
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **New Concepts 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 was effected for transmission to the purchaser or the transferee.

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NEW CONCEPTS HOLDINGS LIMITED

創業集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2221)

- (1) PROPOSED SHARE CONSOLIDATION;**
(2) PROPOSED AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE COMPANY;
(3) CONNECTED TRANSACTION IN RELATION TO PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR DEBT CAPITALISATION;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

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



紅日資本有限公司

RED SUN CAPITAL LIMITED

Capitalised terms used on this cover page shall have the same meanings as defined in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 7 to 23 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 46 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 24 to 25 of this circular. A notice convening the EGM to be held at Office B, 3/F, Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Hong Kong on Friday, 10 October 2025 at 10:00 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are advised to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong, being not less than 48 hours (i.e. Wednesday, 8 October 2025 at 10:00 a.m.) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

24 September 2025

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EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is set out below:

Event	Date
Latest time for lodging transfers of shares in order to qualify for attendance and voting at the EGM	4:30 p.m., Friday, 3 October 2025
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive)	Monday, 6 October 2025 to Friday, 10 October 2025
Latest time for lodging forms of proxy for the EGM.	10:00 a.m., Wednesday, 8 October 2025
Date and time of the EGM	10:00 a.m., Friday, 10 October 2025
Publication of the announcement of the poll results of the EGM	Friday, 10 October 2025
Effective date of the Share Consolidation	Tuesday, 14 October 2025
First day of free exchange of existing share certificates into new share certificates for the Consolidated Shares	Tuesday, 14 October 2025
Commencement of dealings in the Consolidated Shares.	9:00 a.m., on Tuesday, 14 October 2025
Original counter for trading in the Existing Shares in board lots of 4,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m., on Tuesday, 14 October 2025
Temporary counter for trading in Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m., on Tuesday, 14 October 2025

EXPECTED TIMETABLE

Event	Date
Original counter for trading in the Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m., on Tuesday, 28 October 2025
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m., on Tuesday, 28 October 2025
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m., on Tuesday, 28 October 2025
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:00 p.m., on Tuesday 18 November 2025
Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m., on Tuesday, 18 November 2025
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends	4:10 p.m., on Tuesday, 18 November 2025
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	4:30 p.m., on Thursday, 20 November 2025

Notes:

1. All times and dates in this circular refer to Hong Kong local times and dates. Shareholders should note that the dates and deadlines specified herein is subject to the satisfaction of all the conditions of the Share Consolidation, including without limitation, the approval of the Share Consolidation by the Shareholders at the EGM, and are therefore for indicative purpose only.
2. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate.

DEFINITIONS

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

“Articles of Association”	the amended and restated articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“Capitalisation Agreement”	the debt capitalisation agreement dated 25 August 2025 entered into between the Company as the issuer and Mr. Zhu as the subscriber in relation to the subscription of 10,000,000 Capitalisation Shares (equivalent to 100,000,000 Existing Shares before the Share Consolidation becomes effective)
“Capitalisation Shares”	an aggregate of 10,000,000 new Consolidated Shares to be allotted and issued by the Company to Mr. Zhu pursuant to the terms and conditions of the Capitalisation Agreement
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	New Concepts Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2221)
“Completion”	completion of the Debt Capitalisation pursuant to the terms and conditions of the Capitalisation Agreement
“Completion Date”	the date of Completion, being the third Business Day (or such other date as the parties to the Capitalisation Agreement may agree) after satisfaction of the conditions of the Capitalisation Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Share(s)”	the ordinary share(s) with a par value of HK\$1.00, or a par value of HK\$1.00 each, in the share capital of the Company after the Share Consolidation becomes effective
“Debt Capitalisation”	the capitalisation of the debt owed by the Group to Mr. Zhu
“Director(s)”	director(s) of the Company

