |
| <u>“electronic communication”</u> | <u>a communication sent, transmitted, conveyed and received by wire, by radio, by optical means or by other similar means in any form through any medium.</u> |
| <u>“electronic meeting”</u> | <u>a general meeting held and conducted wholly and exclusively by virtual attendance and participation by Members and/or proxies by means of electronic facilities.</u> |
| “head office” | such office of the Company as the Directors may from time to time determine to be the principal office of the Company. |
| “Law” | The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. |
| <u>“hybrid meeting”</u> | <u>a general meeting convened for the (i) physical attendance by Members and/or proxies at the Principal Meeting Place and where applicable, one or more Meeting Locations and (ii) virtual attendance and participation by Members and/or proxies by means of electronic facilities.</u> |
| <u>“Listing Rules”</u> | <u>rules of the Designated Stock Exchange.</u> |
| <u>“Meeting Location”</u> | <u>has the meaning given to it in Article 64A.</u> |
| “Member” | a duly registered holder from time to time of the shares in the capital of the Company. |
| “month” | a calendar month. |

| WORD | MEANING |
|----------------------------------|--|
| “Notice” | written notice unless otherwise specifically stated and as further defined in these Articles. |
| “Office” | the registered office of the Company for the time being. |
| “ordinary resolution” | a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Article 59. |
| “paid up” | paid up or credited as paid up. |
| <u>“physical meeting”</u> | <u>a general meeting held and conducted by physical attendance and participation by Members and/or proxies at the Principal Meeting Place and/or where applicable, one or more Meeting Locations.</u> |
| <u>“Principal Meeting Place”</u> | <u>shall have the meaning given to it in Article 59(2).</u> |
| “Register” | the principal register and where applicable, any branch register of Members to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time. |
| “Registration Office” | in respect of any class of share capital such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share capital and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered. |
| “Seal” | common seal or any one or more duplicate seals of the Company (including a securities seal) for use in the Cayman Islands or in any place outside the Cayman Islands. |

| WORD | MEANING |
|---|---|
| “Secretary” | any person, firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy, temporary or acting secretary. |
| “special resolution” | <p>a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Article 59.</p> <p>a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles or the Statutes.</p> |
| “Statutes” | the Act Law and every other law of the Legislature of the Cayman Islands for the time being in force applying to or affecting the Company, its memorandum of association and/or these Articles. |
| “Subsidiary and Holding Company” | has the meanings attributed to them in the rules of the Designated Stock Exchange. |
| “substantial shareholder” | a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the <u>Listing Rules</u> rules of the Designated Stock Exchange from time to time) of the voting power at any general meeting of the Company. |
| “year” | a calendar year. |

- (2) In these Articles, unless there be something within the subject or context inconsistent with such construction:
- (a) words importing the singular include the plural and vice versa;
 - (b) words importing a gender include both gender and the neuter;

- (c) words importing persons include companies, associations and bodies of persons whether corporate or not;
- (d) the words:
 - (i) “may” shall be construed as permissive;
 - (ii) “shall” or “will” shall be construed as imperative;
- (e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing or reproducing words or figures in a legible and non-transitory form or, to the extent permitted by and in accordance with the Statutes and other applicable laws, rules and regulations, any visible substitute for writing (including an electronic communication), or modes of representing or reproducing words partly in one visible form and partly in another visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or ~~notice~~-Notice and the Member’s election comply with all applicable Statutes, rules and regulations;
- (f) references to any law, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;
- (g) save as aforesaid words and expressions defined in the Statutes shall bear the same meanings in these Articles if not inconsistent with the subject in the context;
- (h) references to a document (including, but without limitation, a resolution in writing) being signed or executed include references to it being signed or executed under hand or under seal or by electronic signature or by electronic communication or by any other method and references to a ~~notice~~-Notice or document include a ~~notice~~-Notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;
- (i) Section 8 and Section 19 of the Electronic Transactions ~~Act~~Law (2003) of the Cayman Islands, as amended from time to time, shall not apply to these Articles to the extent it imposes obligations or requirements in addition to those set out in these Articles;-

- (j) references to the right of a Member to speak at an electronic meeting or a hybrid meeting shall include the right to raise questions or make statements to the chairman of the meeting, verbally or in written form, by means of electronic facilities. Such a right shall be deemed to have been duly exercised if the questions or statements may be heard or seen by all or only some of the persons present at the meeting (or only by the chairman of the meeting) in which event the chairman of the meeting shall relay the questions raised or the statements made verbatim to all persons present at the meeting, either orally or in writing using electronic facilities;
- (k) a reference to a meeting: (a) shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all purposes of the Statutes and these Articles, and attend, participate, attending, participating, attendance and participation shall be construed accordingly, and (b) shall, where the context is appropriate, include a meeting that has been postponed by the Board pursuant to Article 64E;
- (l) references to a person's participation in the business of a general meeting include without limitation and as relevant the right (including, in the case of a corporation, through a duly authorised representative) to speak or communicate, vote, be represented by a proxy and have access in hard copy or electronic form to all documents which are required by the Statutes or these Articles to be made available at the meeting, and participate and participating in the business of a general meeting shall be construed accordingly;
- (m) references to electronic facilities include, without limitation, website addresses, webinars, webcast, video or any form of conference call systems (telephone, video, web or otherwise); and
- (i) where a Member is a corporation, any reference in these Articles to a Member
- (n) shall, where the context requires, refer to a duly authorised representative of such Member.

SHARE CAPITAL

3. (1) The share capital of the Company at the date on which these Articles come into effect shall be divided into shares of a par value of \$Hong Kong dollars 0.02 each.
- (2) Subject to the ActLaw, the Company's Memorandum and Articles of Association and, where applicable, the Listing Rules and/or the rules of any Designated Stock Exchange and/or any competent regulatory authority, the Company shall have the power to purchase or otherwise acquire its own shares and such power shall be exercisable by the Board in such manner, upon such terms and subject to such

conditions as it in its absolute discretion thinks fit and any determination by the Board of the manner of purchase shall be deemed authorised by these Articles for purposes of the ~~Act~~Law. The Company is hereby authorised to make payments in respect of the purchase of its shares out of capital or out of any other account or fund which can be authorised for this purpose in accordance with the ~~Act~~Law.

(3) Subject to compliance with the Listing Rules~~rules and regulations of the Designated Stock Exchange~~ and rules and regulations of any other competent~~relevant~~ regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(4) The Board may accept the surrender for no consideration of any fully paid share.

~~(4)~~ No share shall be issued to bearer.

(5)

ALTERATION OF CAPITAL

4. The Company may from time to time by ordinary resolution in accordance with the ~~Act~~Law alter the conditions of its Memorandum of Association to:

(a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;

(b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words “non-voting” shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”;

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Company’s Memorandum of Association (subject, nevertheless, to the ~~Act~~Law), and may by such resolution determine that, as between the holders of the shares

resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;

- (e) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled or, in the case of shares, without par value, diminish the number of shares into which its capital is divided.
5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.
6. The Company may from time to time by special resolution, subject to any confirmation or consent required by the ActLaw, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.
7. Except so far as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Articles with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

SHARE RIGHTS

8. Subject to the provisions of the ActLaw and the Company's Memorandum and Articles of Association and to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Board may determine.
- (2) Subject to the provisions of the ActLaw, the Listing Rules ~~rules of any Designated Stock~~
9. ~~Exchange~~ and the Memorandum and Articles of Association of the Company, and to any special rights conferred on the holders of any shares or attaching to any class of shares,

shares may be issued on the terms that they may be, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.

9. ~~Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all Members alike.~~

VARIATION OF RIGHTS

App. 3
Para 15

10. Subject to the ~~Act~~Law and without prejudice to Article 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company shall, *mutatis mutandis*, apply, but so that:
- (a) the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a Member being a corporation, its duly ~~authorized~~authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two holders present in person or (in the case of a Member being a corporation) its duly ~~authorized~~authorised representative or by proxy (whatever the number of shares held by them) shall be a quorum; and
 - (b) every holder of shares of the class shall be entitled to one vote for every such share held by him.
11. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

SHARES

12. (1) Subject to the ~~Act~~Law, these Articles, any direction that may be given by the Company in general meeting and, where applicable, the Listing Rules~~rules of any Designated Stock Exchange~~ and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of

the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount to their nominal value. Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of ~~members~~ Members for any purpose whatsoever.

- (2) The Board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.
13. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the ActLaw. Subject to the ActLaw, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.
14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Articles or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
15. Subject to the ActLaw and these Articles, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

SHARE CERTIFICATES

16. Every share certificate shall be issued under the Seal or a facsimile thereof or with the Seal printed thereon and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. The seal of the Company may only be affixed or imprinted to a share certificate with the authority of the Directors, or be

executed under the signature of appropriate officials with statutory authority, unless otherwise determined by the Directors. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.

17. (1) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

(2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of ~~notices~~ Notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.
18. Every person whose name is entered, upon an allotment of shares, as a Member in the Register shall be entitled, without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board from time to time determines.
19. Share certificates shall be issued within the relevant time limit as prescribed by the ~~Act~~ Law or as the Designated Stock Exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company.
20. (1) Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him at such fee as is provided in paragraph (2) of this Article. If any of the shares included in the certificate so given up shall be retained by the transferor a new certificate for the balance shall be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof.

(2) The fee referred to in paragraph (1) above shall be an amount not exceeding the relevant maximum amount as the Designated Stock Exchange may from time to time determine provided that the Board may at any time determine a lower amount for such fee.
21. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed a new certificate representing the same shares may be issued to the relevant Member upon request and on payment of such fee as the Designated Stock Exchange may

determine to be the maximum fee payable or such lesser sum as the Board may determine and, subject to compliance with such terms (if any) as to evidence and indemnity and to payment of the costs and reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of damage or defacement, on delivery of the old certificate to the Company provided always that where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the Directors are satisfied beyond reasonable doubt that the original has been destroyed.

