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

If you have sold or transferred all your shares in State Innovation Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer as effected for transmission to the purchaser or the transferee.

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STATE INNOVATION HOLDINGS LIMITED

國科控股有限公司

(Formerly known as "BEAVER GROUP (HOLDING) COMPANY LIMITED 永勤集團(控股)有限公司")

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8275)

**(I) DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION
OF THE ENTIRE ISSUED SHARE CAPITAL
OF THE TARGET COMPANY INVOLVING THE ISSUE OF
CONVERTIBLE BOND UNDER SPECIFIC MANDATE;
(II) PLACING OF CONVERTIBLE BOND UNDER SPECIFIC MANDATE;
(III) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(IV) NOTICE CONVENING THE EXTRAORDINARY GENERAL MEETING**

Financial Advisor



The notice convening the EGM to be held at Units 1203B, 1204–1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong, on 23 September 2022, at 11:00 a.m. is set out on EGM-1 to EGM-4 of this circular. Whether or not you are able to attend the meeting in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or via the designated URL (<http://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company as soon as possible and in any event no less than 48 hours before the time appointed for the holding of the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM (or any adjournment thereof) should you so wish.

This circular will remain on the Stock Exchange's website at <http://www.hkexnews.hk> on the "Latest Company Announcements" page for at least 7 days from the date of publication and will also be published on the website of the Company at www.beavergroup.com.hk. All times and dates specified herein refer to Hong Kong local times and dates.

PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing novel coronavirus (COVID-19) outbreak, mass gatherings would potentially impose a significant risk in terms of the spread of the virus. For the safety of our Shareholders, staff and stakeholders, the Company encourages Shareholders to appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM, instead of attending the EGM in person, by completing and returning the form of proxy in accordance with the instructions printed thereon.

Shareholders and other persons attending the EGM should note that, consistent with the government guidelines for the prevention and control of COVID-19, the Company will implement precautionary measures to reduce the risk of contracting and spreading of COVID-19 at the EGM, including:

- (a) Compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.4 degrees Celsius may be required to leave the meeting venue at the absolute discretion of the Company to the extent permitted by law;
- (b) Every Shareholder or proxy is required to wear a surgical face mask throughout the meeting, any person who is not wearing a surgical face mask may be required to leave the meeting venue at the absolute discretion of the Company to the extent permitted by law;
- (c) No corporate gifts will be distributed;
- (d) No refreshments will be served;
- (e) Hand sanitizers will be available at the entrance of the meeting venue; and
- (f) Other safe distancing measures as appropriate.

The Company seeks the understanding and cooperation of all Shareholders to minimise the risk of spreading COVID-19.

2 September 2022

CHARACTERISTICS OF GEM

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

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

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PRECAUTIONARY MEASURES FOR EXTRAORDINARY GENERAL MEETING

In light of the epidemic situation of novel coronavirus disease (COVID-19), the following precautionary measures will be implemented at the EGM to safeguard the health and safety of Shareholders who might be attending the EGM in person:

1. Compulsory body temperature checks will be conducted for every attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degree Celsius may be denied entry into the EGM venue and be required to leave the EGM venue.
2. Every attendee will be required to wear a surgical face mask throughout the EGM and inside the EGM venue, and to sit at a distance from other attendees. Please note that no masks will be provided at the meeting venue and attendees should bring and wear their own masks.
3. No refreshment will be served, and there will be no gift.
4. Each attendee may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the EGM; (b) he/she is subject to any HKSAR Government prescribed quarantine; and (c) he/she has any flu-like symptoms or close contact with any person under quarantine or with recent travel history. Anyone who responds positively to any of these questions may be denied entry into the EGM venue and be required to leave the EGM venue.

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

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of the Target Company by the Purchaser from the Vendors pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 23 May 2022 entered into after trading hours between the Vendors and the Purchaser in respect of the Acquisition
“Adjusted Consideration”	the final Consideration after the adjustment in accordance to the Adjusted NAV
“Adjusted NAV”	the net asset value of the Target Group as at the date being the third Business Day immediately preceding the Completion Date or such other date as the parties may agree in writing
“Approved Merchant Bank”	a licensed corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO appointed in accordance with the terms of Convertible Bonds
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Auditors”	the auditors of the Company from time to time
“Board”	the Board of Directors
“Bondholder(s)”	the Vendor I and the Placee(s) and/or any person who is for the time being the registered holder of the Convertible Bond (I) and/or Convertible Bond (II)
“Business Day(s)”	a day on which banks in Hong Kong are open for normal banking business (excluding Saturdays, Sundays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“BVI”	the British Virgin Islands

DEFINITIONS

“Company”	State Innovation Holdings Limited (formally known as “Beaver Group (Holding) Company Limited”), a company incorporated in the Cayman Islands with limited liability whose issued share are listed on GEM of the Stock Exchange (stock code: 8275)
“Comparable Companies”	an exhaustive list of recent proposed placing and issue of convertible bonds/notes announced by companies listed on the Stock Exchange, from 24 November 2021 up to and including the date of the Placing Agreement excluding those with fixed placing commission
“Completion”	the completion of the Acquisition
“Completion Date”	the date of Completion, which shall be a date agreed by the parties in writing after all the conditions precedent as set out in the Acquisition Agreement have been fulfilled or satisfied (unless otherwise waived under and pursuant to the Acquisition Agreement)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration for the Acquisition, being HK\$20,000,000 (subject to adjustment)
“Conversion Price (I)”	HK\$0.8 per Conversion Share (I) (subject to adjustment)
“Conversion Price (II)”	HK\$0.55 per Conversion Share (II) (subject to adjustment)
“Conversion Rights (I)”	the rights attaching to each Convertible Bond (I) to convert the principal amount or a part thereof into Shares
“Conversion Rights (II)”	the rights attaching to each Convertible Bond (II) to convert the principal amount or a part thereof into Shares
“Conversion Share(s)”	collectively, Conversion Share(s) (I) and Conversion Share(s) (II)

DEFINITIONS

“Conversion Share(s) (I)”	in the case of the Conversion Rights (I) of Convertible Bond(s) (I) having been exercised in full, a maximum of 12,500,000 new Shares to be allotted and issued by the Company pursuant to the terms and conditions contained in the Convertible Bond (I), which, upon conversion of the Convertible Bonds in their entirety, shall represent approximately 6.19% of the enlarged issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares
“Conversion Share(s) (II)”	in the case of the Conversion Rights (II) of Convertible Bond(s) (II) having been exercised in full, a maximum of 54,545,454 new Shares to be allotted and issued by the Company pursuant to the terms and conditions contained in the Convertible Bond (II), which, upon conversion of the Convertible Bonds in their entirety, shall represent approximately 27.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares
“Convertible Bond(s)”	collectively, Convertible Bond (I) and Convertible Bond (II)
“Convertible Bond(s) (I)”	the 2.5% unsecured redeemable convertible bond(s) in the aggregate principal amount of HK\$10,000,000 to be issued by the Company to the Vendor I for settlement and discharge of part of the Consideration in accordance with the Acquisition Agreement
“Convertible Bond(s) (II)”	the 2.5% unsecured redeemable convertible bonds in the aggregate principal amount of up to HK\$30,000,000 to be issued by the Company under the Placing Agreement
“Current Market Price”	in respect of a Share at a particular date, the average of the price published in the Stock Exchange’s daily quotation sheets for one Share for the five consecutive dealing days ending on the dealing day immediately preceding such date
“Deposit”	a refundable deposit of HK\$1,000,000 payable under the Acquisition Agreement
“Director(s)”	director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting convened by the Company to approve, among other matters, the Acquisition and the issue of the Convertible Bonds and the grant of the Specific Mandate and Increase In Authorised Share Capital
“First Issue Date”	(a) For Convertible Bond (I): the initial date of issue of the Convertible Bond (I) on the Completion Date; and (b) For Convertible Bond (II), the initial date of issue of the Convertible Bond (II) on the Placing Completion Date
“FRR”	the Securities and Futures (Financial Resources) Rules (Chapter 571N of the laws of Hong Kong)
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$100,000,000 divided into 200,000,000 Shares to HK\$200,000,000 divided into 400,000,000 Shares by the creation of an additional 200,000,000 new Shares, subject to the approval as an ordinary resolution of Shareholder at the EGM
“Independent Third Party(ies)”	any persons or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of and not connected with the Company and its connected persons
“Latest Practicable Date”	24 August 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein

DEFINITIONS

“Placee”	any individual, institutional or other professional investor procured by the Placing Agent to subscribe for any Convertible Bond (II) in performance of the obligations of the Placing Agent under the Placing Agreement
“Placing”	the placing of the Convertible Bond (II) pursuant to the Placing Agreement
“Placing Agent”	Astrum Capital Management Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the agreement dated 23 May 2022 entered into between the Company and the Placing Agent as amended by the Supplemental Placing Agreement, in respect of the Placing
“Placing Completion Date”	a date falling within five Business Days after the fulfilment of the conditions set out in the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing
“Placing Long Stop Date”	31 December 2022 or such later date as the Company and the Placing Agent may agree in writing
“Purchaser”	the Company
“Sale Share(s)”	100 issued shares of the Target Company, which represents 100% of the issued share capital of the Target Company as at the date of the Acquisition Agreement and as at Completion. The Sale Shares are owned as to 60 issued shares of the Target Company by Vendor I and 40 issued shares of the Target Company by Vendor II
“Scrip Dividend”	an issue of Shares paid up out of distributable profits or reserves (including any share premium account and/or contributed surplus and/or capital redemption reserve) and issued instead of the whole or any part of a cash dividend which the Shareholders would or could otherwise have received
“SFC”	the Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) with par value of HK\$0.5 and in the share capital of the Company
“Shareholder(s)”	the holders of the Shares for the time being
“Specific Mandate”	the specific mandate to be granted to the Directors to allot, issue and deal with not more than 67,045,454 Conversion Shares in aggregate at the EGM
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Supplemental Comparable Companies”	an exhaustive list of recent proposed placing and issue of convertible bonds/notes announced by companies listed on the Stock Exchange, from 24 November 2021 up to and including the date of the Supplemental Placing Agreement excluding those with fixed placing commission
“Supplemental Placing Agreement”	the supplemental placing agreement dated 12 August 2022 entered into between the Company and the Placing Agent to amend certain terms and conditions of the Placing Agreement
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC
“Target Company”	Tiger Faith Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owns each of TFAML and TFSL
“Target Group”	the group of companies comprising the Target Company, TFAML and TFSL
“TFAML”	Tiger Faith Asset Management Limited, being a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Target Company, and a corporation licensed to carry out Type 4 (advising securities) and Type 9 (asset management) regulated activities under the SFO

DEFINITIONS

“TFSL”	Tiger Faith Securities Limited, being a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Target Company, and a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Vendor I”	Ms. Yip Nga Wan (葉雅雲), an individual and an Independent Third Party
“Vendor II”	Mr. Wong Hoi Cheung (王海翔), an individual and an Independent Third Party
“Vendors”	collectively, Vendor I and Vendor II
“%”	per cent.