DEFINITIONS

“Effective Date”	the effective date of the Share Consolidation, being 14 October 2025
“EGM”	the extraordinary general meeting of the Company to be convened and held at Office B, 3/F, Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Hong Kong on Friday, 10 October 2025 at 10:00 a.m. to consider, and if thought fit, to approve, among other things, the Share Consolidation, the Proposed Amendments, the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Existing Share(s)”	the ordinary share(s) with a par value of HK\$0.1, or a par value of HK\$0.1 each, in the share capital of the Company before the Share Consolidation becomes effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, namely, Ms. Du Yun, Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, <i>MH., JP.</i> , which has been established to make recommendations to the Independent Shareholders in respect of the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Independent Shareholder(s)”	Shareholder(s) who is/are not required to abstain under the Listing Rules from voting at the EGM for the resolution approving the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)

DEFINITIONS

“Issue Price”	HK\$1.00 per Capitalisation Share (equivalent to HK\$0.1 per Existing Share before the Share Consolidation becomes effective)
“Latest Practicable Date”	22 September 2025, being the latest practicable date before the printing of this circular for the purpose of ascertaining certain information contain herein
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Association”	the amended and restated memorandum of association of the Company, as amended from time to time
“Mr. Zhu”	Mr. Zhu Yongjun, who is the chairman of the Board and an executive Director and is interested in 86,772,000 Existing Shares, representing approximately 4.75% of the entire issued share capital of the Company, as at the Latest Practicable Date
“Outstanding Sum”	the amount of debts owed by the Company to Mr. Zhu under a Shareholder’s loan, which amounted to approximately HK\$34.61 million as at the Latest Practicable Date
“PRC”	the People’s Republic of China, and for the purposes of this announcement only and except where the context requires otherwise, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Amendments”	the proposed amendments to the Memorandum of Association and Articles of Association, details of which are set out in the section headed “Letter from the Board — (2) Proposed Amendments to the Memorandum of Association and Articles of Association of the Company” in this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares into one (1) Consolidated Share
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Shareholder(s)”	holder(s) of the issued Share(s)

DEFINITIONS

“Specific Mandate”	the specific mandate proposed to be granted to the Directors by the Independent Shareholders at the EGM to allot and issue the Capitalisation Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

* *the English translation of Chinese names or words in this circular, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words*



NEW CONCEPTS HOLDINGS LIMITED

創業集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2221)

Executive Directors:

Mr. Zhu Yongjun

(Chairman of the Board)

Mr. Pan Yimin

Independent non-executive Directors:

Ms. Du Yun

Mr. Lo Chun Chiu, Adrian

Dr. Tong Ka Lok

Mr. Choy Wai Shek, Raymond, MH., JP.

Registered office:

c/o Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park

PO Box 1350, Grand Cayman

KY1-1108

Cayman Islands

Headquarters, head office and

principal place of business

in Hong Kong:

Office B, 3/F

Kingston International Centre

19 Wang Chiu Road

Kowloon Bay

Hong Kong

24 September 2025

To the Shareholders

Dear Sir/Madam,

- (1) PROPOSED SHARE CONSOLIDATION;**
(2) PROPOSED AMENDMENTS TO THE MEMORANDUM OF
ASSOCIATION AND ARTICLES OF ASSOCIATION OF
THE COMPANY;
(3) CONNECTED TRANSACTION IN RELATION TO
PROPOSED ISSUE OF NEW SHARES
UNDER SPECIFIC MANDATE FOR DEBT CAPITALISATION;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

LETTER FROM THE BOARD

INTRODUCTION

References are made to (i) the announcement of the Company dated 25 August 2025 in relation to the Share Consolidation and the proposed issue of new Shares under Specific Mandate; and (ii) the announcement of the Company dated 22 September 2025 in relation to the Proposed Amendments.

The purpose of this circular is to provide you with, among other things, (i) further details of the Share Consolidation; (ii) further details of the Proposed Amendments; (iii) further details of the Capitalisation Agreement; (iv) a letter of recommendations from the Independent Board Committee to the Independent Shareholders in relation to the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); (vi) a notice convening the EGM; and (vii) other information as required under the Listing Rules.