LIEN

22. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company shall also have a first and paramount lien on every share (not being a fully paid share) registered in the name of a Member (whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such ~~member~~Member, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Article.
23. Subject to these Articles, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen (14) clear days after a ~~notice~~Notice in writing, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving ~~notice~~Notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.
24. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the person entitled to the share at the time of the sale. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The

purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

25. Subject to these Articles and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium), and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the time and place of payment) pay to the Company as required by such ~~notice~~ Notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no Member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.
26. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.
27. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.
28. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest wholly or in part.
29. No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.
30. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

31. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.
32. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.
33. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one (1) month's Notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared.

FORFEITURE OF SHARES

34. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' Notice:
 - (a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and
 - (b) stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited.
- (2) If the requirements of any such Notice are not complied with, any share in respect of which such Notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.
35. When any share has been forfeited, ~~notice~~Notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such Notice.
36. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Articles to forfeiture will include surrender.

37. Any share so forfeited shall be deemed the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.
38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board determines. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Article any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.
39. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.
40. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.
41. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.

42. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

REGISTER OF MEMBERS

43. (1) The Company shall keep in one or more books a Register of its Members and shall enter therein the following particulars, that is to say:
- (a) the name and address of each Member, the number and class of shares held by him and the amount paid or agreed to be considered as paid on such shares;
 - (b) the date on which each person was entered in the Register; and
 - (c) the date on which any person ceased to be a Member.
- (2) The Company may keep an overseas or local or other branch register of Members resident in any place, and the Board may make and vary such regulations as it determines in respect of the keeping of any such register and maintaining a Registration Office in connection therewith.

App. 3
Para 20

44. The Register and branch register of Members, as the case may be, shall be open to inspection for at least two (2) hours during business hours by Members without charge or by any other person, upon a maximum payment of Hong Kong dollars \$2.50 or such lesser sum specified by the Board, at the Office or such other place at which the Register is kept in accordance with the ~~Law Act~~ or, if appropriate, upon a maximum payment of Hong Kong dollars \$1.00 or such lesser sum specified by the Board at the Registration Office. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper or any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any electronic means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

RECORD DATES

45. Subject to the ~~Listing Rules~~rules of any ~~Designated Stock Exchange~~, notwithstanding any other provision of these Articles the Company or the Directors may fix any date as the record date for:
- (a) determining the Members entitled to receive any dividend, distribution, allotment or issue ~~and such record date may be on, or at any time not more than thirty (30) days before or after, any date on which such dividend, distribution, allotment or issue is declared, paid or made;~~
 - (b) determining the Members entitled to receive ~~notice~~Notice of and to vote at any general meeting of the Company.

TRANSFER OF SHARES

46. (1) Subject to these Articles, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.
- (2) Notwithstanding the provisions of subparagraph (1) above, for so long as any shares are listed on the Designated Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the Listing Rules that are or shall be applicable to such listed shares. The register of members of the Company in respect of its listed shares (whether the Register or a branch register) may be kept by recording the particulars required by Section 40 of the Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the Listing Rules that are or shall be applicable to such listed shares.
47. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. Without prejudice to the last preceding Article, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Articles shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

48. (1) The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share to more than four (4) joint holders or a transfer of any share (not being a fully paid up share) on which the Company has a lien.
- (2) No transfer shall be made to an infant or to a person of unsound mind or under other legal disability.
- (3) The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register or any share on any branch register to the Register or any other branch register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.
- (4) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place at which the Register is kept in accordance with the ActLaw.
49. Without limiting the generality of the last preceding Article, the Board may decline to recognise any instrument of transfer unless:-
- (a) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof;
- (b) the instrument of transfer is in respect of only one class of share;
- (c) the instrument of transfer is lodged at the Office or such other place at which the Register is kept in accordance with the ActLaw or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and

- (d) if applicable, the instrument of transfer is duly and properly stamped.
50. If the Board refuses to register a transfer of any share, it shall, within two (2) months after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.
51. The registration of transfers of shares or of any class of shares may, after notice has been given by announcement or by electronic communication or by advertisement in any newspapers or by any other means in accordance with the requirements of any Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine. The period of thirty (30) days may be extended for a further period or periods not exceeding thirty (30) days in respect of any year if approved by the Members by ordinary resolution.

TRANSMISSION OF SHARES

52. If a Member dies, the survivor or survivors where the deceased was a joint holder, and his legal personal representatives where he was a sole or only surviving holder, will be the only persons recognised by the Company as having any title to his interest in the shares; but nothing in this Article will release the estate of a deceased Member (whether sole or joint) from any liability in respect of any share which had been solely or jointly held by him.
53. Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Articles relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.
54. A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Article 72(2) being met, such a person may vote at meetings.

UNTRACEABLE MEMBERS

55. (1) Without prejudice to the rights of the Company under paragraph (2) of this Article, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.
- (2) The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:
- (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles have remained uncashed;
 - (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
 - (c) the Company, ~~if so required by the rules governing the listing of shares on the Designated Stock Exchange,~~ has given notice of its intention to sell such shares to, and caused advertisement both in daily newspaper and in a newspaper circulating in the area of the last known address of such Member or any person entitled to the share under Article 54 and where applicable, in each case in ~~newspapers~~ in accordance with the requirements of, the Designated Stock Exchange ~~to be made of its intention to sell such shares in the manner required by the Designated Stock Exchange,~~ and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the “relevant period” means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) of this Article and ending at the expiry of the period referred to in that paragraph.

- (3) To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The

net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

GENERAL MEETINGS

App. 3
Para 14(1)

56. An annual general meeting of the Company shall be held in each financial year other than the financial year of the Company's adoption of these Articles ~~(within a period of not more than fifteen and such annual general meeting must be held within six (156) months after the holding end of the Company's financial year (last preceding annual general meeting or not more than eighteen (18) months after the date of adoption of these Articles, unless a longer period would not infringe the Listing Rules, if any) rules of the Designated Stock Exchange, if any) at such time and place as may be determined by the Board.~~

57. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. All general~~General~~ meetings (including an annual general meeting, any adjourned meeting or postponed meeting) may be held as a physical meeting in any part of the world and at one or more locations as provided in Article 64A, as a hybrid meeting or as an electronic meeting, as may be determined by the Board in its absolute discretion.

App. 3
Para 14(5)

58. The Board may whenever it thinks fit call extraordinary general meetings. Any one or more Member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) ~~do so in the same manner~~ convene a physical meeting at only one location which will be the Principal Meeting Place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

NOTICE OF GENERAL MEETINGS

App. 3
Para 14(2)

59. (1) An annual general meeting must be called by Notice of not less than twenty-one (21) clear days ~~and not less than twenty (20) clear business~~. All other general meetings (including an extraordinary general meeting) must be called by Notice of not less than fourteen (14) clear days ~~and not less than ten (10) clear business days~~ but if permitted by the Listing Rules~~rules of the Designated Stock Exchange~~, a general meeting may be called by shorter notice, subject to the Act~~Law~~, if it is so agreed:
- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
 - (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent. (95%) of the total voting rights at the meeting of all the Members.
- (2) ~~The notice~~Notice shall specify (a) the time and date~~place~~ of the meeting, (b) save for an electronic meeting, the place of the meeting and if there is more than one meeting location as determined by the Board pursuant to Article 64A, the principal place of the meeting (the "Principal Meeting Place"), (c) if the general meeting is to be a hybrid meeting or an electronic meeting, the Notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by electronic means at the meeting or where such details will be made available by the Company prior to the meeting, and (d) and particulars of resolutions to be considered at the meeting and, in case of special business, the general nature of the business. The ~~notice~~Notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such ~~notices~~Notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors and the Auditors.
60. The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

61. (1) All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting, with the exception of:
- (a) the declaration and sanctioning of dividends;
 - (b) consideration and adoption of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet;
 - (c) the election of Directors whether by rotation or otherwise in the place of those retiring;
 - (d) appointment of Auditors (where special notice of the intention for such appointment is not required by the Act~~Law~~) and other officers; and
 - (e) the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors;~~;~~
 - (f) ~~the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares in the capital of the Company representing not more than twenty per cent. (20%) in nominal value of its existing issued share capital; and~~
 - (g) ~~the granting of any mandate or authority to the Directors to repurchase securities of the Company.~~
- (2) No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. Two (2) Members entitled to vote and present in person or by proxy or, for quorum purposes only, two persons appointed by the clearing house as~~(in the case of a Member being a corporation) by its duly~~ authorised representative or proxy shall form a quorum for all purposes.
62. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and (where applicable) same place(s) or to such time and (where applicable) such place(s) and in such form and manner referred to in Article 57 as the chairman of the meeting (or in

~~default,~~as the Board) may absolutely determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.