LETTER FROM THE BOARD

STATE INNOVATION HOLDINGS LIMITED
國科控股有限公司

(Formerly known as “BEAVER GROUP (HOLDING) COMPANY LIMITED 永勤集團(控股)有限公司”)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8275)

Executive Directors:

Mr. Tang Kwai Leung Stanley (*Chairman*)

Mr. Chui Koon Yau

Independent non-executive Directors:

Mr. He Dingding

Ms. Chan Tsz Hei Sammi

Ms. Liu Ching Man

Registered office:

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman

KY1-1108

Cayman Islands

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

Room 1204, 12/F, Block 2

Golden Industrial Building

16–26 Kwai Tak Street

Kwai Chung, New Territories

Hong Kong

2 September 2022

To the Shareholders

Dear Sir or Madam,

**(I) DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION
OF THE ENTIRE ISSUED SHARE CAPITAL
OF THE TARGET COMPANY INVOLVING THE ISSUE OF
CONVERTIBLE BOND UNDER SPECIFIC MANDATE;
(II) PLACING OF CONVERTIBLE BOND UNDER SPECIFIC MANDATE;
(III) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(IV) NOTICE CONVENING THE EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcements of the Company dated 23 May 2022, 13 June 2022 and 12 August 2022 in relation to the Acquisition involving the issue of the Convertible Bond (I), the Placing and the Increase in Authorised Share Capital.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the discloseable transaction in relation to the acquisition of the entire issued share capital of the Target Company involving the issue of Convertible Bond (I) under the Specific Mandate; (ii) further details of the Placing; (iii) further details of the Increase in Authorised Share Capital; and (iv) a notice convening the EGM.

(I) THE ACQUISITION

On 23 May 2022 (after trading hours), the Company, as the Purchaser, and the Vendors entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendors conditionally agreed to sell the entire issued share capital of the Target Company at the Consideration of HK\$20,000,000.

THE ACQUISITION AGREEMENT

Date:	23 May 2022 (after trading hours)
The Purchaser:	the Company
The Vendors	Vendor I, who holds 60% of the total issued shares of the Target Company; and Vendor II, who holds 40% of the total issued shares of the Target Company
The Target Company:	Tiger Faith Holdings Limited

As at the date of this circular, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors are Independent Third Parties.

Subject matter

Pursuant to the Acquisition Agreement, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares.

Consideration and payment terms

(i) HK\$10,000,000 of the Consideration shall be satisfied by cash and (ii) HK\$10,000,000 of the Consideration shall be settled by the issue of the Convertible Bond (I).

The Consideration shall be satisfied in the following manner, subject to the adjustment in accordance with the Adjusted NAV:

- (a) A refundable deposit of HK\$1,000,000 shall be paid to the Vendor II within 14 days upon signing of the Acquisition Agreement;
- (b) HK\$7,000,000 shall be paid to Vendor II within 14 days after the Completion;

LETTER FROM THE BOARD

- (c) HK\$2,000,000 shall be paid to Vendor I within 14 days after the Completion; and
- (d) HK\$10,000,000 shall be settled by the issue of the Convertible Bond (I) upon the Completion.

The Consideration will be adjusted based on the Adjusted NAV and the Adjusted Consideration shall not exceed the Consideration.

The Consideration shall be subject to downward adjustment as determined in accordance with the following formula:

- (a) in the event the Adjusted NAV is less than HK\$16,000,000, then the shortfall shall be deducted, on a dollar-to-dollar basis, from the original Consideration of HK\$20,000,000; and
- (b) in the event the Adjusted NAV is a negative figure, then the Adjusted Consideration shall be adjusted to HK\$4,000,000. Under the Acquisition Agreement, the Vendors warrant to the Company that there has been no deterioration in the financial or trading position, profitability, prospects or turnover of the Target Group and there has been no significant event or occurrence which has had or may following the Completion have an adverse effect on the business, value, profitability or prospects of the Group. In addition, the Completion is conditional upon, among others, the Vendors' warranties under the Acquisition Agreement remaining true, accurate and not misleading at Completion and no events having occurred that would result in any breach of any of the Vendors' warranties or other provisions of the Acquisition Agreement by the Vendors.

For the avoidance of doubt, given the aforesaid provisions in the Acquisition Agreement, if the Adjusted NAV eventually turns out to be a negative figure, this would in effect constitute a material adverse change in the financial position of the Group. In such circumstances, the Board would exercise its contractual right to (i) terminate the Acquisition Agreement; and (ii) demand from Vendor II to return the deposit of HK\$1,000,000. Upon termination, none of the parties shall have any claim against the other for costs, damages, compensation or otherwise (save in respect of any prior breach of the Acquisition Agreement). In view of the aforesaid, the Directors consider that the downward adjustment in the Acquisition Agreement is in the interest of the Company and the Shareholders as a whole.

In the event the Consideration is to be adjusted (the "**Adjustment**"), the amount payable to the Vendors shall be reduced on a pro rata basis based on the shareholding of Vendor I and Vendor II in the Target Company in the following manner:

- (a) in respect of Vendor I, the Adjustment shall first be deducted from the cash consideration payable to Vendor I at Completion and, where applicable, the remaining Adjustment from the principal amount of the Convertible Bond (I) at the Completion; and

LETTER FROM THE BOARD

- (b) in respect of Vendor II, the Adjustment shall be deducted from the cash consideration payable to Vendor II at the Completion.

The Consideration will be settled by internal resources, the proposed issue of the Convertible Bond (I) and the gross proceeds from the proposed issue of the Convertible Bond (II) (details of which are set out below in this circular). If the Acquisition Agreement is terminated for whatever reasons, the Deposit shall be refunded to the Purchaser within five Business Days after the notice of the termination upon the Purchaser's written notice under the Acquisition Agreement.

Condition precedent

The Completion shall be subject to the following conditions precedent having been satisfied or fulfilled:

- (a) the passing by the Shareholders by way of poll at a general meeting of a resolution in accordance with the GEM Listing Rules to approve (i) the Acquisition Agreement and the transactions contemplated thereunder; (ii) the creation and issue of the Convertible Bond (I) and the allotment and issue of the Conversion Shares (I) pursuant to the exercise of Conversion Rights (I); and (iii) the Specific Mandate;
- (b) the Purchaser having conducted a due diligence review on the Target Group and being reasonably satisfied with the results thereof;
- (c) all other approvals, consents and acts required for the Purchaser entering into or executing the transactions under the Acquisition Agreement being obtained and completed including but not limited to the listing of and permission to deal in the Conversion Shares (I) having been granted by the Stock Exchange and which has not been revoked as at the Completion Date;
- (d) the Purchaser having obtained regulatory approvals from the SFC in respect of the change in shareholders of the Target Company;
- (e) all other necessary approvals, consents, authorisations and licenses in relation to the transactions contemplated under the Acquisition Agreement having been obtained;
- (f) the Vendors' warranties under the Acquisition Agreement remaining true, accurate and not misleading at the Completion and no events having occurred that would result in any breach of any of the Vendors' warranties or other provisions of the Acquisition Agreement by the Vendors;
- (g) the Target Group maintaining all relevant permits and licenses for its operation;
- (h) there being no changes to the responsible officers of each of TFAML and TFSL; and

LETTER FROM THE BOARD

- (i) no material adverse change or prospective material adverse change in the Target Group's business, operations, financial conditions or prospects has occurred since the signing of the Acquisition Agreement.

The Convertible Bond (I) will be issued at the Completion of the Acquisition Agreement. As at the Latest Practicable Date, none of the conditions precedent have been satisfied or fulfilled.

Completion

Completion shall take place on a date agreed by the Purchaser and the Vendors after the date of fulfilment of the conditions precedent under the Acquisition Agreement (or such later date as the Purchaser and the Vendors may agree). If the conditions precedent are not fulfilled on or before 31 March 2023 (or other date as the parties may agree), the Acquisition Agreement shall lapse.

Upon the Completion, the Company will directly hold the entire issued share capital of the Target Company. As a result, the financial results of the Target Group will be consolidated into the financial statements of the Company.