(1) PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share and that the number of issued Consolidated Shares be rounded down to the nearest whole number by disregarding each fractional Consolidated Share which would otherwise arise.

Effects of the Share Consolidation

As at the Latest Practicable Date, there are 1,827,632,134 issued Existing Shares which are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, assuming that no additional Existing Shares are issued during the period from the Latest Practicable Date to the Effective Date, there will be 182,763,213 issued Consolidated Shares which will be fully paid or credited as fully paid.

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

Other than the expenses to be incurred in connection with the Share Consolidation and the payments to be made to Shareholders in relation to fractional Consolidated Shares to which they would otherwise be entitled as mentioned in the paragraph headed “Fractional entitlement to Consolidated Shares” below, the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders would otherwise be entitled.

LETTER FROM THE BOARD

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

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

The Share Consolidation is expected to become effective on Tuesday, 14 October 2025, being one clear Business Day immediately after the date of the EGM, subject to the fulfilment of the above conditions.

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

Listing Application

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

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

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

LETTER FROM THE BOARD

Fractional entitlement to Consolidated Shares

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

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of Consolidated Shares arising from the Share Consolidation, the Company has appointed Kingston Securities Limited as an agent to provide matching services, on a best efforts basis, for the sale and purchase of odd lots of Consolidated Shares from 9:00 a.m. on Tuesday, 28 October 2025 to 4:00 p.m. on Tuesday, 18 November 2025 (both days inclusive). Shareholders who wish to take advantage of this facility should contact Mr. James Lee of Kingston Securities Limited at 72/F., The Center, 99 Queen's Road Central, Central, Hong Kong, Hong Kong (telephone number 2298 6228 or by facsimile at (852) 2552 6666) during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period.

Holders of odd lots of Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be Tuesday, 14 October 2025, Shareholders may during the period from Tuesday, 14 October 2025 to Thursday, 20 November 2025 (both days inclusive), submit their share certificates for Existing Shares (in yellow colour) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong to exchange for new share certificates for Consolidated Shares (in green colour), at the expense of the Company.

Shareholders should note that, after the prescribed time for free exchange of new share certificates, a fee of HK\$2.50 per new share certificate (or such higher amount as may from time to time be allowed by the Stock Exchange, will be payable by the Shareholders to the branch share registrar for the exchange of new share certificates for Consolidated Shares for share certificates for Existing Shares.

After 4:10 p.m. on Tuesday, 18 November 2025, trading will only be in Consolidated Shares. Existing share certificates (in yellow colour) for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

LETTER FROM THE BOARD

Reasons for and benefits of the share consolidation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated in September 2024 (the “Guide”) has further stated that market price of the shares at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules. It has also stated in the Guide that taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

In view of the recent trading price of the Shares, the Board considers that the Share Consolidation will increase the nominal value of the Shares and will reduce the total number of Shares currently in issue. Therefore, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Consolidated Shares and will enable the Company to comply with the trading requirements under the Listing Rules. In addition, it is expected that the Share Consolidation will reduce the overall transaction and handling costs of dealings in the Consolidated Shares as a proportion of the market value of each board lot, since most banks/securities houses will charge a minimum transaction costs for each securities transaction. With a corresponding upward adjustment in the trading price of the Consolidated Shares, the Board believes that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors and therefore further broaden the shareholder base of the Company.

The Board considers that the Share Consolidation is essential for achieving the above-mentioned purpose. Taking into account the potential benefits, the Board is of the view that the Share Consolidation is in the best interests of the Company and the Shareholders as a whole.