63. (1) The chairman of the Company or if there is more than one chairman, any one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present shall preside as chairman at every—~~a~~ general meeting. If at any meeting ~~the no~~ chairman, is ~~not~~ present within fifteen (15) minutes after the time appointed for holding the meeting, or is ~~not~~ willing to act as chairman, the deputy chairman of the Company or if there is more than one deputy chairman, any one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present shall preside as chairman. If no chairman or deputy chairman is present or is willing to act as chairman of the meeting, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or ~~(in the case of a Member being a corporation) by its duly authorised representative or by proxy and entitled to vote shall elect one of their number to be chairman of the meeting.~~
- (2) If the chairman of a general meeting is participating in the general meeting using an electronic facility or facilities and becomes unable to participate in the general meeting using such electronic facility or facilities, another person (determined in accordance with Article 63(1) above) shall preside as chairman of the meeting unless and until the original chairman of the meeting is able to participate in the general meeting using the electronic facility or facilities.
64. Subject to Article 64C, ~~the~~The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time (or indefinitely) and/or from place to place(s) and/or from one form to another (a physical meeting, a hybrid meeting or an electronic meeting) as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' ~~notice~~Notice of the adjourned meeting shall be given specifying the details set out in Article 59(2) ~~time and place of the adjourned meeting~~ but it shall not be necessary to specify in such ~~notice~~Notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give ~~notice~~Notice of an adjournment.
- 64A. (1) The Board may, at its absolute discretion, arrange for persons entitled to attend a general meeting to do so by simultaneous attendance and participation by means of electronic facilities at such location or locations (“Meeting Location(s)”) determined

by the Board at its absolute discretion. Any Member or any proxy attending and participating in such way or any Member or proxy attending and participating in an electronic meeting or a hybrid meeting by means of electronic facilities is deemed to be present at and shall be counted in the quorum of the meeting.

- (2) All general meetings are subject to the following and, where appropriate, all references to a “Member” or “Members” in this sub-paragraph (2) shall include a proxy or proxies respectively:
- (a) where a Member is attending a Meeting Location and/or in the case of a hybrid meeting, the meeting shall be treated as having commenced if it has commenced at the Principal Meeting Place;
 - (b) Members present in person or by proxy at a Meeting Location and/or Members attending and participating in an electronic meeting or a hybrid meeting by means of electronic facilities shall be counted in the quorum for and entitled to vote at the meeting in question, and that meeting shall be duly constituted and its proceedings valid provided that the chairman of the meeting is satisfied that adequate electronic facilities are available throughout the meeting to ensure that Members at all Meeting Locations and Members participating in an electronic meeting or a hybrid meeting by means of electronic facilities are able to participate in the business for which the meeting has been convened;
 - (c) where Members attend a meeting by being present at one of the Meeting Locations and/or where Members participating in an electronic meeting or a hybrid meeting by means of electronic facilities, a failure (for any reason) of the electronic facilities or communication equipment, or any other failure in the arrangements for enabling those in a Meeting Location other than the Principal Meeting Place to participate in the business for which the meeting has been convened or in the case of an electronic meeting or a hybrid meeting, the inability of one or more Members or proxies to access, or continue to access, the electronic facilities despite adequate electronic facilities having been made available by the Company, shall not affect the validity of the meeting or the resolutions passed, or any business conducted there or any action taken pursuant to such business provided that there is a quorum present throughout the meeting.
 - (d) if any of the Meeting Locations is not in the same jurisdiction as the Principal Meeting Place and/or in the case of a hybrid meeting, the provisions of these Articles concerning the service and giving of Notice for the meeting, and the time for lodging proxies, shall apply by reference to the Principal Meeting Place; and in the case of an electronic meeting, the time for lodging proxies shall be as stated in the Notice for the meeting.

64B. The Board and, at any general meeting, the chairman of the meeting may from time to time make arrangements for managing attendance and/or participation and/or voting at the Principal Meeting Place, any Meeting Location(s) and/or participation in an electronic meeting or a hybrid meeting by means of electronic facilities (whether involving the issue of tickets or some other means of identification, passcode, seat reservation, electronic voting or otherwise) as it shall in its absolute discretion consider appropriate, and may from time to time change any such arrangements, provided that a Member who, pursuant to such arrangements, is not entitled to attend, in person or by proxy, at any Meeting Location shall be entitled so to attend at one of the other Meeting Locations; and the entitlement of any Member so to attend the meeting or adjourned meeting or postponed meeting at such Meeting Location or Meeting Locations shall be subject to any such arrangement as may be for the time being in force and by the Notice of meeting or adjourned meeting or postponed meeting stated to apply to the meeting.

64C. If it appears to the chairman of the general meeting that:

- (a) the electronic facilities at the Principal Meeting Place or at such other Meeting Location(s) at which the meeting may be attended have become inadequate for the purposes referred to in Article 64A(1) or are otherwise not sufficient to allow the meeting to be conducted substantially in accordance with the provisions set out in the Notice of the meeting; or
- (b) in the case of an electronic meeting or a hybrid meeting, electronic facilities being made available by the Company have become inadequate; or
- (c) it is not possible to ascertain the view of those present or to give all persons entitled to do so a reasonable opportunity to communicate and/or vote at the meeting; or
- (d) there is violence or the threat of violence, unruly behaviour or other disruption occurring at the meeting or it is not possible to secure the proper and orderly conduct of the meeting;

then, without prejudice to any other power which the chairman of the meeting may have under these Articles or at common law, the chairman may, at his/her absolute discretion, without the consent of the meeting, and before or after the meeting has started and irrespective of whether a quorum is present, interrupt or adjourn the meeting (including adjournment for indefinite period). All business conducted at the meeting up to the time of such adjournment shall be valid.

64D. The Board and, at any general meeting, the chairman of the meeting may make any arrangement and impose any requirement or restriction the Board or the chairman of the meeting, as the case may be, considers appropriate to ensure the security and orderly conduct of a meeting (including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and

the restriction of items that may be taken into the meeting place, determining the number and frequency of and the time allowed for questions that may be raised at a meeting). Members shall also comply with all requirements or restrictions imposed by the owner of the premises at which the meeting is held. Any decision made under this Article shall be final and conclusive and a person who refuses to comply with any such arrangements, requirements or restrictions may be refused entry to the meeting or ejected (physically or electronically) from the meeting.

64E. If, after the sending of Notice of a general meeting but before the meeting is held, or after the adjournment of a meeting but before the adjourned meeting is held (whether or not Notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is inappropriate, impracticable, unreasonable or undesirable for any reason to hold the general meeting on the date or at the time or place or by means of electronic facilities specified in the Notice calling the meeting, they may change or postpone the meeting to another date, time and/or place and/or change the electronic facilities and/or change the form of the meeting (a physical meeting, an electronic meeting or a hybrid meeting) without approval from the Members. Without prejudice to the generality of the foregoing, the Directors shall have the power to provide in every Notice calling a general meeting the circumstances in which a postponement of the relevant general meeting may occur automatically without further notice, including without limitation where a number 8 or higher typhoon signal, black rainstorm warning or other similar event is in force at any time on the day of the meeting. This Article shall be subject to the following:

- (a) when a meeting is so postponed, the Company shall endeavour to post a Notice of such postponement on the Company's website as soon as practicable (provided that failure to post such a Notice shall not affect the automatic postponement of a meeting);
- (b) when only the form of the meeting or electronic facilities specified in the Notice are changed, the Board shall notify the Members of details of such change in such manner as the Board may determine;
- (c) when a meeting is postponed or changed in accordance with this Article, subject to and without prejudice to Article 64, unless already specified in the original Notice of the meeting, the Board shall fix the date, time, place (if applicable) and electronic facilities (if applicable) for the postponed or changed meeting and shall notify the Members of such details in such manner as the Board may determine; further all proxy forms shall be valid (unless revoked or replaced by a new proxy) if they are received as required by these Articles not less than 48 hours before the time of the postponed meeting; and

(d) Notice of the business to be transacted at the postponed or changed meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the postponed or changed meeting is the same as that set out in the original Notice of general meeting circulated to the Members.

64F. All persons seeking to attend and participate in an electronic meeting or a hybrid meeting shall be responsible for maintaining adequate facilities to enable them to do so. Subject to Article 64C, any inability of a person or persons to attend or participate in a general meeting by way of electronic facilities shall not invalidate the proceedings of and/or resolutions passed at that meeting.

64G. Without prejudice to other provisions in Article 64, a physical meeting may also be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

65. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

VOTING

66. (1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every Member present in person or by proxy ~~or, in the case of a Member being a corporation, by its duly authorised representative~~ shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that in the case of a physical meeting, the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person ~~(or being a corporation, is present by a duly authorized representative)~~, or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively

Ch. 13.39(4)

App. 3.19

dealt with, whilst allowing all Members a reasonable opportunity to express their views. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

- (2) In the case of a physical meeting where~~Where~~ a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:
- (a) by at least three Members present in person or ~~in the case of a Member being a corporation by its duly authorised representative or~~ by proxy for the time being entitled to vote at the meeting; or
 - (b) by a Member or Members present in person or ~~in the case of a Member being a corporation by its duly authorised representative or~~ by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
 - (c) by a Member or Members present in person or ~~in the case of a Member being a corporation by its duly authorised representative or~~ by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Member ~~or in the case of a Member being a corporation by its duly authorised representative~~ shall be deemed to be the same as a demand by the Member.

67. Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the Listing Rules~~rules of the Designated Stock Exchange~~.
68. On a poll votes may be given either personally or by proxy.
69. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

70. All questions submitted to a meeting shall be decided by a simple majority of votes except where a greater majority is required by these Articles or by the ActLaw. In the case of an equality of votes, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.
71. Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.
72. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, by his receiver, committee, *curator bonis* or other person in the nature of a receiver, committee or *curator bonis* appointed by such court, and such receiver, committee, *curator bonis* or other person may vote by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting, or postponed meeting, as the case may be.
- (2) Any person entitled under Article 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting or postponed meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.
73. (1) No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.
- (2) All members shall have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a Member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.