(II) THE CONVERTIBLE BOND (I)

On 23 May 2022 (after trading hours), the Company and the Vendors entered into the Acquisition Agreement, pursuant to which the Company conditionally agreed to purchase and the Vendors conditionally agreed to sell the entire issued share capital of the Target Company at the Consideration of which HK\$10,000,000 will be settled by the issue of the Convertible Bond (I). The Conversion Shares (I) will be allotted and issued under the Specific Mandate. Principal terms of the Convertible Bond (I) are arrived at after arm's length negotiations between the Company and Vendor I and are summarized as follows:

Issuer:	The Company
Principal amount:	HK\$10,000,000
Maturity date:	The date falling the expiration of two years after the First Issue Date of the Convertible Bond (I) (the " Maturity Date ")
Interest rate:	The Convertible Bond (I) bear interest on the outstanding principal amount from and including the First Issue Date at the rate of 2.5% per annum payable annually in arrears from the First Issue Date.

LETTER FROM THE BOARD

Conversion Price (I):

The initial Conversion Price (I) is HK\$0.8 per Conversion Share, subject to adjustments set out in the paragraph headed “Adjustments to the Conversion Price (I)” below.

The initial Conversion Price (I) of HK\$0.8 per Conversion Share represents:

- (i) a premium of approximately 33.33% over the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the date of the Acquisition Agreement;
- (ii) a premium of approximately 30.29% over the average closing price of approximately HK\$0.614 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Acquisition Agreement;
- (iii) a premium of approximately 38.65% over the average closing price of approximately HK\$0.577 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Acquisition Agreement; and
- (iv) a premium of approximately 128.57% to the closing price of HK\$0.35 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

The Conversion Price (I) was determined after arm’s length negotiations between the Vendor I and the Company with reference to the prevailing market price of the Shares, in particular the average closing price of approximately HK\$0.614 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Acquisition Agreement. The Directors consider that the Conversion Price (I) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Adjustments to the Conversion
Price (I):

The initial Conversion Price (I) shall from time to time be subject to adjustment in accordance with this paragraph:

- (i) any alteration to the nominal value of the Shares as a result of consolidation or subdivision or reclassification

If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation or subdivision or reclassification, the Conversion Price (I) shall be adjusted by multiplying the Conversion Price (I) in force immediately prior to such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date such alteration takes effect.

LETTER FROM THE BOARD

- (ii) issue of Shares credited as fully paid to the Shareholders by way of (a) capitalisation of profits or reserves; or (b) a Scrip Dividend

If and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account, contributed surplus and/or capital redemption reserve), save where Shares are issued in lieu of the whole or any part of a specifically declared cash dividend (“**Relevant Cash Dividend**”), being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Scrip Dividend, the Conversion Price (I) shall be adjusted by multiplying the Conversion Price (I) in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of issued Shares immediately before such issue; and

B is the aggregate nominal amount of issued Shares immediately after such issue.

Such adjustment shall become effective from the earlier of the commencement of the day immediately following the record date for such issue (if any) and the date of issue of such Shares.

LETTER FROM THE BOARD

In the case of an issue of Shares by way of a Scrip Dividend where the total Current Market Price of such Shares to be issued by way of Scrip Dividend on the date of the first public announcement of the terms of such Scrip Dividend exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a capital distribution, the Conversion Price (I) shall be adjusted by multiplying the Conversion Price (I) in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue;
- B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which: (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend; and (ii) the denominator is the total Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

LETTER FROM THE BOARD

- (iii) the payment or making of any capital distribution to the Shareholders

If and whenever the Company shall pay or make any capital distribution to the Shareholders (except where and to the extent that the Conversion Price (I) falls to be adjusted under (ii) above or falls within (ii) above but no adjustment falls to be made), the Conversion Price (I) shall be adjusted by multiplying the Conversion Price (I) in force immediately prior to such capital distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the dealing day immediately preceding the date on which the capital distribution is publicly announced or (failing such announcement) the dealing date immediately preceding the date of the capital distribution; and
- B is the fair market value on the date of such announcement (or as the case may require, the dealing date falling on the date of the capital distribution), as determined in good faith by the Approved Merchant Bank or the Auditors, acting as an expert, of the portion of the capital distribution attributable to one Share.

LETTER FROM THE BOARD

Provided that if in the opinion of the Approved Merchant Bank or the Auditors, the fair market value as aforesaid produces a result which is significantly inequitable, the Approved Merchant Bank or the Auditors may, acting as an expert, instead determine (and in such event the above formula shall be construed accordingly) the amount which should properly be attributed to the value of the capital distribution.

Such adjustment shall become effective on the date that such capital distribution is announced or (as the case may require), the dealing date falling on the date of such capital distribution.

- (iv) the issue of Shares to Shareholders by the Company by way of rights, or issue or grant to Shareholders, by way of rights, options or warrants to subscribe for new Shares, at less than 90% of the Current Market Price per Share

If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options or warrants to subscribe for new Shares, in each case at a price per Share which is less than 90% of the Current Market Price per Share on the dealing day immediately preceding the date of the announcement of the terms of the issue or grant of such Shares, options, warrants or other rights, the Conversion Price (I) shall be adjusted by multiplying the Conversion Price (I) in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

LETTER FROM THE BOARD

where:

- A is the number of Shares in issue immediately before the date of such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein, would subscribe for or purchase at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of the issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

LETTER FROM THE BOARD

- (v) the issue of any securities (other than Shares or options or warrants to subscribe for new Shares) by the Company to Shareholders by way of rights

If and whenever the Company shall issue any securities (other than Shares or options or warrants to subscribe for new Shares) to all or substantially all Shareholders as a class by way of rights, the Conversion Price (I) shall be adjusted by multiplying the Conversion Price (I) in force immediately prior to such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Conversion Price (I) of one Share or the Current Market Price of one Share, whichever is lower, on the dealing day immediately preceding the date on which such issue or grant is publicly announced or (failing such announcement) on the dealing day immediately preceding the record date for such issue or grant; and
- B is the fair market value on the date of such announcement (or as the case may require the dealing day falling on the record date for such issue or grant), as determined in good faith by the Approved Merchant Bank or the Auditors, acting as an expert, of the portion of the rights attributable to one Share.

Such adjustment shall become effective from the commencement of the day next following the record date for such issue or grant.

LETTER FROM THE BOARD

- (vi) the issue by the Company wholly for cash of any Shares or the issue or grant by the Company of any options or warrants to subscribe for new Shares in each case at a price per Share which is less than 90% of the Current Market Price per Share

If and whenever the Company shall issue (otherwise than as mentioned in (iv) above) wholly for cash any Shares, or issue or grant (otherwise than as mentioned in (iv) above) any options, warrants or other rights to subscribe for or purchase any Shares, at a price per Share which is less than 90% of the Current Market Price per Share on the dealing day immediately preceding the date of announcement of the terms of such issue or grant, the Conversion Price (I) shall be adjusted by multiplying the Conversion Price (I) in force immediately prior to such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares;
- B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such Current Market Price; and
- C is the maximum number of Shares to be issued pursuant to the issue of such additional Shares or upon exercise of the options, warrants or other rights at the initial conversion or exchange or subscription rate or price.

Such adjustment shall become effective on the date of issue or grant of such additional Shares, options, warrants or other rights.

LETTER FROM THE BOARD

(vii) the issue wholly for cash by the Company of any securities (other than the Convertible Bond (I) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares or securities which by their terms might be redesignated as Shares to be issued by the Company upon conversion, exchange, subscription or redesignation at a consideration per Share which is less than 90% of the Current Market Price per Share

Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms of such securities themselves falling within this (vii), if and whenever the Company or any subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any subsidiary) any other company, person or entity (otherwise than as mentioned in (iv), (v) and (vi) above) shall issue wholly for cash any securities (other than the Convertible Bond(s)) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares (or shall grant any such rights in respect of existing securities so issued) or securities which by their terms might be redesignated as Shares, and the consideration per Share receivable by the Company in respect of such conversion, exchange, subscription or redesignation is less than 90% of the Current Market Price per Share on the dealing day immediately preceding the date of announcement of the terms of such securities (or the terms of such grant), the Conversion Price (I) shall be adjusted by multiplying the Conversion Price (I) in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

LETTER FROM THE BOARD

where:

- A is the number of Shares in issue immediately before such issue or grant;
- B is the number of Shares which the aggregate consideration (if any) receivable by the Company for the Shares to be issued, or otherwise made available, upon conversion or exchange or upon the exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued upon conversion or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue or grant of such securities.

- (viii) any modification of the rights of conversion, exchange, subscription or redesignation attaching to any such securities as mentioned in (vii) above (other than the Convertible Bond (I) and any adjustment of the Conversion Price (I) in accordance with the terms applicable to such securities) so that following such modification the consideration per Share is less than 90% of the Current Market Price

LETTER FROM THE BOARD

If and whenever there shall be any modification of the rights of conversion, exchange, subscription or redesignation attaching to any such securities as are mentioned in (vii) above (other than the Convertible Bond(s) and any adjustment of the Conversion Price (I) in accordance with the terms applicable to such securities) so that following such modification the consideration per Share receivable by the Company in respect of such conversion, exchange, subscription or redesignation is less than 90% of the Current Market Price per Share on the dealing day immediately preceding the date of announcement of the proposal for such modification, the Conversion Price (I) shall be adjusted by multiplying the Conversion Price (I) in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration (if any) receivable by the Company for the Shares to be issued, or otherwise made available, upon conversion, exchange or redesignation or upon exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price per Share, or the existing conversion, exchange, subscription or redesignation price of such securities; and

LETTER FROM THE BOARD

C is the maximum number of Shares to be issued, or otherwise made available, upon conversion, exchange or redesignation of such securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange, redesignation or subscription price or rate but giving credit in such manner as the Approved Merchant Bank or the Auditors shall, acting as an expert, consider in good faith to be appropriate (if at all) for any previous adjustment under this sub-clause or (vii) above.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange, subscription or redesignation attaching to such securities.