On 25 August 2025 (after trading hours of the Stock Exchange), the Company entered into the Capitalisation Agreement with Mr. Zhu pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Zhu has conditionally agreed to subscribe for, a total of 10,000,000 Capitalisation Shares at the Issue Price of HK\$1.00 per Capitalisation Share for the settlement of part of the Outstanding Sum in the amount of HK\$10,000,000. Save for the Debt Capitalisation, the Company does not have any concrete plan or intention to conduct any other fund-raising activities or corporate actions which may have an effect of undermining or negating the intended purpose of the Share Consolidation in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund-raising activities when suitable fund-raising and/or investment opportunities arise in order to support, among others, working capital requirements and future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

LETTER FROM THE BOARD

No change in board lot size

The Existing Shares are currently traded on the Stock Exchange in board lot size of 4,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain unchanged at 4,000 Consolidated Shares per board lot.

Based on the closing price of HK\$0.082 per Existing Share (equivalent to the theoretical closing price of HK\$0.82 per Consolidated Share) as at the Latest Practicable Date, (i) the value per board lot of 4,000 Existing Shares is HK\$328; and (ii) the value per board lot of 4,000 Consolidated Shares will be HK\$3,280 on the assumption that the Share Consolidation becomes effective.

(2) PROPOSED AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE COMPANY

In order to reflect the Company's new capital structure upon the Share Consolidation becoming effective, the Proposed Amendments will be made to the Memorandum of Association and the Articles of Association, subject to the Shareholders' approval by way of a special resolution at the EGM.

Details of the Proposed Amendments are set out below:

Memorandum of Association		
No.	Current Article(s)	Article(s) after the Proposed Amendments
7.	The authorised share capital of the Company is HK\$200,000,000 consisting of 2,000,000,000 shares of HK\$0.10 each with the power for the Company to increase or reduce the said capital and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions; and so that, unless the condition of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.	The authorised share capital of the Company is HK\$200,000,000 consisting of 2,000,000,000 200,000,000 shares of HK\$0.10 1.00 each with the power for the Company to increase or reduce the said capital and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions; and so that, unless the condition of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.

LETTER FROM THE BOARD

Articles of Association		
No.	Current Article(s)	Article(s) after the Proposed Amendments
6.	The authorised share capital of the Company on the date of the adoption of these Articles is HK\$200,000,000 divided into 2,000,000,000 Shares of HK\$0.10 each.	The authorised share capital of the Company on the date of the adoption of these Articles is HK\$200,000,000 divided into 2,000,000,000 <u>200,000,000</u> Shares of HK\$0.10 <u>HK\$1.00</u> each.

The legal advisers to the Company as to Hong Kong laws have confirmed that the Proposed Amendments comply with the requirements of the Listing Rules and the legal advisers to the Company as to the laws of the Cayman Islands have confirmed that the Proposed Amendments to the Memorandum of Association and the Articles of Association do not violate the applicable laws of the Cayman Islands. The Company confirms that there is nothing unusual about the Proposed Amendments for a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange.

(3) CONNECTED TRANSACTION IN RELATION TO PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR DEBT CAPITALISATION

On 25 August 2025 (after trading hours of the Stock Exchange), the Company (as issuer) and Mr. Zhu (as subscriber) entered into the Capitalisation Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Zhu has conditionally agreed to subscribe for, a total of 10,000,000 Capitalisation Shares at the price of HK\$1.00 per Capitalisation Share for the settlement of an equivalent amount of the Outstanding Sum.

Details of the Capitalisation Agreement are summarised as follow:

Date

25 August 2025

Parties

- (1) The Company (as issuer); and
- (2) Mr. Zhu (as subscriber)

Capitalisation Shares

The Company has conditionally agreed to allot and issue, and Mr. Zhu has conditionally agreed to subscribe for, a total of 10,000,000 Capitalisation Shares at the Issue Price of HK\$1.00 per Capitalisation Share.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company is in debt to Mr. Zhu the Outstanding Sum in the amount of approximately HK\$34.61 million. The subscription price in the amount of HK\$10,000,000 payable by Mr. Zhu under the Capitalisation Agreement shall be satisfied by setting off an equivalent amount of the Outstanding Sum.