App. 3
Para 14(4)

(23) Where the Company has knowledge that any Member is, under the Listing Rules~~rules of the Designated Stock Exchange~~, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

74. If:

- (a) any objection shall be raised to the qualification of any voter; or
- (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
- (c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting or postponed meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting or postponed meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

App. 3
Para 18

75. Any Member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.
76. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
77. (1) The Company may, at its absolute discretion, provide an electronic address for the receipt of any document or information relating to proxies for a general meeting (including any instrument of proxy or invitation to appoint a proxy, any document

necessary to show the validity of, or otherwise relating to, an appointment of proxy (whether or not required under these Articles) and notice of termination of the authority of a proxy). If such an electronic address is provided, the Company shall be deemed to have agreed that any such document or information (relating to proxies as aforesaid) may be sent by electronic means to that address, subject as hereafter provided and subject to any other limitations or conditions specified by the Company when providing the address. Without limitation, the Company may from time to time determine that any such electronic address may be used generally for such matters or specifically for particular meetings or purposes and, if so, the Company may provide different electronic addresses for different purposes. The Company may also impose any conditions on the transmission of and its receipt of such electronic communications including, for the avoidance of doubt, imposing any security or encryption arrangements as may be specified by the Company. If any document or information required to be sent to the Company under this Article is sent to the Company by electronic means, such document or information is not treated as validly delivered to or deposited with the Company if the same is not received by the Company at its designated electronic address provided in accordance with this Article or if no electronic address is so designated by the Company for the receipt of such document or information.

77. (2) The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the ~~notice~~ Notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate), or if the Company has provided an electronic address in accordance with the preceding paragraph, shall be received at the electronic address specified, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting or postponed meeting at which the person named in the instrument proposes to vote. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or postponed meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting ~~in person~~ at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
78. Instruments of proxy shall be in any common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the ~~notice~~ Notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment or postponement of the meeting as for the meeting to

which it relates. The Board may decide, either generally or in any particular case, to treat a proxy appointment as valid notwithstanding that the appointment or any of the information required under these Articles has not been received in accordance with the requirements of these Articles. Subject to aforesaid, if the proxy appointment and any of the information required under these Articles is not received in the manner set out in these Articles, the appointee shall not be entitled to vote in respect of the shares in question.

79. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the ~~notice~~ Notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting or postponed meeting, at which the instrument of proxy is used.
80. Anything which under these Articles a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Articles relating to proxies and instruments appointing proxies shall apply *mutatis mutandis* in relation to any such attorney and the instrument under which such attorney is appointed.

CORPORATIONS ACTING BY REPRESENTATIVES

81. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- (2) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) including the right to speak and vote, and where a show of hands is allowed, the right to vote individually on a show of hands.

- (3) Any reference in these Articles to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Article.

WRITTEN RESOLUTIONS OF MEMBERS

82. A resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all persons for the time being entitled to receive ~~notice~~ Notice of and to attend and vote at general meetings of the Company shall, for the purposes of these Articles, be treated as a resolution duly passed at a general meeting of the Company and, where relevant, as a special resolution so passed. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last Member to sign, and where the resolution states a date as being the date of his signature thereof by any Member the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one or more relevant Members.

BOARD OF DIRECTORS

83. (1) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There shall be no maximum number of Directors unless otherwise determined from time to time by the Members in general meeting. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association or by a majority of them and thereafter in accordance with Article 84 called for such purpose and who shall hold office for such term as the Members may determine or, in the absence of such determination, in accordance with Article 84 or until their successors are elected or appointed or their office is otherwise vacated.
- (2) Subject to the Articles and the Act~~Law~~, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board.
- (3) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director ~~appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Members after his appointment and be subject to re-election at such meeting and any Director~~ so appointed by the Board as an addition to the existing Board shall hold office only until the next following first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

- (4) Neither a Director nor an alternate Director shall be required to hold any shares of the Company by way of qualification and a Director or alternate Director (as the case may be) who is not a Member shall be entitled to receive ~~notice~~Notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.
- App. 3
Para 4(3) (5) The Members may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove any a~~Director~~ (including a managing Director or other executive Director) at any time before the expiration of his period of office notwithstanding anything to the contrary in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).
- (6) A vacancy on the Board created by the removal of a Director under the provisions of subparagraph (5) above may be filled by the election or appointment by ordinary resolution of the Members at the meeting at which such Director is removed.
- (7) The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall never be less than two (2).

RETIREMENT OF DIRECTORS

- App. 14
B.2.2 84. (1) Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement at an annual general meeting at least once every three years.
- (2) A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Ch. 13.70

85. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

DISQUALIFICATION OF DIRECTORS

86. The office of a Director shall be vacated if the Director:
- (1) resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board;
 - (2) becomes of unsound mind or dies;
 - (3) without special leave of absence from the Board, is absent from meetings of the Board for six consecutive months, and his alternate Director, if any, shall not during such period have attended in his stead and the Board resolves that his office be vacated;
 - (4) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
 - (5) is prohibited by law from being a Director; or
 - (6) ceases to be a Director by virtue of any provision of the Statutes or is removed from office pursuant to these Articles.

EXECUTIVE DIRECTORS

87. The Board may from time to time appoint any one or more of its body to be a managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director. A Director appointed to an office under this Article shall be subject to the same provisions as to removal as the

other Directors of the Company, and he shall (subject to the provisions of any contract between him and the Company) ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.

88. Notwithstanding Articles 93, 94, 95 and 96, an executive director appointed to an office under Article 87 hereof shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director.

ALTERNATE DIRECTORS

89. Any Director may at any time by Notice delivered to the Office or head office or at a meeting of the Directors appoint any person (including another Director) to be his alternate Director. Any person so appointed shall have all the rights and powers of the Director or Directors for whom such person is appointed in the alternative provided that such person shall not be counted more than once in determining whether or not a quorum is present. An alternate Director may be removed at any time by the body which appointed him and, subject thereto, the office of alternate Director shall continue until the happening of any event which, if he were a Director, would cause him to vacate such office or if his appointor ceases for any reason to be a Director. Any appointment or removal of an alternate Director shall be effected by Notice signed by the appointor and delivered to the Office or head office or tendered at a meeting of the Board. An alternate Director may also be a Director in his own right and may act as alternate to more than one Director. An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or of committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director save that as an alternate for more than one Director his voting rights shall be cumulative.
90. An alternate Director shall only be a Director for the purposes of the ~~Act~~Law and shall only be subject to the provisions of the ~~Act~~Law insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed in the alternative and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but he shall

not be entitled to receive from the Company any fee in his capacity as an alternate Director except only such part, if any, of the remuneration otherwise payable to his appointor as such appointor may by Notice to the Company from time to time direct.

91. Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). If his appointor is for the time being absent from Hong Kong or otherwise not available or unable to act, the signature of an alternate Director to any resolution in writing of the Board or a committee of the Board of which his appointor is a member shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.
92. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director, however, such alternate Director or any other person may be re-appointed by the Directors to serve as an alternate Director PROVIDED always that, if at any meeting any Director retires but is re-elected at the same meeting, any appointment of such alternate Director pursuant to these Articles which was in force immediately before his retirement shall remain in force as though he had not retired.

DIRECTORS' FEES AND EXPENSES

93. The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Such remuneration shall be deemed to accrue from day to day.
94. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.
95. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

96. The Board shall obtain the approval of the Company in general meeting before making any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

DIRECTORS' INTERESTS

97. A Director may:

- (a) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Article;
- (b) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director;
- (c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as otherwise provided by these Articles the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as Directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

98. Subject to the ~~Act~~Law and to these Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with Article 99 herein.

99. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Article, a general Notice to the Board by a Director to the effect that:

- (a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or
- (b) he is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him;

shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement, provided that no such Notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

Ch. 13.44

100. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) ~~any contract or arrangement for the giving of any security or indemnity either: to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associate(s) or obligations incurred or undertaken by him or any of his close associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;~~
 - (a) to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

- (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
- (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or
- (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associate(s) and employee(s) of the Company or any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- ~~(ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;~~
- ~~(iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;~~
- ~~(iv) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or~~
- ~~(v) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors or his close~~

~~associate(s) and to employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.~~

- (2) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.

GENERAL POWERS OF THE DIRECTORS

101. (1) The business of the Company shall be managed and conducted by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not by the Statutes or by these Articles required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Statutes and of these Articles and to such regulations being not inconsistent with such provisions, as may be prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.
- (2) Any person contracting or dealing with the Company in the ordinary course of business shall be entitled to rely on any written or oral contract or agreement or deed, document or instrument entered into or executed as the case may be by any two of the Directors acting jointly on behalf of the Company and the same shall be deemed to be validly entered into or executed by the Company as the case may be and shall, subject to any rule of law, be binding on the Company.

- (3) Without prejudice to the general powers conferred by these Articles it is hereby expressly declared that the Board shall have the following powers:
- (a) to give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed;
 - (b) to give to any Directors, officers or servants of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration; and
 - (c) to resolve that the Company be deregistered in the Cayman Islands and continued in a named jurisdiction outside the Cayman Islands subject to the provisions of the ActLaw.
- (4) The Company shall not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

Article 101(4) shall only have effect for so long as the shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

102. The Board may establish any regional or local boards or agencies for managing any of the affairs of the Company in any place, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration (either by way of salary or by commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes) and pay the working expenses of any staff employed by them upon the business of the Company. The Board may delegate to any regional or local board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.
103. The Board may by power of attorney appoint under the Seal any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and

any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Such attorney or attorneys may, if so authorised under the Seal of the Company, execute any deed or instrument under their personal seal with the same effect as the affixation of the Company's Seal.

104. The Board may entrust to and confer upon a managing director, joint managing director, deputy managing director, an executive director or any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.
105. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.
106. (1) The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's moneys to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any of its subsidiary companies) and ex-employees of the Company and their dependants or any class or classes of such person.
- (2) The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as mentioned in the last preceding paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of or upon or at any time after his actual retirement.

BORROWING POWERS

107. The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the ActLaw, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
108. Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
109. Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.
110. (1) Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the Members or otherwise, to obtain priority over such prior charge.
- (2) The Board shall cause a proper register to be kept, in accordance with the provisions of the ActLaw, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the ActLaw in regard to the registration of charges and debentures therein specified and otherwise.