Conversion Shares (I):

Assuming the Conversion Rights (I) are exercised in full at the initial Conversion Price (I), the maximum of 12,500,000 Conversion Shares (I) represent (i) approximately 9.26% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 6.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there will be no change in the total number of issued Shares from the Latest Practicable Date up to the full conversion of the Convertible Bonds).

Conversion Period:

The period commencing from the First Issue Date and up to 4:00 p.m. on the Maturity Date.

LETTER FROM THE BOARD

Conversion Rights (I):

The bondholder has the right to convert the whole or part of the outstanding principal amount of the Convertible Bond (I) (in the amount of HK\$100,000 or integral multiples thereof) at any time during the Conversion Period, provided that the Convertible Bond (I) may not be converted, to the extent if following such conversion, such bondholder and parties acting in concert, taken together, will become obliged to make a mandatory offer under Rule 26 of the Takeovers Code. Upon conversion of the rights attached to the Convertible Bond (I), there are no restrictions imposed on the subsequent sale of the Conversion Shares (I).

Bondholder's right for redemption:

By 12:00 p.m. on the Maturity Date, the bondholder may elect to request the Company to repay all outstanding principal amount and any other outstanding amount due but unpaid on the Convertible Bond (I) (if any) on the Maturity Date. Where no such election is made by the bondholder on the Maturity Date, the Convertible Bond (I) which remains outstanding shall be subject to automatic conversion as set out below.

Conversion at maturity:

Any of the Convertible Bond (I) which remains outstanding by 4:00 p.m. on the Maturity Date shall be automatically converted into Conversion Shares (I) upon the Maturity Date at the then prevailing Conversion Price (I).

For the avoidance of doubt, there shall not be any mandatory conversion of the Convertible Bond (I) on the Maturity Date if such conversion will result in a bondholder and his/her/its respective parties acting in concert triggering a mandatory general offer and in such event, the balance of the Convertible Bond (I) not converted into Conversion Shares (I) will be redeemed by the Company at a redemption amount equal to the principal amount of the Convertible Bond (I) and such sum shall be payable to the bondholder on the Business Day immediately following the Maturity Date.

LETTER FROM THE BOARD

- Redemption prior to maturity: The Company may at any time before the Maturity Date and from time to time by serving at least ten (10) days' prior written notice on the bondholder(s) with the total amount proposed to be redeemed from the bondholder specified therein, redeem the Convertible Bond (I) (in whole or in part) at 100% of the principal amount of such Convertible Bond (I) together with payment of interest accrued up to the date of such early redemption.
- Redemption on default: Upon the occurrence of an event of default, the bondholder(s) may, unless such event of default has been waived in writing by them, by notice in writing require the Company to redeem the whole (but not part) of the outstanding principal amount of the Convertible Bond (I) at the redemption amount which is equivalent to the principal amount of the Convertible Bond (I) and such sums shall become due and payable on the 10th Business Day after the date of such notice.
- Transferability: The Convertible Bond (I) (or any part thereof) shall not be assigned or transferred without the prior written consent of the Company.
- Ranking: The Conversion Shares (I) shall rank *pari passu* in all respects among themselves and with all other existing Shares in issue at the date of conversion.
- Application of listing: No application shall be made to the Stock Exchange for the listing of the Convertible Bond (I). The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares (I).

LETTER FROM THE BOARD

REASONS FOR THE ISSUE OF CONVERTIBLE BOND (I)

As stated in the announcement of the Company dated 23 May 2022, the Group is a foundation contractor primarily specialising in bored piling works as well as other foundation works. The Group is also engaged in leasing of machinery. To enhance the Group's future competitiveness and influence, the Group has a preliminary plan to develop new business segments on the basis of consolidating its existing businesses. The Board believes that the finance and fintech industry has a promising prospect, and that developing finance will enable the Group to benefit from diversified revenue streams.

On 23 May 2022 (after trading hours), the Company and the Vendors entered into the Acquisition Agreement, pursuant to which the Company conditionally agreed to purchase and the Vendors conditionally agreed to sell the entire issued share capital of the Target Company at the Consideration of which HK\$10,000,000 will be settled by the issue of the Convertible Bond (I).

Whilst remaining focused on developing its existing businesses, the Board is eyeing on an increasing prevalence of financial technology in the market. In the first quarter of 2022, the Hong Kong market demonstrated robustness and resiliency despite worldwide market volatility and geopolitical conflicts. The IPO market remained strong with over 150 active applications. It is also expected that more and more Chinese companies listed in the United States will seek secondary listing in Hong Kong in the near future. Financial creativity continued to shine in the Hong Kong market. The first special purpose acquisition company was listed in March 2022 with more than ten active applications pending approvals as at 31 March 2022.

Through the Acquisition, the Company will have access to the market players of the financial services through the provision of financial services such as underwriting and providing investment advices. The Acquisition will enable the Company to diversify its revenue sources from providing foundation-related works service and leasing machinery to providing financial services. Leveraging the experience of the Target Group in the Hong Kong financial market, the Board believes the Company will be able to capture the growth in the financial market in Hong Kong and the PRC.

The Board has explored various alternative means as settlement for the Consideration, and considered that it is justifiable to issue the Convertible Bond (I).

In terms of obtaining bank borrowings from commercial banks, the Directors are of the view that the ability of the Group to obtain bank borrowings usually depends on the Group's profitability and financial position as well as the prevailing market conditions and may be subject to lengthy due diligence exercise, banks' internal risk assessment and negotiations with commercial banks that usually require the provision of collaterals by borrower. Taking into consideration (i) for the year ended 31 March 2022, the Group recorded a net loss of approximately HK\$37.8 million; (ii) the potential requirements for the provision of collaterals by the Company for securing the bank facility and the relatively higher interest rate for unsecured loan; and (iii) the prevailing market conditions and economic sentiment in Hong Kong due to the COVID-19 pandemic, the Directors are of the view that debt financing from commercial banks may not be preferable.

LETTER FROM THE BOARD

The Board has discussed with licensed corporations for equity financing options such as rights issue, open offer and placing of Shares and reached the view that they are less favourable than the issue of the Convertible Bond (I), since (i) the timetable for the issue of the Convertible Bond (I) is expected to be relatively shorter as it generally involves less complicated documentation and procedural requirements as compared to rights issue or open offer of Shares which involves the despatch of prospectus and the period for acceptance and payment of rights Shares/offer Shares; (ii) the issue of Convertible Bond (I) generally incurs a lower transaction cost as compared to rights issue, open offer and placing of Shares as the issue of Convertible Bond (I) does not involve any underwriting and/or placing commission to be incurred; and (iii) rights issue, open offer and placing of Shares will have immediate dilution effect on the shareholding interests of the non-participating Shareholders while the potential dilution effect of the Convertible Bond (I) is deferred and will only occur if and when the holder exercises the Conversion Rights (I) attached to the Convertible Bond (I) and no dilution effect will be caused if none of the Convertible Bond (I) was converted.

In addition, issue of new Shares under general mandate is not an available option by the time the Acquisition Agreement was entered into as the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 26 August 2021 has been fully utilised after a placing of new Shares was conducted by the Company on 21 September 2021 under such general mandate.

Under the terms and conditions of the Convertible Bond (I), the Company may early redeem the Convertible Bond (I) at any time before its maturity. If the Convertible Bond (I) are so early redeemed before any conversion of the Convertible Bond (I), there will not be any dilutive effect to the shareholding of the Company.

The interest rate of the Convertible Bond (I) against its interest-bearing unsecured loans was determined after arm's length negotiations between the Vendor I and the Company with reference to (i) the average interest rate of the Company's unsecured loan per annum in the year ended 31 March 2022 of approximately 2.97%; and (ii) the average interest rate of approximately 3.36% per annum in respect of the placing and issue of convertible bond announced by companies listed on the Stock Exchange in the past six months. The interest rate of the Convertible Bond (I) of 2.5% per annum against its interest-bearing unsecured loans was determined after taking into consideration the aforementioned factors. Having considered the aforementioned data in relation to the Company and the market interest rate, the Board is of the view that the interest rate of the Convertible Bond (I) is fair and reasonable, and the issue of the Convertible Bond (I) is an appropriate option as compared to the other financing methods as discussed above.

The Board is of the view that the issue of the Convertible Bond (I) was determined after arm's length negotiations between the Vendor I and the Company with reference to the prevailing market condition. Accordingly, the Board considers that the terms of the issue of the Convertible Bond (I), including the interest rate and the Conversion Price (I), are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

(III) THE PLACING

On 23 May 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to procure not less than six (6) Placees (unless otherwise agreed by the Company), on a best effort basis to subscribe for the Convertible Bond (II) of an aggregate principal amount of up to HK\$30,000,000.

On 12 August 2022 (after trading hours), the Company entered into the Supplemental Placing Agreement with the Placing Agent, pursuant to which the initial Conversion Price (II) of the Convertible Bonds (II) is adjusted from HK\$0.8 to HK\$0.55, as a result, assuming the Conversion Rights (II) are exercised in full at the Conversion Price (II), the maximum number of Conversion Shares (II) that may be allotted and issued is adjusted from 37,500,000 to 54,545,454.

The adjustment of the Conversion Price (II) was made after further arm's length negotiations between the Placing Agent and the Company. Having considered (i) prevailing macroeconomic environment, including rising interest rates and increasing borrowing costs, for instance, the 12-month Hong Kong interbank offered rate increased from 2.61% as at 23 May 2022 to 3.62% as at the date of the Supplemental Placing Agreement; and (ii) prevailing market price of the Shares, in particular the average closing price of approximately HK\$0.417 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Supplemental Placing Agreement, the Directors consider that the Conversion Price (II) is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors believe that the Convertible Bond (II) with the Conversion Price (II) of HK\$0.55 per Conversion Share (II) will pose as a more attractive investment opportunity and would significantly reduce the chance of undersubscription of the Placing.