Assuming that there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Completion Date, the Capitalisation Shares represent (i) approximately 5.47% of the issued share capital of the Company as at the Latest Practicable Date and after the adjustment for the effect of the Share Consolidation; and (ii) approximately 5.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares and after the adjustment for the effect of the Share Consolidation.

The aggregate nominal value of the Capitalisation Shares (with a par value of HK\$0.1 each) is HK\$1,000,000.

Issue Price

The Issue Price of HK\$1.00 per Capitalisation Share represents:

- (i) a premium of approximately 13.64% over the theoretical closing price per Share of HK\$0.88 (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on 25 August 2025, being the date of the Capitalisation Agreement;
- (ii) a premium of approximately 14.94% over the theoretical average closing price per Share of HK\$0.87 (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Capitalisation Agreement;
- (iii) a premium of approximately 12.36% over the theoretical average closing price per Share of approximately HK\$0.89 (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Capitalisation Agreement;
- (iv) a discount of approximately 51.69% to the consolidated net asset value per Consolidated Share of approximately HK\$2.07 (equivalent to approximately HK\$0.207 per Existing Share) as at 31 March 2025, calculated by dividing the Group's audited consolidated net assets of approximately HK\$377,655,000 as at 31 March 2025 by 182,763,213 Consolidated Shares (after taking into account the effect of the Share Consolidation) in issue as at the date of the Capitalisation Agreement; and

LETTER FROM THE BOARD

- (v) a premium of approximately 21.95% over the theoretical closing price of HK\$0.82 per Consolidated Share (based on the closing price of HK\$0.082 per Existing Share and after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange as at the Latest Practicable Date.

The Issue Price was arrived at on an arm's length basis between the Company and Mr. Zhu after taking into account the recent trading performance of the Shares, the recent market conditions, the current financial position and the business prospects of the Group.

During the three-month period commencing from 26 May 2024 to 25 August 2025 (the “**Relevant Period**”), being the date of the Capitalisation Agreement, the daily closing prices of the Shares (after taken into account the effect of the Share Consolidation) ranged from HK\$0.34 per Share to HK\$0.94 per Share, with the average daily closing price recorded at approximately HK\$0.72 per Share. In addition, the closing prices of the Shares during the Relevant Period increased from HK\$0.35 per Share as quoted on the Stock Exchange on 26 May 2025 to HK\$0.88 per Share as quoted on the Stock Exchange on 25 August 2025, representing an increase of approximately 151.43%.

As disclosed in the annual report of the Company for the year ended 31 March 2025, as the government has introduced various favourable policies in relation to the industrial development and the environmental protection industry, it is expected that the demand for new energy would continue to increase, leading to further potential expansion of the Group's businesses in the future.

During the year ended 31 March 2025, the Group recorded net loss of approximately HK\$89.84 million and net cash used in operating activities of approximately HK\$36.14 million. In view of the upward trend of the market price of the Shares and the favourable market conditions, the Debt Capitalisation at a premium to the market price is expected to have a positive effect on the Group's financial position and strengthen its net asset value, demonstrating Mr. Zhu's support for the Group's operations and confidence in the Group's business prospects.

By reasons of the above, the Directors (other than the independent non-executive Directors, who shall provide their views after considering the advice from the Independent Financial Adviser) consider that the Issue Price and the terms of the Capitalisation Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The amount of the total Issue Price of HK\$10,000,000 shall be satisfied by way of setting-off against an equivalent amount of the Outstanding Sum owed to Mr. Zhu by the Company. In addition, the Group will use its internal resources to settle the professional fees and all related expenses in the amount of approximately HK\$218,000, which may be borne by the Company in connection with the Debt Capitalisation.