PROCEEDINGS OF THE DIRECTORS

111. The Board may meet for the despatch of business, adjourn or postpone and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.
112. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board whenever he shall be required so to do by any Director. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director in writing or verbally (including in person or by telephone) or by via electronic means to an electronic address from time to time notified to the Company by such Director or (if the recipient consents to it being made available on a website) by making it available on a website ~~mail~~ or by telephone or in such other manner as the Board may from time to time determine ~~whenever he shall be required so to do by any Director~~.

113. (1) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two (2). An alternate Director shall be counted in a quorum in the case of the absence of a Director for whom he is the alternate provided that he shall not be counted more than once for the purpose of determining whether or not a quorum is present.
- (2) Directors may participate in any meeting of the Board by means of a conference telephone, electronic or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.
- (3) Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of such Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.
114. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board or of summoning general meetings of the Company but not for any other purpose.
115. The Board may elect one or more~~a~~ chairman and one or more deputy chairman of its meetings and determine the period for which they are respectively to hold such office. If no chairman or deputy chairman is elected, or if at any meeting ~~neither the chairman or~~neither~~any~~ deputy chairman is present within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.
116. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.
117. (1) The Board may delegate any of its powers, authorities and discretions to committees, consisting of such Director or Directors and other persons as it thinks fit, and they may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board.

- (2) All acts done by any such committee in conformity with such regulations, and in fulfilment of the purposes for which it was appointed, but not otherwise, shall have like force and effect as if done by the Board, and the Board shall have power, with the consent of the Company in general meeting, to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company.
118. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article.
119. A resolution in writing signed by all the Directors except such as are temporarily unable to act through ill-health or disability, and all the alternate Directors, if appropriate, whose appointors are temporarily unable to act as aforesaid shall (provided that such number is sufficient to constitute a quorum and further provided that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Articles) be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held. A notification of consent to such resolution given by a Director in writing to the Board by any means (including by means of electronic communication) shall be deemed to be his/her signature to such resolution in writing for the purpose of this Article. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or alternate Directors and for this purpose a facsimile signature of a Director or an alternate Director shall be treated as valid. Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.
120. All acts bona fide done by the Board or by any committee or by any person acting as a Director or members of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

MANAGERS

121. The Board may from time to time appoint a general manager, a manager or managers of the Company and may fix his or their remuneration either by way of salary or commission or by conferring the right to participation in the profits of the Company or by a combination

of two or more of these modes and pay the working expenses of any of the staff of the general manager, manager or managers who may be employed by him or them upon the business of the Company.

122. The appointment of such general manager, manager or managers may be for such period as the Board may decide, and the Board may confer upon him or them all or any of the powers of the Board as they may think fit.
123. The Board may enter into such agreement or agreements with any such general manager, manager or managers upon such terms and conditions in all respects as the Board may in their absolute discretion think fit, including a power for such general manager, manager or managers to appoint an assistant manager or managers or other employees whatsoever under them for the purpose of carrying on the business of the Company.

OFFICERS

124. (1) The officers of the Company shall consist of ~~at least one~~ chairman, the Directors and Secretary and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the ~~Act~~Law and these Articles.
- (2) The Directors shall, as soon as may be after each appointment or election of Directors, elect amongst the Directors a chairman and if more than one (1) Director is proposed for this office, the ~~Directors may elect more than one chairman~~election to such office shall take place in such manner as the Directors may determine.
- (3) The officers shall receive such remuneration as the Directors may from time to time determine.
125. (1) The Secretary and additional officers, if any, shall be appointed by the Board and shall hold office on such terms and for such period as the Board may determine. If thought fit, two (2) or more persons may be appointed as joint Secretaries. The Board may also appoint from time to time on such terms as it thinks fit one or more assistant or deputy Secretaries.
- (2) The Secretary shall attend all meetings of the Members and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the ~~Act~~Law or these Articles or as may be prescribed by the Board.
126. The officers of the Company shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Directors from time to time.

127. A provision of the ~~Act~~Law or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

REGISTER OF DIRECTORS AND OFFICERS

128. The Company shall cause to be kept in one or more books at its Office a Register of Directors and Officers in which there shall be entered the full names and addresses of the Directors and Officers and such other particulars as required by the ~~Act~~Law or as the Directors may determine. The Company shall send to the Registrar of Companies in the Cayman Islands a copy of such register, and shall from time to time notify to the said Registrar of any change that takes place in relation to such Directors and Officers as required by the ~~Act~~Law.

MINUTES

129. (1) The Board shall cause minutes to be duly entered in books provided for the purpose:
- (a) of all elections and appointments of officers;
 - (b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
 - (c) of all resolutions and proceedings of each general meeting of the Members, meetings of the Board and meetings of committees of the Board and where there are managers, of all proceedings of meetings of the managers.
- (2) Minutes shall be kept by the Secretary at the head office.

SEAL

130. (1) The Company shall have one or more Seals, as the Board may determine. For the purpose of sealing documents creating or evidencing securities issued by the Company, the Company may have a securities seal which is a facsimile of the Seal of the Company with the addition of the word "Securities" on its face or in such other form as the Board may approve. The Board shall provide for the custody of each Seal and no Seal shall be used without the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Articles, any instrument to which a Seal is affixed shall be signed autographically by one Director and the Secretary or by two Directors or by such other person (including a Director) or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either

of them shall be dispensed with or affixed by some method or system of mechanical signature. Every instrument executed in manner provided by this Article shall be deemed to be sealed and executed with the authority of the Board previously given.

- (2) Where the Company has a Seal for use abroad, the Board may by writing under the Seal appoint any agent or committee abroad to be the duly authorised agent of the Company for the purpose of affixing and using such Seal and the Board may impose restrictions on the use thereof as may be thought fit. Wherever in these Articles reference is made to the Seal, the reference shall, when and so far as may be applicable, be deemed to include any such other Seal as aforesaid.

AUTHENTICATION OF DOCUMENTS

131. Any Director or the Secretary or any person appointed by the Board for the purpose may authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents or accounts are elsewhere than at the Office or the head office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Board. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

DESTRUCTION OF DOCUMENTS

132. (1) The Company shall be entitled to destroy the following documents at the following times:

- (a) any share certificate which has been cancelled at any time after the expiry of one (1) year from the date of such cancellation;
- (b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two (2) years from the date such mandate, variation, cancellation or notification was recorded by the Company;
- (c) any instrument of transfer of shares which has been registered at any time after the expiry of seven (7) years from the date of registration;
- (d) any allotment letters after the expiry of seven (7) years from the date of issue thereof; and
- (e) copies of powers of attorney, grants of probate and letters of administration at any time after the expiry of seven (7) years after the account to which the relevant power of attorney, grant of probate or letters of administration related has been closed;

and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to be made on the basis of any such documents so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that: (1) the foregoing provisions of this Article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim; (2) nothing contained in this Article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (1) above are not fulfilled; and (3) references in this Article to the destruction of any document include references to its disposal in any manner.

- (2) Notwithstanding any provision contained in these Articles, the Directors may, if permitted by applicable law, authorise the destruction of documents set out in subparagraphs (a) to (e) of paragraph (1) of this Article and any other documents in relation to share registration which have been microfilmed or electronically stored by

the Company or by the share registrar on its behalf provided always that this Article shall apply only to the destruction of a document in good faith and without express notice to the Company and its share registrar that the preservation of such document was relevant to a claim.

DIVIDENDS AND OTHER PAYMENTS

133. Subject to the ~~Act~~Law, the Company in general meeting may from time to time declare dividends in any currency to be paid to the Members but no dividend shall be declared in excess of the amount recommended by the Board.
134. Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the ~~Act~~Law.
135. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:
- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and
 - (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
136. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.

137. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.
138. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.
139. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.
140. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.
141. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or

might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

142. (1) Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:
- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the Members entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment. In such case, the following provisions shall apply:
 - (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - (iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised ("the non-elected shares") and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve (as defined below)) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or

- (b) that the Members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised ("the elected shares") and in lieu thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve (as defined below)) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the elected shares on such basis.
- (2) (a) The shares allotted pursuant to the provisions of paragraph (1) of this Article shall rank *pari passu* in all respects with shares of the same class (if any) then in issue save only as regards participation in the relevant dividend or in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of their proposal to apply the provisions of sub-paragraph (a) or (b) of paragraph (1) of this Article in relation to the relevant dividend or contemporaneously with their announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Article shall rank for participation in such distribution, bonus or rights.

- (b) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Article, with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.
- (3) The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Article a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.
- (4) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (1) of this Article shall not be made available or made to any shareholders with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.
- (5) Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Article shall mutatis mutandis apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

RESERVES

143. (1) The Board shall establish an account to be called the share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share in the Company. Unless otherwise provided by the provisions of these Articles, the Board may apply the share premium account in any manner permitted by the ActLaw. The Company shall at all times comply with the provisions of the ActLaw in relation to the share premium account.
- (2) Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

CAPITALISATION

144. (1) The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and capital redemption reserve and the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Article, a share premium account and any capital redemption reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid.
- (2) Notwithstanding any provisions in these Articles, the Board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association,

joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting.

145. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under the last preceding Article and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

SUBSCRIPTION RIGHTS RESERVE

146. The following provisions shall have effect to the extent that they are not prohibited by and are in compliance with the ~~Act~~Law:

- (1) If, so long as any of the rights attached to any warrants issued by the Company to subscribe for shares of the Company shall remain exercisable, the Company does any act or engages in any transaction which, as a result of any adjustments to the subscription price in accordance with the provisions of the conditions of the warrants, would reduce the subscription price to below the par value of a share, then the following provisions shall apply:
 - (a) as from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Article) maintain in accordance with the provisions of this Article a reserve (the "Subscription Rights Reserve") the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional shares required to be issued and allotted credited as fully paid pursuant to sub-paragraph (c) below on the exercise in full of all the subscription rights outstanding and shall apply the Subscription Rights Reserve in paying up such additional shares in full as and when the same are allotted;

- (b) the Subscription Rights Reserve shall not be used for any purpose other than that specified above unless all other reserves of the Company (other than share premium account) have been extinguished and will then only be used to make good losses of the Company if and so far as is required by law;
- (c) upon the exercise of all or any of the subscription rights represented by any warrant, the relevant subscription rights shall be exercisable in respect of a nominal amount of shares equal to the amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be the relevant portion thereof in the event of a partial exercise of the subscription rights) and, in addition, there shall be allotted in respect of such subscription rights to the exercising warrant holder, credited as fully paid, such additional nominal amount of shares as is equal to the difference between:
- (i) the said amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be, the relevant portion thereof in the event of a partial exercise of the subscription rights); and
- (ii) the nominal amount of shares in respect of which such subscription rights would have been exercisable having regard to the provisions of the conditions of the warrants, had it been possible for such subscription rights to represent the right to subscribe for shares at less than par and immediately upon such exercise so much of the sum standing to the credit of the Subscription Rights Reserve as is required to pay up in full such additional nominal amount of shares shall be capitalised and applied in paying up in full such additional nominal amount of shares which shall forthwith be allotted credited as fully paid to the exercising warrant holders; and
- (d) if, upon the exercise of the subscription rights represented by any warrant, the amount standing to the credit of the Subscription Rights Reserve is not sufficient to pay up in full such additional nominal amount of shares equal to such difference as aforesaid to which the exercising warrant holder is entitled, the Board shall apply any profits or reserves then or thereafter becoming available (including, to the extent permitted by law, share premium account) for such purpose until such additional nominal amount of shares is paid up and allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the fully paid shares of the Company then in issue. Pending such payment and allotment, the exercising warrant holder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of shares. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one share

in the like manner as the shares for the time being are transferable, and the Company shall make such arrangements in relation to the maintenance of a register therefor and other matters in relation thereto as the Board may think fit and adequate particulars thereof shall be made known to each relevant exercising warrant holder upon the issue of such certificate.

- (2) Shares allotted pursuant to the provisions of this Article shall rank *pari passu* in all respects with the other shares allotted on the relevant exercise of the subscription rights represented by the warrant concerned. Notwithstanding anything contained in paragraph (1) of this Article, no fraction of any share shall be allotted on exercise of the subscription rights.
- (3) The provision of this Article as to the establishment and maintenance of the Subscription Rights Reserve shall not be altered or added to in any way which would vary or abrogate, or which would have the effect of varying or abrogating the provisions for the benefit of any warrant holder or class of warrant holders under this Article without the sanction of a special resolution of such warrant holders or class of warrant holders.
- (4) A certificate or report by the auditors for the time being of the Company as to whether or not the Subscription Rights Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Rights Reserve has been used, as to the extent to which it has been used to make good losses of the Company, as to the additional nominal amount of shares required to be allotted to exercising warrant holders credited as fully paid, and as to any other matter concerning the Subscription Rights Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all warrant holders and shareholders.

ACCOUNTING RECORDS

147. The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the ~~Act~~ Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.
148. The accounting records shall be kept at the Office or, at such other place or places as the Board decides and shall always be open to inspection by the Directors. No Member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting.

149. Subject to Article 150, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Company at the annual general meeting held in accordance with Article 56 provided that this Article shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures.
150. Subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the ~~Listing Rules~~rules of the ~~Designated Stock Exchange~~, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 149 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, summarised financial statements derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.
151. The requirement to send to a person referred to in Article 149 the documents referred to in that article or a summary financial report in accordance with Article 150 shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the ~~Listing Rules~~rules of the ~~Designated Stock Exchange~~, the Company publishes copies of the documents referred to in Article 149 and, if applicable, a summary financial report complying with Article 150, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.

AUDIT

152. (1) At the annual general meeting or at a subsequent extraordinary general meeting in each year, the Members shall by ordinary resolution appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Such auditor may be a Member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.

(2) The Members may, at any general meeting convened and held in accordance with these Articles, by ~~ordinary~~special resolution remove the Auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another Auditor in his stead for the remainder of his term.

153. Subject to the ~~Act~~Law the accounts of the Company shall be audited at least once in every year.

App. 3
Para 17

154. The remuneration of the Auditor shall be fixed by an ordinary resolution passed at a the Company in general meeting or in such manner as the Members may by ordinary resolution determine.

155. ~~The Directors may fill any casual vacancy in~~the office of Auditor but while any such vacancy continues the surviving or continuing auditor becomes vacant by the resignation or death of the Auditor; or Auditors, if any, may act. The remuneration of any Auditor appointed by by his becoming incapable of acting by reason of illness or other disability at a time when his services are required; the Directors under this Article may be fixed by the Board. Subject to Article 152(2), an Auditor appointed under this Article shall hold office until the next following annual general meeting of the Company and shall then be subject to appointment by the Members under Article 152(1) at such fill the vacancy and fix the remuneration to be determined byof the Members under Article 154~~Auditor so appointed.~~

156. The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company.

157. The statement of income and expenditure and the balance sheet provided for by these Articles shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.

NOTICES

158. (1) Any Notice or document (including any “corporate communication” within the meaning ascribed thereto under the ~~rules of the Designated Stock Exchange Listing Rules~~), whether or not, to be given or issued under these Articles from the Company ~~to a Member~~ shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or electronic communication and any such Notice and document may be ~~given served or issued~~delivered by the following means:
- (a) by serving it personally on the relevant person;
 - (b) by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose;
 - (c) by delivering or leaving it at such address as aforesaid;
 - (d) by placing an advertisement in appropriate newspapers or other publication and where applicable, in accordance with the requirements of the Designated Stock Exchange;
 - (e) by sending or transmitting it as an electronic communication to the relevant person at such electronic address as he may provide under Article 158(5), subject to the Company complying with the Statutes and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person;
 - (f) by publishing it on the Company’s website to which the relevant person may have access, subject to the Company complying with the Statutes and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person and/or for giving notification to any such person stating that the notice, document or publication is available on the Company’s computer network website (a “notice of availability”); or
 - (g) by sending or otherwise making it available to such person through such other means to the extent permitted by and in accordance with the Statutes and other applicable laws, rules and regulations.
- (2) The notice of availability may be given by any of the means set out above other than by posting it on a website.

- (3) In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.
- (4) Every person who, by operation of law, transfer, transmission, or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which, previously to his name and address (including electronic address) being entered in the Register as the registered holder of such share, shall have been duly given to the person from whom he derives title to such share.
- (5) Every Member or a person who is entitled to receive notice from the Company under the provisions of the Statutes or these Articles may register with the Company an electronic address to which notices can be served upon him.
- (6) Subject to any applicable laws, rules and regulations and the terms of these Articles, any notice, document or publication, including but not limited to the documents referred to in Articles, 149, 150 and 158 may be given in the English language only or in both the English language and the Chinese language. ~~Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appropriate newspapers in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company's website or the website of the Designated Stock Exchange, and giving to the member a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the Member by any of the means set out above other than by posting it on a website. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.~~

159. Any Notice or other document:

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the

Company or other person appointed by the Board that the envelope or wrapper containing the Notice or other document was so addressed and put into the post shall be conclusive evidence thereof;

- (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A Notice placed on the Company's website or the website of the Designated Stock Exchange, is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;
- (c) if published on the Company's website, shall be deemed to have been served on the day on which the notice, document or publication first so appears on the Company's website to which the relevant person may have access or the day on which the notice of availability is deemed to have been served or delivered to such person under these Articles, whichever is later;
- (e) if served or delivered in any other manner contemplated by these Articles, shall be
- (d) deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof; and
- (d) if published as an advertisement in a newspaper or other publication permitted under
- (e) these Articles, shall be deemed to have been served on the day on which the advertisement first so appears. ~~may be given to a Member either in the English language or the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations.~~

160. (1) Any Notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the Notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such Notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

- (2) A Notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a Member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or

by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.

- (3) Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every Notice in respect of such share which prior to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.

SIGNATURES

161. For the purposes of these Articles, a facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director or alternate Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director or alternate Director in the terms in which it is received.

WINDING UP

162. (1) Subject to Article 162(2), the~~The~~ Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

- (2) A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

App. 3
Para 21

163. (1) Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) (if the Company shall be wound up and the assets available for distribution amongst ~~the~~Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such ~~members~~Members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

- (2) If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the ~~Act~~Law, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.
- (3) ~~In the event of winding-up of the Company in Hong Kong, every Member who is not for the time being in Hong Kong shall be bound, within fourteen (14) days after the passing of an effective resolution to wind up the Company voluntarily, or the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some person resident in Hong Kong and stating that person's full name, address and occupation upon whom all summonses, notices, process, orders and judgements in relation to or under the winding-up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such Member to appoint some such person, and service upon any such appointee, whether appointed by the Member or the liquidator, shall be deemed to be good personal service on such Member for all purposes, and, where the liquidator makes any such appointment, he shall with all convenient speed give notice thereof to such Member by advertisement as he shall deem appropriate or by a registered letter sent through the post and addressed to such Member at his address as appearing in the register, and such notice shall be deemed to be service on the day following that on which the advertisement first appears or the letter is posted.~~

INDEMNITY

164. (1) The Directors, Secretary and other officers and every Auditor ~~for the time being~~ of the Company at any time, whether at present or in the past, and the liquidator or trustees (if any) ~~for the time being acting or who have acted~~ in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any

receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

- (2) Each Member agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director on account of any action taken by such Director, or the failure of such Director to take any action in the performance of his duties with or for the Company; PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Director.