The Conversion Shares (II) will be allotted and issued pursuant to the Specific Mandate.

Principal terms of the Placing Agreement are summarized as follows:

Date:	23 May 2022 (as amended by the Supplemental Placing Agreement dated 12 August 2022)
Issuer:	the Company
Placing Agent:	Astrum Capital Management Limited

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

LETTER FROM THE BOARD

Placing of Convertible Bond (II)

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to, on a best effort basis, procure not less than six (6) Placees (unless otherwise agreed by the Company) to subscribe for the Convertible Bond (II) of an aggregate principal amount of up to HK\$30,000,000 with the Conversion Price (II) of HK\$0.55. In the event that the number of Placees falls below six (6), the Placing Agent shall use its best endeavours to comply with the GEM Listing Rules, including to disclosure of details of the Placee(s) including but not limited to the names of such Placee(s).

Placing commission

In consideration of the services of the Placing Agent in relation to the Placing and provided that completion occurs in accordance with the Placing Agreement, the Company shall pay to the Placing Agent a commission of 2% of the aggregate principal amount of the Convertible Bond (II) successfully placed by the Placing Agent on behalf of the Company in pursuance of its obligations in the Placing Agreement.

The Board is of the view that the placing commission was determined after arm's length negotiations between the Placing Agent and the Company with reference to the prevailing market condition. In addition, the Board has considered the average placing commission rate of 2% in respect of the placing and issue of convertible bond announced by companies listed on the Stock Exchange in the past six months. Having considered the above, the Board considers that the Placing Agreement, including the placing commission, are on normal commercial terms, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Placing period

Subject to the approval of the Shareholders at the EGM having been obtained in respect of the Placing Agreement, the issue of the Convertible Bond (II) and the allotment and issue of the Conversion Shares (II) under the Specific Mandate, the Placing period shall be for the period of 21 days commencing from the date of the EGM.

Placees

The choice of Placee(s) shall be determined solely by the Placing Agent, subject to the requirements of the GEM Listing Rules (in particular, the Placing Agent shall use all reasonable endeavours to ensure that the Placee(s) shall be third parties independent from the Company and its associates and from the Directors, chief executive or substantial Shareholders of the Company or its subsidiaries or any of their respective associates).

LETTER FROM THE BOARD

Conditions precedent to the Placing Agreement

The Placing is conditional upon the following matters:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Conversion Shares (II) to be issued upon the exercise of conversion rights under the bond instrument;
- (b) the Company having obtained all necessary consents and approvals (if any) from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable;
- (c) the approval of the Shareholders at the EGM having been obtained in respect of the Placing Agreement, the issue of the Convertible Bond (II) and the allotment and issue of the Conversion Shares (II) under the Specific Mandate; and
- (d) the approval of the Shareholders at the EGM having been obtained in respect of the proposed increase in the authorised share capital of the Company from HK\$100,000,000 divided into 200,000,000 Shares to HK\$200,000,000 divided into 400,000,000 Shares by the creation of additional 200,000,000 Shares.

Each of the Company and the Placing Agent shall use their respective best endeavours to procure the satisfaction of the conditions set out in (a) to (d) above on or before the Placing Long Stop Date, but if any of the conditions shall not be so satisfied the Placing Agreement shall terminate, upon which the parties shall not have any claim against the other for costs, damages, compensation or otherwise.

As at the Latest Practicable Date, none of the above conditions precedent have been fulfilled.

Termination

The Placing Agent shall be entitled to, by written notice to the Company, terminate the Placing Agreement at any time prior to the Placing Completion Date upon the occurrence of:

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

LETTER FROM THE BOARD

- (b) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not unique to any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Convertible Bond (II) to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions (including without limitation, a suspension or limitation on trading in securities generally on the Stock Exchange) which would materially and adversely affect the Placing to potential investor(s) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

The Placing Agent, shall be entitled to, by written notice to the Company at any time prior to the Placing Completion Date, to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement if:

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcements relating to the Placing Agreement or circulars relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated, and shall, in its absolute opinion, determine that any such untrue or inaccurate representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

LETTER FROM THE BOARD

The Placing Agreement may be terminated by either party at any time prior to the Placing Completion Date if the other party fails or refuses to comply with the terms of the Placing Agreement as applicable to it and such failure or refusal is material in the context of the Placing.

In the event that the Placing Agreement is terminated pursuant to the above, all obligations of the Company and the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except: (i) in relation to antecedent breaches arising prior to such termination; (ii) the Company shall remain liable for the payment of all costs and expenses referred to in the Placing Agreement already incurred or to be incurred by the Placing Agent in consequence of such termination; and (iii) that the governing law provisions shall remain in full force and effect.

Completion of the Placing

Completion of the Placing shall take place on the Placing Completion Date.

Principal terms of the Convertible Bond (II)

Set out below are the principle terms of the Convertible Bond (II).

Issuer:	The Company
Principal amount:	Up to HK\$30,000,000
Maturity date:	The date falling the expiration of two years after the First Issue Date of the Convertible Bond (II) (the “ Maturity Date ”)
Interest rate:	The Convertible Bond (II) bear interest on the outstanding principal amount from and including the First Issue Date at the rate of 2.5% per annum payable annually in arrears from the First Issue Date.
Conversion Price (II):	The initial Conversion Price (II) is HK\$0.55 per Conversion Share (II), subject to adjustments set out in the paragraph headed “Adjustments to the Conversion Price (II)” below.

LETTER FROM THE BOARD

The initial Conversion Price (II) of HK\$0.55 per Conversion Share represents:

- (i) a premium of approximately 57.14% over the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on the date of the Supplemental Placing Agreement;
- (ii) a premium of approximately 31.89% over the average closing price of approximately HK\$0.417 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Supplemental Placing Agreement;
- (iii) a premium of approximately 15.18% over the average closing price of approximately HK\$0.4775 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Supplemental Placing Agreement; and
- (iv) a premium of approximately 57.14% to the closing price of HK\$0.35 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

The Conversion Price (II) was determined after arm's length negotiations between the Placing Agent and the Company with reference to the prevailing market price of the Shares, in particular the average closing price of approximately HK\$0.417 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Supplemental Placing Agreement. The Directors consider that the Conversion Price (II) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Adjustments to the Conversion
Price (II):

The initial Conversion Price (II) shall from time to time be subject to adjustment in accordance with this paragraph:

- (i) any alteration to the value nominal of the Shares as a result of consolidation or subdivision or reclassification

If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation or subdivision or reclassification, the Conversion Price (II) shall be adjusted by multiplying the Conversion Price (II) in force immediately prior to such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date such alteration takes effect.

LETTER FROM THE BOARD

- (ii) issue of Shares credited as fully paid to the Shareholders by way of (a) capitalisation of profits or reserves; or (b) a Scrip Dividend

If and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account, contributed surplus and/or capital redemption reserve), save where Shares are issued in lieu of the whole or any part of a specifically declared cash dividend (“**Relevant Cash Dividend**”), being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Scrip Dividend, the Conversion Price (II) shall be adjusted by multiplying the Conversion Price (II) in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of issued Shares immediately before such issue; and

B is the aggregate nominal amount of issued Shares immediately after such issue.

Such adjustment shall become effective from the earlier of the commencement of the day immediately following the record date for such issue (if any) and the date of issue of such Shares.

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In the case of an issue of Shares by way of a Scrip Dividend where the total Current Market Price of such Shares to be issued by way of Scrip Dividend on the date of the first public announcement of the terms of such Scrip Dividend exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a capital distribution, the Conversion Price (II) shall be adjusted by multiplying the Conversion Price (II) in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue;
- B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which: (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend; and (ii) the denominator is the total Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

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- (iii) the payment or making of any capital distribution to the Shareholders

If and whenever the Company shall pay or make any capital distribution to the Shareholders (except where and to the extent that the Conversion Price (II) falls to be adjusted under (ii) above or falls within (ii) above but no adjustment falls to be made), the Conversion Price (II) shall be adjusted by multiplying the Conversion Price (II) in force immediately prior to such capital distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the dealing day immediately preceding the date on which the capital distribution is publicly announced or (failing such announcement) the dealing date immediately preceding the date of the capital distribution; and
- B is the fair market value on the date of such announcement (or as the case may require, the dealing date falling on the date of the capital distribution), as determined in good faith by the Approved Merchant Bank or the Auditors, acting as an expert, of the portion of the capital distribution attributable to one Share.

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Provided that if in the opinion of the Approved Merchant Bank or the Auditors, the fair market value as aforesaid produces a result which is significantly inequitable, the Approved Merchant Bank or the Auditors may, acting as an expert, instead determine (and in such event the above formula shall be construed accordingly) the amount which should properly be attributed to the value of the capital distribution.

Such adjustment shall become effective on the date that such capital distribution is announced or (as the case may require), the dealing date falling on the date of such capital distribution.

- (iv) the issue of Shares to Shareholders by the Company by way of rights, or issue or grant to Shareholders, by way of rights, options or warrants to subscribe for new Shares, at less than 90% of the Current Market Price per Share

If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options or warrants to subscribe for new Shares, in each case at a price per Share which is less than 90% of the Current Market Price per Share on the dealing day immediately preceding the date of the announcement of the terms of the issue or grant of such Shares, options, warrants or other rights, the Conversion Price (II) shall be adjusted by multiplying the Conversion Price (II) in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

LETTER FROM THE BOARD

where:

- A is the number of Shares in issue immediately before the date of such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein, would subscribe for or purchase at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of the issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

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- (v) the issue of any securities (other than Shares or options or warrants to subscribe for new Shares) by the Company to Shareholders by way of rights

If and whenever the Company shall issue any securities (other than Shares or options or warrants to subscribe for new Shares) to all or substantially all Shareholders as a class by way of rights, the Conversion Price (II) shall be adjusted by multiplying the Conversion Price (II) in force immediately prior to such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Conversion Price (II) of one Share or the Current Market Price of one Share, whichever is lower, on the dealing day immediately preceding the date on which such issue or grant is publicly announced or (failing such announcement) on the dealing day immediately preceding the record date for such issue or grant; and
- B is the fair market value on the date of such announcement (or as the case may require the dealing day falling on the record date for such issue or grant), as determined in good faith by the Approved Merchant Bank or the Auditors, acting as an expert, of the portion of the rights attributable to one Share.