LETTER FROM THE BOARD

The Company has approached and obtained quotations from three corporations licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO to act as the independent financial adviser. Taking into account, among others, the experience and qualification the professional parties, including the Independent Financial Adviser, involved in the Debt Capitalisation, the Directors considered that the professional fees and all related expenses incurred and to be incurred in connection with the Debt Capitalisation are on normal commercial terms.

Conditions

Completion is conditional upon the fulfilment of the following conditions:

- (i) the passing of the necessary resolution(s) by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules and other applicable laws and regulations at the EGM to be held and convened to approve the Capitalisation Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate;
- (ii) the Share Consolidation becoming effective;
- (iii) the Listing Committee of the Stock Exchange granting, and not having withdrawn or revoked up to Completion, the listing of and permission to deal in the Capitalisation Shares; and
- (iv) all necessary consents and approvals required to be obtained by the Company in respect of the Capitalisation Agreement and the transactions contemplated thereunder having been obtained.

None of the above conditions can be waived. If the above conditions are not fulfilled on or before 15 October 2025 or such later date as the parties to the Capitalisation Agreement may agree, all rights, obligations and liabilities of the parties under the Capitalisation Agreement shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the Completion Date after satisfaction of the conditions precedent set out above (or such other date as may be agreed between the Company and Mr. Zhu).

Ranking of the Capitalisation Shares

The Capitalisation Shares, when allotted and issued, shall rank *pari passu* in all respects with the existing Shares in issue at the date of allotment and issue of the Capitalisation Shares.

LETTER FROM THE BOARD

EFFECT OF THE CAPITALISATION SHARES ON THE SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Share Consolidation; and (iii) immediately after Completion and the allotment and issue of the Capitalisation Shares as contemplated under the Debt Capitalisation (assuming there are no other changes to the issued share capital of the Company between the Latest Practicable Date and the Completion Date save for the allotment and issue of the Capitalisation Shares and the Subscriber will not hold any other Shares save for the Capitalisation Shares on the Completion Date):

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Share Consolidation		Immediately after Completion and the allotment and issue of the Capitalisation Shares as contemplated under the Debt Capitalisation	
	Number of Shares	Approx. % of shareholding	Number of Shares	Approx. % of shareholding	Number of Shares	Approx. % of shareholding
Directors						
Mr. Zhu Yongjun (“ Mr. Zhu ”) (Note 1)	86,772,000	4.75	8,677,200	4.75	18,677,200	9.69
Mr. Pan Yimin (“ Mr. Pan ”) (Note 2)	500,000	0.03	50,000	0.03	50,000	0.03
Dr. Tong Ka Lok (“ Dr. Tong ”) (Note 3)	480,000	0.03	48,000	0.03	48,000	0.02
Mr. Choy Wai Shek, Raymond, MH., JP. (“ Mr. Choy ”) (Note 4)	1,200,000	0.07	120,000	0.07	120,000	0.06
Public Shareholders	1,738,680,134	95.13	173,868,013	95.13	173,868,013	90.20
Total	1,827,632,134	100.00	182,763,213	100.00	192,763,213	100.00

Notes:

- (1) As at the Latest Practicable Date, among the 86,772,000 Shares, 77,000,000 Shares are beneficially held by Jumbo Grand Enterprise Development Limited (“**Jumbo Grand**”) and 4,372,000 Shares are beneficially by Excellent Point Asia Limited (“**Excellent Point**”). Mr. Zhu owns 100% of the issued voting shares of Jumbo Grand and Excellent Point. As such, Mr. Zhu is deemed or taken to be interested in all the Shares which are beneficially owned by Jumbo Grand and Excellent Point for the purpose of the SFO.
- (2) As at the Latest Practicable Date, Mr. Pan is an executive Director.
- (3) As at the Latest Practicable Date, Dr. Tong is an independent non-executive Director.
- (4) As at the Latest Practicable Date, Mr. Choy is an independent non-executive Director.
- (5) Certain percentage figures in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM THE BOARD