FINANCIAL YEAR

165. Unless otherwise determined by the Directors, the financial year end of the Company shall be 31 of December in each year.

AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION AND NAME OF COMPANY

App. 3
Para 16

~~165.~~ No Article shall be rescinded, altered or amended and no new Article shall be made until 166. the same has been approved by a special resolution of the Members. A special resolution shall be required to alter the provisions of the memorandum of association or to change the name of the Company.

INFORMATION

~~166.~~ No Member shall be entitled to require discovery of or any information respecting any 167. detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the ~~Members~~ members of the Company to communicate to the public.

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. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Share Consolidation and the Change in Board Lot Size but before the completion of the Rights Issue (assuming no other change in the number of issued Shares); and (iii) immediately after completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders) are set out as follows:

(a) As at the Latest Practicable Date

| | | |
|-------------------------------|-----------------|-------------------|
| <i>Authorised:</i> | | <i>HK\$</i> |
| <u>1,000,000,000</u> | Existing Shares | <u>10,000,000</u> |
| <i>Issued and fully paid:</i> | | |
| <u>864,000,000</u> | Existing Shares | <u>8,640,000</u> |

(b) Immediately upon completion of the Share Consolidation, the Increase in Authorised Share Capital and the Change in Board Lot Size but before the completion of the Rights Issue (assuming no change in the number of issued Shares)

| | | |
|-------------------------------|---------------------|-------------------|
| <i>Authorised:</i> | | <i>HK\$</i> |
| <u>3,000,000,000</u> | Consolidated Shares | <u>60,000,000</u> |
| <i>Issued and fully paid:</i> | | |
| <u>432,000,000</u> | Consolidated Shares | <u>8,640,000</u> |

- (c) **Immediately upon completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders)**

Authorised: HK\$

| | |
|--|-------------------|
| <u>3,000,000,000</u> Consolidated Shares | <u>60,000,000</u> |
|--|-------------------|

Issued and fully paid:

| | |
|--|-------------------|
| <u>1,296,000,000</u> Consolidated Shares | <u>25,920,000</u> |
|--|-------------------|

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

As at the Latest Practicable Date, the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

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

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

3. DISCLOSURE OF INTERESTS

- (a) **Directors and chief executive's interests in the Company and its associated corporations**

As at the Latest Practicable Date, none of the Directors and chief executive had any interests or short positions in any shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix 10 to the Listing Rules.

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

As at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSET

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, the date to which the latest published audited accounts of the Group were made up.

There was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

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

7. LITIGATIONS

As at the Latest Practicable Date, save as disclosed below, 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 was known to the Directors to be pending or threatened against any member of the Group.

- (a) During the year ended 31 December 2020, Greater Bay Finance Limited (“**Greater Bay**”), a wholly-owned subsidiary of the Company which holds a money lender licence in Hong Kong as plaintiff and claims against Ms. Zhong Fengai (“**Ms. Zhong**”), a borrower as defendant for the payment of a sum of HK\$7,800,000 (the “**2019 Loan**”) being the principal due and payable under the loan agreement dated 17 May 2019, entered into between Greater Bay and Ms. Zhong the plaintiff and interests on the 2019 Loan, costs and further and/or other relief. The management and the legal representative of the Company consider the possibility of a full recovery of the 2019 Loan and the interest of which could not be estimated as at the date of these consolidated financial statements.

8. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular:

- (a) the placing agreement dated 23 July 2021 entered into between the Company and Yuet Sheung International Securities Limited as the placing agent in relation to the placing of convertible bonds in an aggregate principal amount of up to HK\$117,000,000 at the conversion price of HK\$0.13;
- (b) the placing agreement dated 23 November 2021 entered into between the Company and Cornerstone Securities Limited as the placing agent in relation to the placing of up to 120,000,000 new Shares at the placing price of HK\$0.1 per placing Share;
- (c) the termination agreement dated 23 November 2021 entered into between the Company and Yuet Sheung International Securities Limited in relation to the placing agreement dated 23 July 2021;
- (d) the placing agreement dated 22 June 2022 entered into between the Company and Yuet Sheung International Securities Limited as the placing agent in relation to the placing of up to 144,000,000 new Shares at the placing price of HK\$0.223 per placing Share;
- (e) the supplemental agreement dated 15 July 2022 entered into between the Company and Yuet Sheung International Securities Limited in relation to the placing agreement dated 22 June 2022 to extend the long stop date;

- (f) the termination agreement dated 20 July 2022 entered into between the Company and Yuet Sheung International Securities Limited in relation placing Agreement dated 22 June 2022 (as supplemented by the supplemental agreement dated 15 July 2022);
- (g) the placing agreement dated 21 July 2022 entered into between the Company and CNI Securities Group Limited as the placing agent in relation to the placing of up to 144,000,000 new Shares at the placing price of HK\$0.145 per placing Share; and
- (h) the Placing Agreement.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts or professional advisers who have given opinion or advice contained in this circular (collectively, the “**Experts**”):

| Name | Qualification |
|--------------------------|---|
| Sorrento Capital Limited | a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO |
| KTC Partners CPA Limited | Certified Public Accountants |

As at the Latest Practicable Date, each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the Experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the Experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming the Rights Issue is not fully-subscribed and any Unsubscribed Rights Shares and NQS Unsold Shares), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK\$2 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

| | |
|---|--|
| Board of Directors | <i>Executive Directors</i> Mr. Liang Zhichao (<i>Chairman</i>) Ms. Chen Wuyou <i>Independent Non-executive Directors</i> Mr. Cheung Ting Pong Mr. Zhen Jian Ms. Zhao Hongqin |
| Audit committee | Mr. Cheung Ting Pong (<i>Chairman</i>) Mr. Zhen Jian Ms. Zhao Hongqin |
| Nomination committee | Mr. Liang Zhichao (<i>Chairman</i>) Mr. Cheung Ting Pong Mr. Zhen Jian |
| Remuneration committee | Mr. Zhen Jian (<i>Chairman</i>) Ms. Zhao Hongqin Mr. Liang Zhichao |
| Registered office | Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands |
| Head office and principal place of business in Hong Kong | Flat 1703, 17th Floor Wanchai Commercial Centre Nos. 194–204 Johnston Road Hong Kong |
| Authorised representatives | Mr. Liang Zhi Chao Mr. Yau Yan Yuen |
| Business address of all Directors and authorised representatives | Flat 1703, 17th Floor Wanchai Commercial Centre Nos. 194–204 Johnston Road Hong Kong |
| Company secretary | Mr. Yau Yan Yuen (<i>a member of the Hong Kong Institute of Certified Public Accountants</i>) |

| | |
|--|---|
| Principle share registrar and transfer office | Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands |
| Branch share registrar and transfer office in Hong Kong | Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong |
| Principal banker | Bank of Communications Co. Ltd. 20 Pedder Street Central Hong Kong Public Bank (Hong Kong) Limited 120 Des Voeux Road Central Hong Kong |
| Auditors and reporting accountants of the Company | KTC Partners CPA Limited Room 617, 6/F, Seapower Tower Concordia Plaza 1 Science Museum Road Tsimshatsui East Kowloon Hong Kong |
| Legal advisers to the Company | <i>As to Hong Kong law</i> Robertsons 57th Floor, The Center 99 Queen's Road Central Hong Kong <i>As to Cayman law</i> Conyers Dill & Pearman 29th Floor, One Exchange Square 8 Connaught Place Central Hong Kong |

| | |
|--|--|
| Financial adviser to the Company | Bison Corporate Finance Limited Room 602, 6/F 18 King Wah Road North Point Hong Kong |
| Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders | Sorrento Capital Limited 11/F The Wellington 198 Wellington Street Central Hong Kong |
| Placing Agent | CNI Securities Group Limited 36/F, United Asia Finance Centre 333 Lockhart Road Wanchai Hong Kong |

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. LIANG Zhichao (“**Mr. Liang**”), aged 33, obtained a bachelor’s degree in Electrical Engineering from Auckland University of Technology. Mr. Liang is the Vice President of Royston Securities Limited. He has over 8 years of experience in project management, business operation and equity research in HK and PRC.

Ms. CHEN Wuyou (“**Ms. Chen**”), aged 27, obtained a master’s degree in Public Policy and Management from City University of Hong Kong and a bachelor’s degree in International Tourism Management from Macau University of Science and Technology. She has over 6 years of experience in investment management and risk management in HK and PRC.

Independent non-executive Directors

Mr. CHEUNG Ting Pong (“**Mr. Cheung**”), aged 43, has over 16 years of experience in financial operations. He obtained a bachelor’s degree in business administration (accountancy) from the City University of Hong Kong and a master’s degree in business administration from the University of Manchester in the United Kingdom. He has been a fellow member of the Institute of Chartered Accountants in England and Wales, and a fellow member of Hong Kong Institute of Certified Public Accountants.

Mr. Cheung is currently an independent non-executive director, the chairman of each of the Audit Committee and the nomination committee and a member of the remuneration committee of Longhui International Holdings Limited (stock code: 1007). In addition, Mr. Cheung is currently an independent non-executive director and a member of the Audit Committee of AVIC Joy Holdings (HK) Limited (stock code: 260). He was a joint company secretary of Future Data Group Limited (stock code: 8229) from July 2021 to August 2021, the finance and investor relations director and a joint company secretary of Dalipal Holdings Limited (stock code: 1921) from September 2021 to December 2021, an executive director and a non-executive director of Sanbase Corporation Limited (stock code: 8501) from July 2017 to May 2018 and from May 2018 to October 2019, respectively, the company secretary of Munsun Capital Group Limited (now known as Bay Area Gold Group Limited) (stock code: 1194) from November 2016 to January 2017 and an executive director, chief financial officer and company secretary of Modern Dental Group Limited (stock code: 3600) from March 2011 to October 2016. The issued shares of the above-mentioned companies are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Mr. ZHEN Jian (“**Mr. Zhen**”), aged 52, has over 25 years of experience in banking and securities investment in PRC and worked as senior management in several renowned financial institutions. He is currently the Chairman and Investment Director of an investment management company in Shanghai. He was graduated from Correspondence College of the Central Party School of the Communist Party of China with an undergraduate degree in Economics and Management.