Such adjustment shall become effective from the commencement of the day next following the record date for such issue or grant.

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- (vi) the issue by the Company wholly for cash of any Shares or the issue or grant by the Company of any options or warrants to subscribe for new Shares in each case at a price per Share which is less than 90% of the Current Market Price per Share

If and whenever the Company shall issue (otherwise than as mentioned in (iv) above) wholly for cash any Shares, or issue or grant (otherwise than as mentioned in (iv) above) any options, warrants or other rights to subscribe for or purchase any Shares, at a price per Share which is less than 90% of the Current Market Price per Share on the dealing day immediately preceding the date of announcement of the terms of such issue or grant, the Conversion Price (II) shall be adjusted by multiplying the Conversion Price (II) in force immediately prior to such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares;
- B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such Current Market Price; and
- C is the maximum number of Shares to be issued pursuant to the issue of such additional Shares or upon exercise of the options, warrants or other rights at the initial conversion or exchange or subscription rate or price.

Such adjustment shall become effective on the date of issue or grant of such additional Shares, options, warrants or other rights.

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(vii) the issue wholly for cash by the Company of any securities (other than the Convertible Bond (II) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares or securities which by their terms might be redesignated as Shares to be issued by the Company upon conversion, exchange, subscription or redesignation at a consideration per Share which is less than 90% of the Current Market Price per Share

Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms of such securities themselves falling within this (vii), if and whenever the Company or any subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any subsidiary) any other company, person or entity (otherwise than as mentioned in (iv), (v) and (vi) above) shall issue wholly for cash any securities (other than the Convertible Bond(s)) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares (or shall grant any such rights in respect of existing securities so issued) or securities which by their terms might be redesignated as Shares, and the consideration per Share receivable by the Company in respect of such conversion, exchange, subscription or redesignation is less than 90% of the Current Market Price per Share on the dealing day immediately preceding the date of announcement of the terms of such securities (or the terms of such grant), the Conversion Price (II) shall be adjusted by multiplying the Conversion Price (II) in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

LETTER FROM THE BOARD

where:

- A is the number of Shares in issue immediately before such issue or grant;
- B is the number of Shares which the aggregate consideration (if any) receivable by the Company for the Shares to be issued, or otherwise made available, upon conversion or exchange or upon the exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued upon conversion or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue or grant of such securities.

- (viii) any modification of the rights of conversion, exchange, subscription or redesignation attaching to any such securities as mentioned in (vii) above (other than the Convertible Bond (II) and any adjustment of the Conversion Price (II) in accordance with the terms applicable to such securities) so that following such modification the consideration per Share is less than 90% of the Current Market Price

LETTER FROM THE BOARD

If and whenever there shall be any modification of the rights of conversion, exchange, subscription or redesignation attaching to any such securities as are mentioned in (vii) above (other than the Convertible Bond(s) and any adjustment of the Conversion Price (II) in accordance with the terms applicable to such securities) so that following such modification the consideration per Share receivable by the Company in respect of such conversion, exchange, subscription or redesignation is less than 90% of the Current Market Price per Share on the dealing day immediately preceding the date of announcement of the proposal for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price (II) in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration (if any) receivable by the Company for the Shares to be issued, or otherwise made available, upon conversion, exchange or redesignation or upon exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price per Share, or the existing conversion, exchange, subscription or redesignation price of such securities; and

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C is the maximum number of Shares to be issued, or otherwise made available, upon conversion, exchange or redesignation of such securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange, redesignation or subscription price or rate but giving credit in such manner as the Approved Merchant Bank or the Auditors shall, acting as an expert, consider in good faith to be appropriate (if at all) for any previous adjustment under this sub-clause or (vii) above.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange, subscription or redesignation attaching to such securities.

Conversion Shares (II):

Assuming the Conversion Rights (II) are exercised in full at the initial Conversion Price (II), the maximum of 54,545,454 Conversion Shares (II) represent (i) approximately 40.4% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 27.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there will be no change in the total number of issued Shares from the Latest Practicable Date up to the full conversion of the Convertible Bonds).

Conversion Period:

The period commencing from the First Issue Date and up to 4:00 p.m. on the Maturity Date.

LETTER FROM THE BOARD

- Conversion Rights (II): The bondholder has the right to convert the whole or part of the outstanding principal amount of the Convertible Bond (II) (in the amount of HK\$100,000 or integral multiples thereof) at any time during the Conversion Period, provided that the Convertible Bond (II) may not be converted, to the extent if following such conversion, such bondholder and parties acting in concert, taken together, will become obliged to make a mandatory offer under Rule 26 of the Takeovers Code. Upon conversion of the rights attached to the Convertible Bond (II), there are no restrictions imposed on the subsequent sale of the Conversion Shares (II).
- Bondholder's right for redemption: By 12:00 p.m. on the Maturity Date, the bondholder may elect to request the Company to repay all outstanding principal amount and any other outstanding amount due but unpaid on the Convertible Bond (II) (if any) on the Maturity Date. Where no such election is made by the bondholder on the Maturity Date, the Convertible Bond (II) which remains outstanding shall be subject to automatic conversion as set out below.
- Conversion at maturity Any of the Convertible Bond (II) which remains outstanding by 4:00 p.m. on the Maturity Date shall be automatically converted into Conversion Shares (II) upon the Maturity Date at the then prevailing Conversion Price (II).
- For the avoidance of doubt, there shall not be any mandatory conversion of the Convertible Bond (II) on the Maturity Date if such conversion will result in a bondholder and his/her/its respective parties acting in concert triggering a mandatory general offer and in such event, the balance of the Convertible Bond (II) not converted into Conversion Shares (II) will be redeemed by the Company at a redemption amount equal to the principal amount of the Convertible Bond (II) and such sum shall be payable to the bondholder on the Business Day immediately following the Maturity Date.

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- Redemption prior to maturity: The Company may at any time before the Maturity Date and from time to time by serving at least ten (10) days' prior written notice on the bondholder(s) with the total amount proposed to be redeemed from the bondholder specified therein, redeem the Convertible Bond (II) (in whole or in part) at 100% of the principal amount of such Convertible Bond (II) together with payment of interest accrued up to the date of such early redemption.
- Redemption on default: Upon the occurrence of an event of default, the bondholder(s) may, unless such event of default has been waived in writing by them, by notice in writing require the Company to redeem the whole (but not part) of the outstanding principal amount of the Convertible Bond (II) at the redemption amount which is equivalent to the principal amount of the Convertible Bond (II) and such sums shall become due and payable on the 10th Business Day after the date of such notice.
- Transferability: The Convertible Bond (II) (or any part thereof) shall not be assigned or transferred without the prior written consent of the Company.
- Ranking: The Conversion Shares (II) shall rank *pari passu* in all respects among themselves and with all other existing Shares in issue at the date of conversion.
- Application of listing: No application shall be made to the Stock Exchange for the listing of the Convertible Bond (II). The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares (II).

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

As set out in the section headed “(I) The Acquisition” above, the cash portion of the Consideration (excluding the Deposit) for the Acquisition is HK\$9,000,000 which shall be settled upon the Completion.

The gross proceeds of the Placing will be HK\$30,000,000 and the net proceeds of the Placing will be HK\$29,400,000. The net price per Conversion Share (II) will be HK\$0.539. The Company intends to apply the net proceeds as to HK\$9,000,000 to satisfy the Consideration and the remaining balance of up to HK\$20,400,000 to increase the paid-up share capital and liquid capital of the Target Group.

Depending on the type of regulated activity under the SFO, licensed corporations have to maintain at all times paid-up share capital and liquid capital not less than the specified amounts according to the FRR. The FRR sets out the computation of a number of variables in respect of all the liquid assets and ranking liabilities of a licensed corporation and its liquid assets must exceed its ranking liabilities. If a licensed corporation conducts more than one type of regulated activity, the minimum paid-up share capital and liquid capital that it must maintain shall be the higher or the highest amount required amongst those regulated activities. If a licensed corporation offers credit facilities to its customers who would like to purchase securities on a margin basis, or provides financing for applications of shares in connection with public offerings, it must monitor its liquid capital level continuously in order to satisfy the FRR requirements. If the margin requirement of the licensed corporation increases, it would be required to maintain additional liquid capital. Hence, the increase in liquid capital would allow the Target Group to expand its business scale in the future and enhance the capability of the Target Group in the provision of margin financing such that the Target Group will benefit from interest income generated from such provision and associated commission on trading in securities from its clients.

The following table summarises the minimum paid-up capital that a licensed corporation is required to maintain for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO:

Regulated activity	Minimum paid up share capital
Type 1	
(a) in the case where the corporation provides securities margin financing	HK\$10,000,000
(b) in any other case	HK\$5,000,000
Type 4	HK\$5,000,000

LETTER FROM THE BOARD

Minimum liquid capital

Pursuant to the FRR, a licensed corporation shall maintain a minimum liquid capital at all time of an amount the higher of (a) and (b) below:

- (a) The amount of:
 - (i) HK\$100,000 where the licensed corporation is licensed for Type 4 regulated activity in the case where the licensed corporation is subject to the licensing condition that it shall not hold assets;
 - (ii) HK\$500,000 where the licensed corporation is licensed for Type 1 regulated activity in the case where the licensed corporation is an approved introducing agent or trader;
 - (iii) HK\$3,000,000 where the licensed corporation is licensed for Type 1 regulated activity in the case where the licensed corporation provides securities margin financing; or
 - (iv) HK\$3,000,000 where the licensed corporation is licensed in any other case for Type 1 and Type 4 regulated activities.
- (b) 5% of the aggregate of the licensed corporation's on-balance sheet liabilities including provisions made for liabilities already incurred or for contingent liabilities but excluding certain amounts stipulated in the definition of "adjusted liabilities" under the SFO.

As at 30 April 2022, the paid-up share capital and liquid capital of TFSL was HK\$18,000,000 and HK\$8,025,000, respectively; the paid-up share capital and liquid capital of TFAML was HK\$10,000,000 and HK\$3,992,000, respectively. As disclosed in the announcement of the Company dated 13 June 2022, if a licensed corporation offers credit facilities to its customers who would like to purchase securities on a margin basis, or provides financing for applications of shares in connection with public offerings, it must monitor its liquid capital level continuously in order to satisfy the FRR requirements. If the margin requirement of the licensed corporation increases, it would be required to maintain additional liquid capital. Hence, the increase in liquid capital would allow the Target Group to expand its business scale in the future and enhance the capability of the Target Group in the provision of margin financing such that the Target Group will benefit from interest income generated from such provision and associated commission on trading in securities from its clients.

Pursuant to the FRR, the liquid capital is defined as the amount by which its liquid assets exceeds its ranking liabilities. A licensed corporation which underwrites or sub-underwrites an issue or a sale of securities must include in its ranking liabilities a certain percentage of the net underwriting commitment according to the computation basis prescribed in the FRR. The application of the proceeds from the Placing would also allow the Group to increase the liquid capital of the Target Group and hence facilitate the Target Group to participate in more or larger underwriting exercises, which the Target Group will benefit from the increase in underwriting commission generated.

LETTER FROM THE BOARD

The Board believes that by increasing the Target Group's paid-up share capital and liquid capital, the Target Group can significantly improve its competitiveness and profitability.

In the event that the Acquisition is terminated for whatever reasons, the net proceeds of the Placing will be used to acquire other potential targets or invest into other business opportunities or for other business developments.

In the event that there is an undersubscription of the Placing, the use of proceeds raised from the Placing will first be allocated to satisfy the Consideration and the remaining balance will be allocated to increase the paid-up share capital of the Target Group, which would in effect increase its liquid capital. Further details of the use of proceeds will be disclosed by the Company in the announcement of results of the Placing.

The Board has explored various alternative means of financing apart from the Placing, and considered that it is justifiable to place the Convertible Bond (II).

In terms of obtaining bank borrowings from commercial banks, the Directors are of the view that the ability of the Group to obtain bank borrowings usually depends on the Group's profitability and financial position as well as the prevailing market conditions and may be subject to lengthy due diligence exercise, banks' internal risk assessment and negotiations with commercial banks that usually require the provision of collaterals by borrower. Taking into consideration (i) for the year ended 31 March 2022, the Group recorded a net loss of approximately HK\$37.8 million; (ii) the potential requirements for the provision of collaterals by the Company for securing the bank facility and the relatively higher interest rate for unsecured loan; and (iii) the prevailing market conditions and economic sentiment in Hong Kong due to the COVID-19 pandemic, the Directors are of the view that debt financing from commercial banks may not be preferable.

The Board has discussed with licensed corporations for equity financing options such as rights issue, open offer and placing of Shares and reached the view that they are less favourable than the Placing, since (i) the timetable for the placing of the Convertible Bond (II) is expected to be relatively shorter as it generally involves less complicated documentation and procedural requirements as compared to rights issue or open offer of Shares which involves the despatch of prospectus and the period for acceptance and payment of rights Shares/offer Shares; (ii) taking into consideration the prevailing market conditions and economic sentiment in light of the volatility in both local and global stock market, impact of the outbreak of COVID-19 and rates hikes in the United States, the Directors consider that there may be uncertainty over the prospect of raising the required funding through rights issue, open offer or placing of Shares, as compared to convertible bonds which could generally provide better assurance to potential investors on the protection of their principals and investment returns; and (iii) rights issue, open offer and placing of Shares will have immediate dilution effect on the shareholding interests of the non-participating Shareholders while the dilution effect of the Convertible Bond (II) will only occur when the holder exercises the Conversion Rights (II) attached to the Convertible Bond (II) and no dilution effect will be caused if none of the Convertible Bond (II) was converted.

LETTER FROM THE BOARD

In addition, issue of new Shares under general mandate is not an available option by the time the Placing Agreement was entered into as the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 26 August 2021 has been fully utilised after a placing of new Shares was conducted by the Company on 21 September 2021 under such general mandate.

Under the terms and conditions of the Convertible Bond (II), the Company may early redeem the Convertible Bond (II) at any time before its maturity. If the Convertible Bond (II) are so early redeemed before any conversion of the Convertible Bond (II), there will not be any dilutive effect to the shareholding of the Company.

The interest rate of the Convertible Bond (II) against its interest-bearing unsecured loans was determined after arm's length negotiations between the Placing Agent and the Company with reference to (i) the average interest rate of the Company's unsecured loan per annum in the year ended 31 March 2022 of approximately 2.97%; and (ii) the average interest rate of approximately 3.36% per annum in respect of the placing and issue of convertible bond announced by companies listed on the Stock Exchange in the past six months. The interest rate of the Convertible Bond (II) of 2.5% per annum against its interest-bearing unsecured loans was determined after taking into consideration the aforementioned factors. Having considered the aforementioned data in relation to the Company and the market interest rate, the Board is of the view that the interest rate of the Convertible Bond (II) is fair and reasonable, and the issue of the Convertible Bond (II) is an appropriate option as compared to the other financing methods as discussed above.

The Board is of the view that the terms of the Placing Agreement was determined after arm's length negotiations between the Placing Agent and the Company with reference to the prevailing market condition. Accordingly, the Board considers that the Placing Agreement, including the Conversion Price (II), the placing commission and the interest rate, are on normal commercial terms, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Conversion Price (II) of HK\$0.55 per Conversion Share (II) represents (i) a premium of approximately 57.14% over the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on the date of the Supplemental Placing Agreement; (ii) a premium of approximately 31.89% over the average closing price of HK\$0.417 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Supplemental Placing Agreement.

To assess the fairness and reasonableness of the principal terms of the Convertible Bonds, the Board has identified and reviewed the Supplemental Comparable Companies. The premiums as represented by the Conversion Price (II) over the closing price of the Shares on the date of the Supplemental Placing Agreement and the average closing price of the Shares for the last five consecutive trading days up to and including the date of the Supplemental Placing Agreement of approximately 57.14% and 31.89% respectively, are within the respective ranges of the Supplemental Comparable Companies.

LETTER FROM THE BOARD

The Convertible Bonds has an interest rate of 2.5% per annum, which is below the average interest rate of the Comparable Companies, thus, the Board considers the interest rate of the Convertible Bonds to be acceptable. In addition, the Placing has a placing commission rate of 2%, which is same as the average commission rate of Comparable Companies, thus, the Board considers the placing commission rate of the Placing to be acceptable.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon full conversion of the Convertible Bonds (assuming there will be no change in the total number of issued Shares from the Latest Practicable Date up to the full conversion of the Convertible Bonds):

	(i) As at the Latest Practicable Date		(ii) Immediately upon full conversion of the Convertible Bonds (assuming there will be no change in the total number of issued Shares from the Latest Practicable Date up to the full conversion of the Convertible Bonds)	
	<i>Number of Shares</i>	<i>Approximate</i>	<i>Number of Shares</i>	<i>Approximate</i>
<i>Substantial Shareholder</i>				
Ms. Wong Fei Heung Terbe (Notes 2 and 3)	21,790,000	16.14%	21,790,000	10.78%
China New Economy Fund Limited	26,358,750	19.53%	26,358,750	13.05%
The Vendor I	–	–	12,500,000	6.19%
<i>Public Shareholders</i>				
Placee(s) to be procured by the Placing Agent	–	–	54,545,454	27.00%
Other Public Shareholders	86,851,250	63.48%	86,851,250	42.99%
Total	<u>135,000,000</u>	<u>100.00%</u>	<u>202,045,454</u>	<u>100.00%</u>

Notes:

- This is for illustration purpose only. According to the Acquisition Agreement and the Placing Agreement, a Bondholder shall not exercise any of the Conversion Rights (I) and the Conversion Rights (II), and the Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the Conversion Rights (I) or the Conversion Rights (II), the Bondholder and/or parties acting concert with it would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for the Shares held by the Company's other Shareholders.
- Ms. Wong Fei Heung Terbe ("**Ms. Wong**") legally and beneficially owns the entire issued share capital of Success Run International Limited ("**Success Run**"). Therefore, Ms. Wong is deemed, or taken to be, interested in all the 18,350,000 Shares held by Success Run for the purpose of the SFO. Ms. Wong is the sole director of Success Run.

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3. Ms. Wong legally and beneficially owns the entire issued share capital of Lion Spring Enterprises Limited (“Lion Spring”). Therefore, Ms. Wong is deemed, or taken to be, interested in all the 3,440,000 Shares held by Lion Spring for the purpose of the SFO. Ms. Wong is the director of Lion Spring.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date.