Ms. ZHAO Hongqin (“**Ms. Zhao**”), aged 51, obtained a bachelor degree in accounting from Anhui University in China. Ms. Zhao has over 25 years of experience in financial reporting and investment analysis.

Senior management

Mr. YAU Yan Yuen (“**Mr. Yau**”), aged 35, is the Chief Financial Officer, the Company Secretary, the Authorised Representative under Rule 3.05 of the Listing Rules of the Company and the CR Authorised Representative with effect from 22 October 2021. Mr. Yau obtained a degree of Bachelor of Business Administration in Accountancy from the Hong Kong Polytechnic University. Mr. Yau is a member of Hong Kong Institute of Certified Public Accountants. Mr. Yau has over 10 years of experience in financial management, corporate finance and auditing. Mr. Yau is currently an independent non-executive director of Creative China Holdings Limited (stock code: 8368) and company secretary of Windmill Group Limited (stock code: 1850). Mr. Yau had been the chief financial officer and company secretary of Wai Hung Group Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 3321), since its listing in April 2019 to May 2021.

13. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised all of the independent non-executive Directors, namely Mr. Cheung Ting Pong (the chairman of the Audit Committee), Mr. Zhen Jian and Ms. Zhao Hongqin. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “12. Particulars of the Directors and senior management” in this appendix. The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the consolidated financial statements and the interim and annual reports of the Group, reviewing the terms of engagement and scope of audit work of the external auditor, and performing the corporate governance function.

14. DOCUMENTS ON DISPLAY

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

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 31 December 2019, 2020 and 2021;
- (c) the interim report of the Company for the six months ended 30 June 2022;
- (d) the letter from the Board, the text of which is set out on pages 13 to 45 of this circular;
- (e) the letter from the Independent Board Committee, the text of which is set out on page 46 of this circular;
- (f) the letter from the Independent Financial Adviser, the text of which is set out on pages 47 to 75 of this circular;
- (g) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;
- (h) the material contracts referred to in the paragraph headed “8. Material contracts” in this appendix;

- (i) the written consents from the Experts referred to in paragraph headed “9. Experts and Consents” of this appendix;
- (j) the announcement of the Company dated 9 December 2022;
- (k) the announcement of the Company dated 15 December 2022;
- (l) the announcement of the Company dated 30 December 2022; and
- (m) this circular.

15. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (c) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

NOTICE OF EGM

HOPE LIFE INTERNATIONAL HOLDINGS LIMITED

曠逸國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1683)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Hope Life International Holdings Limited (the “**Company**”) will be held at 22/F, Euro Trade Centre, 13–14 Connaught Road Central, Central, Hong Kong on Tuesday, 14 February 2023 at 11:00 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing (with or without amendment) the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** subject to the satisfaction of the conditions set out in the letter from the board under the heading “Conditions of the Share Consolidation” in the circular of the Company dated 20 January 2023, with effect from the second business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on The Stock Exchange of Hong Kong Limited:
 - (a) every two (2) issued and unissued shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of HK\$0.02 (each a “**Consolidated Share**”), and such Consolidated Share(s) shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company (the “**Share Consolidation**”);
 - (b) immediately following the Share Consolidation, the authorised share capital of the Company be changed from HK\$10,000,000 divided into 1,000,000,000 shares of HK\$0.01 each in the share capital of the Company to HK\$10,000,000 divided into 500,000,000 Consolidated Shares;
 - (c) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the directors (the “**Directors**”) of the Company may think fit; and
 - (d) any one Director be and is hereby authorised to approve, sign and execute such documents and do and/or procure to be done any and all acts, deeds and things which in his/her opinion may be necessary, desirable or expedient to effect and implement this resolution.”

NOTICE OF EGM

2. **“THAT**
- (a) immediately following the Share Consolidation, the authorised share capital of the Company be increased from HK\$10,000,000 divided into 500,000,000 Consolidated Shares to HK\$60,000,000 divided into 3,000,000,000 Consolidated Shares by the creation of an additional 2,500,000,000 Consolidated Shares (the **“Increase in Authorised Share Capital”**);
 - (b) immediately following the Increase in Authorised Share Capital, the authorised share capital of the Company be changed from HK\$10,000,000 divided into 500,000,000 Consolidated Shares to HK\$60,000,000 divided into 3,000,000,000 Consolidated Shares; and
 - (c) any one or more Directors be and is/are hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in and for completion of the Increase in Authorised Share Capital.”
3. **“THAT** conditional upon the passing of resolutions numbered 1 and 2 as set out above and subject to the conditions set out in the letter from the board under the heading **“Conditions of the Rights Issue”** in the circular of the Company dated 20 January 2023:
- (a) the allotment and issue of 864,000,000 new Consolidated Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date (as defined below) and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) (the **“Rights Shares”**) pursuant to an offer by way of rights to the shareholders of the Company (the **“Shareholders”**) at the subscription price of HK\$0.140 per Rights Share (the **“Subscription Price”**) on the basis of two (2) Rights Shares for every one (1) Consolidated Share held by the Shareholders (the **“Qualifying Shareholders”**) whose names appear on the register of members of the Company on 27 February 2023, or such other date as may be determined by the Company for determining entitlements of Shareholders to participate in the Rights Issue (as defined below) (the **“Record Date”**), as described in further details in a circular issued by the Company dated 20 January 2023 (a copy of which has been produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification), save for the Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) to whom the Directors, based on legal opinions to be provided by the legal advisers to the Company, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s) (the **“Non-Qualifying**

NOTICE OF EGM

Shareholders”), and on and subject to such terms and conditions as may be determined by the Directors (the “**Rights Issue**”), be and is hereby approved, confirmed and ratified;

- (b) the placing agreement dated 9 December 2022 (the “**Placing Agreement**”) and entered into between the Company and CNI Securities Group Limited (a copy of which has been produced to the Meeting marked “B” and signed by the chairman of the Meeting for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Qualifying Shareholders and/or the Rights Shares which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company at the placing price of not less than the Subscription Price on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) the board of Directors or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the existing Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to any Non-Qualifying Shareholders, and to do all such acts and things or make such arrangements as it considers necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and
- (d) any one or more Directors be and is/are hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.”

SPECIAL RESOLUTION

As special business, to consider and, if thought fit, pass the following resolution as a special resolution of the Company:

- 4. “**THAT** the proposed amendments to the existing amended and restated articles of association of the Company set out in Appendix III to the circular of the Company dated 20 January 2023 (the “**Proposed Amendments**”) of which this notice forms part be and are hereby approved and that the second amended and restated articles of association of the Company which incorporate all the Proposed Amendments be and is hereby adopted as the new articles of association of the Company in substitution for and to the exclusion of the existing amended and restated articles of association of the Company with immediate effect after the close of the meeting, and that any one

NOTICE OF EGM

Director or company secretary of the Company be and is hereby authorised to do all things necessary to implement the adoption of the second amended and restated articles of association.”

By order of the Board
Hope Life International Holdings Limited
LIANG Zhichao
Chairman

Hong Kong, 20 January 2023

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

Principal place of business in Hong Kong:
Flat 1703, 17th Floor
Wanchai Commercial Centre
Nos. 194–204 Johnston Road
Hong Kong

Notes:

- (1) An eligible shareholder is entitled to appoint one or more proxies to attend, speak and vote in his/her stead at the Meeting (or at any adjournment of it) provided that each proxy is appointed to represent the respective number of shares held by the shareholder as specified in the relevant proxy forms. The proxy does not need to be a shareholder of the Company.
- (2) Where there are joint registered holders of any shares, any one of such persons may vote at the Meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (3) A proxy form for use at the Meeting or its adjourned Meeting is enclosed.
- (4) In order to be valid, the completed proxy form must be received by the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong at least 48 hours before the time appointed (i.e. Sunday, 12 February 2023 at 11:00 a.m.) for holding the Meeting or adjourned meeting (as the case may be). If a proxy form is signed by an attorney of a shareholder who is not a corporation, the power of attorney or other authority under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong) must be delivered to the Hong Kong branch share registrar and transfer office of the Company together with the proxy form. In the case of a corporation, the proxy form must either be executed under its common seal or be signed by an officer or agent duly authorised in writing.
- (5) For the purposes of determining shareholders' eligibility to attend, speak and vote at the Meeting (or at any adjournment of it), the register of members of the Company will be closed from Wednesday, 8 February 2023 to Tuesday, 14 February 2023, (both dates inclusive), during which period no transfer of shares of the Company will be registered. To be eligible to attend, speak and vote at the above meeting (or at any adjournment of it), all properly completed transfer documents accompanied by the relevant share certificate must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 7 February 2023.

NOTICE OF EGM

- (6) The voting at the Meeting or its adjourned Meeting will be taken by poll.
- (7) If tropical cyclone warning signal No. 8 or above, or a “black” rainstorm warning or “extreme conditions after super typhoons” announced by the Government of Hong Kong is/are in effect any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the website of the Company at www.hopelife.hk and on the website of the Stock Exchange at www.hkexnews.hk to notify the Shareholders of the date, time and place of the re-scheduled Meeting.

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

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

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

Executive Directors:

Mr. Liang Zhichao (*Chairman*)

Ms. Chen Wuyou

Independent non-executive Directors:

Mr. Cheung Ting Pong

Mr. Zhen Jian

Ms. Zhao Hongqin