Date of Announcement	Event	Net proceeds raised (Approximated)	Proposed use of proceeds	Actual use of proceeds as at the date of this circular
1 September 2021	Placing of new shares under general mandate	HK\$7.3 million	Approximately HK\$4.3 million for repayment of accounts payable which are overdue for more than 180 days and approximately HK\$3 million for general working capital of the Group	All net proceeds have been fully utilised as intended.
24 February 2022	Rights issue on the basis of three rights shares for every two shares	HK\$42.6 million	(i) approximately HK\$3.1 million for repayment of the principal amount and interest accrued thereon of the promissory notes issued by the Company on 13 December 2021 to China New Economy Fund Limited in the principal amount of HK\$3.0 million with an interest of 8% per annum due six months after the date of issue of the promissory notes (i.e. 13 June 2022); (ii) approximately HK\$20 million for the acquisition of a new office premise and the relevant renovation cost;	All net proceeds have been fully utilised as intended. The net proceeds in the amount of HK\$16.4 million have been utilised as intended.

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Date of Announcement	Event	Net proceeds raised (Approximated)	Proposed use of proceeds	Actual use of proceeds as at the date of this circular
			(iii) approximately HK\$7 million for recruitment of additional full-time staff who will be responsible for implementing and overseeing quality control to enhance the Group's operational capacity and efficiency in foundation and site formation works and bored piling works, as well as additional full-time staff who will be responsible for business development to acquire more business opportunities and broaden the sources of income;	All net proceeds had not been utilised.
			(iv) approximately HK\$3 million for business development and marketing expenses in order to expand the Group's customer base and acquire more projects; and	The net proceeds in the amount of HK\$1.0 million have been utilised as intended.
			(v) the remaining balance of approximately HK\$9.5 million for general working capital due to the tightened cash flow of the Group as a result of the negative impacts of the COVID-19 pandemic on the foundation industry including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to measures imposed by the government.	All net proceeds have been fully utilised as intended.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past 12 months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 200,000,000 Shares, of which 135,000,000 Shares had been issued and were fully paid or credited as fully paid up.

Catering to the potential conversion that may be effected following the proposed issue of the Convertible Bonds (after taking into account the Adjustment) and in order to accommodate future expansion and growth of the Group, the Board proposed to increase the authorised share capital of the Company from HK\$100,000,000 divided into 200,000,000 Shares to HK\$200,000,000 divided into 400,000,000 Shares by the creation of additional 200,000,000 Shares, all of which will rank pari passu with all existing Shares. The proposed Increase in Authorised Share Capital is conditional upon the passing of the ordinary resolutions by the Shareholders at the EGM.

EGM AND CLOSURE OF REGISTER OF MEMBERS

The EGM will be held at Units 1203B, 1204–1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on 23 September 2022 at 11:00 a.m. for the Shareholders to consider and, if thought fit, to approve (i) the issue of the Convertible Bond (I) and the allotment and issue of the Conversion Shares (I) under the Specific Mandate ; (ii) the Placing Agreement and the transaction contemplated thereunder, including the issue of the Convertible Bond (II) and the allotment and issue of the Conversion Shares (II) under the Specific Mandate; and (iii) the Increase in Authorised Share Capital. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries as at the Latest Practicable Date, no Shareholder is required to abstain from voting at the EGM in respect of the resolutions relating to the issue of Convertible Bond (I), the Placing, and the Increase in Authorised Share Capital.

From 20 September 2022 to 23 September 2022, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed. In order to be eligible for attending and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the offices of the Company's share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 19 September 2022.

Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM to the office of the Company's branch share registrar in Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or via the designated URL (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the

LETTER FROM THE BOARD

notification letter sent by the Company as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

Voting by Way of Poll

All resolutions will be put to vote by way of poll at the EGM pursuant to Rule 17.47 (4) of the GEM Listing Rules. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

RECOMMENDATIONS

The Directors consider that the terms of (i) the Placing Agreement and the transactions contemplated thereunder; (ii) the Convertible Bond (I) are on normal commercial terms, fair and reasonable; and (iii) the Increase in Authorised Share Capital are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

RESPONSIBILITY STATEMENT

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

MISCELLANEOUS

Save as otherwise indicated, the English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

By order of the Board
State Innovation Holdings Limited
Tang Kwai Leung Stanley
Chairman and Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

STATE INNOVATION HOLDINGS LIMITED

國科控股有限公司

(Formerly known as “BEAVER GROUP (HOLDING) COMPANY LIMITED 永勤集團(控股)有限公司”)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8275)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of State Innovation Holdings Limited (the “**Company**”) will be held at Units 1203B, 1204–1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on 23 September 2022 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the acquisition agreement dated 23 May 2022 (the “**Acquisition Agreement**”, a copy of which is marked “A” and signed by the chairman of the Meeting for identification purpose has been tabled at the Meeting) entered into between the Company and shareholders of Tiger Faith Holdings Limited (the “**Tiger Faith**”) in relation to the acquisition of the entire issued share capital of Tiger Faith involving the issue of convertible bonds (the “**Convertible Bond (I)**”) as part of the consideration for the acquisition of the entire issued share capital of Tiger Faith. The Convertible Bond (I) is in the principal amount of HK\$10,000,000 entitling the holders thereof to convert the principal amount thereof into up to 12,500,000 ordinary shares of the Company (the “**Conversion Share(s) (I)**”) at initial conversion price of HK\$0.8 (subject to adjustment) per Conversion Share (I) and all the transactions contemplated thereunder (including issue of the Convertible Bond (I), allotment and issue of the Conversion Share (I)) be and are hereby approved, confirmed and ratified;
- (b) the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue (i) the Conversion Shares (I) to the Bondholder(s) of the Convertible Bond (I). The Convertible Shares (I) shall rank equally in all respects among themselves and with all fully paid ordinary shares of the Company in issue as at the date of allotment and issue. The aforementioned specific mandate is in addition to, and shall not prejudice nor revoke any general or special mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the Conversion Shares (I), allotment and issue of the Conversion Shares (I) be and are hereby approved; and
- (d) any one of the Directors be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Acquisition Agreement and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Acquisition Agreement) as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole.”

2. “**THAT**

- (a) the placing agreement dated 23 May 2022 and the supplemental placing agreement dated 12 August 2022 (the “**Placing Agreement**”, a copy of which is marked “B” and signed by the chairman of the Meeting for identification purpose has been tabled at the Meeting) entered into between the Company and Astrum Capital Management Limited in relation to the placing of convertible bonds of the Company under the specific mandate in the principal amount of up to HK\$30,000,000 (the “**Convertible Bond (II)**”) entitling the holders thereof to convert the principal amount thereof into up to 54,545,454 ordinary shares of the Company (the “**Conversion Share(s) (II)**”) at the initial conversion price of HK\$0.55 (subject to adjustment) per Conversion Share (II), and all the transactions contemplated thereunder (including issue of the Convertible Bond (II), allotment and issue of the Conversion Shares (II)) be and are hereby approved, confirmed and ratified;
- (b) subject to the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares (II), the allotment and issue of the Conversion Shares (II) be and are hereby approved;
- (c) subject to the ordinary resolutions no. 3 below being duly passed; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) any one of the Directors be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Placing Agreement and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Placing Agreement) as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole.”

3. **“THAT**

- (a) the authorised share capital of the Company from HK\$100,000,000 divided into 200,000,000 ordinary shares with par value of HK\$0.5 each in the share capital of the Company (the **“Share(s)”**) to HK\$200,000,000 divided into 400,000,000 Shares by the creation of an additional 200,000,000 new Shares (the **“Increase in Authorised Share Capital”**); and
- (b) any one of the Directors be and is hereby authorised to do all such acts and things, to sign, execute and deliver such documents (including the affixation of the common seal of the Company where required) and do all such acts and things and to take all such steps as he considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the implementation of and giving effect to the Increase in Authorised Share Capital.”

By order of the Board
State Innovation Holdings Limited
Tang Kwai Leung Stanley
Chairman and Executive Director

Hong Kong, 2 September 2022

Notes:

1. A member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of such member. A proxy need not be a member of the Company.
2. In light of the epidemic situation of novel coronavirus disease (COVID-19), the following precautionary measures will be implemented at the EGM to safeguard the health and safety of shareholders of the Company who might be attending the EGM in person:
 - Compulsory body temperature checks will be conducted for every attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degree Celsius may be denied entry into the EGM venue and be required to leave the EGM venue.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- Every attendee will be required to wear a surgical face mask throughout the EGM and inside the EGM venue, and to sit at a distance from other attendees. Please note that no masks will be provided at the meeting venue and attendees should bring and wear their own masks.
- No refreshment will be served, and there will be no gift.
- Each attendee may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the EGM; (b) he/she is subject to any HKSAR Government prescribed quarantine; and (c) he/she has any flu-like symptoms or close contact with any person under quarantine or with recent travel history. Anyone who responds positively to any of these questions may be denied entry into the EGM venue and be required to leave the EGM venue.

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

3. Completion and delivery of the form of proxy will not preclude a member of the Company from attending and voting at the meeting if the member so desires.
4. At the EGM, in compliance with Rule 17.47(4) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”), the chairman of the meeting will exercise his power under article 72 of the articles of association of the Company to put the resolution set out in this notice of EGM to vote by way of poll.
5. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be deposited with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company not less than 48 hours before the time appointed for holding of the EGM (or any and adjournment thereof).
6. The register of members of the Company will be closed from 20 September 2022 to 23 September 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the meeting, all transfers accompanied by the relevant share certificate(s), must be lodged with the Company’s share registrar and transfer office, 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 19 September 2022.
7. If Typhoon 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 websites of the Company at www.beavergroup.com.hk and the Stock Exchange at www.hkexnews.hk to notify members of the date, time and place of the rescheduled meeting.

As at the date of this notice, the Board comprises Mr. Tang Kwai Leung Stanley and Mr. Chui Koon Yau as executive Directors; and Mr. He Dingding, Ms. Chan Tsz Hei Sammi and Ms. Liu Ching Man as independent non-executive Directors.