EQUITY FUND RAISING OF THE COMPANY DURING THE PAST TWELVE MONTHS

On 11 August 2025, the Company issued an aggregate of 221,500,000 Shares to four subscribers (the “**Previous Subscription**”). The Company received net proceeds from the subscription of approximately HK\$22.0 million, which will be utilised and applied as to (i) approximately HK\$13.2 million for the repayment of the Group’s overdue lease payables and other outstanding bond payables and lease payables; and (ii) as to approximately HK\$8.8 million for the general working capital of the Group. For details, please refer to the announcements of the Company dated 29 July 2025 and 11 August 2025.

The table below sets out the details of the use of proceeds from the Previous Subscription as at the Latest Practicable Date:

Net proceeds	Intended use of proceeds	Actual use of proceeds	Unutilised proceeds	Expected time line for unutilised proceeds
The net proceeds amounted to approximately HK\$22.0 million	(i) Approximately HK\$13.2 million for the repayment of the Group’s overdue lease payables and other outstanding bond payables and lease payables (ii) Approximately HK\$8.8 million for the general working capital of the Group <ul style="list-style-type: none">— as to approximately HK\$0.95 for settlement of outstanding professional fees— as to approximately HK\$1.80 million for payment of employees’ salary— as to approximately HK\$6.05 million for operational expenses	(i) Approximately HK\$10.7 million (ii) Approximately HK\$8.8 million	(i) Approximately HK\$2.5 million (ii) Nil	The unutilised net proceeds of approximately HK\$2.5 million is expected to be utilised by the end of September 2025

As the net proceeds from the Previous Subscription are expected to be fully utilised by the end of September 2025, there would not be any remaining proceeds from the Previous Subscription for settlement of the Outstanding Sum.

Saved as disclosed above, the Company had not conducted any equity fundraising activities in the past twelve months immediately preceding the Latest Practicable Date.

INFORMATION ON THE COMPANY AND THE CREDITOR

The Company is an investment holding company. The Group is principally engaged in (i) provision of foundation works, civil engineering contractual service and general building works in Hong Kong; and (ii) environmental protection projects including harmless waste treatments covering construction and operation of kitchen waste treatment, diseased livestock and poultry related business, development and management of environmental protection industrial park and new energy materials in the PRC and Hong Kong.

As at the Latest Practicable Date, Mr. Zhu is the chairman of the Board and an executive Director and is interested in 86,772,000 Existing Shares, representing approximately 4.75% of the entire issued share capital of the Company. Therefore, Mr. Zhu is a connected person of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

REASONS FOR THE DEBT CAPITALISATION

As disclosed in the annual report of the Company for year ended 31 March 2025, the Group incurred net loss of approximately HK\$89.8 million and recorded net operating cash outflow of approximately HK\$36.1 million for the year ended 31 March 2025. As at 31 March 2025, the Group recorded net current liabilities of approximately HK\$44.8 million. In this regard, the Directors have undertaken substantial work for improving the Group's liquidity and financial position, including but not limited to, (i) seeking financial support from external sources; (ii) proactively expanding the Group's businesses, such as increasing waste edible oils production from kitchen waste treatment projects and exploring the sale of operational by-products; (iii) minimising production costs and streamlining human resources; and (iv) raising funds by way of debt and equity financing activities.

Capitalisation of part of the Outstanding Sum enables the Group to settle its outstanding indebtedness without utilising existing financial resources of the Company and avoid cash outflows. The Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to preserve as much liquidity as possible in order to strengthen the Group's financial and liquidity position for its business development.

Although the allotment and issue of the Capitalisation Shares will have a dilution effect to the existing Independent Shareholders, having considered (i) the capitalisation of part of the Outstanding Sum can alleviate the repayment and settlement pressure of the Group; and (ii) the Capitalisation Shares, when allotted and issued, will be recognized entirely as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base and enhance the net asset position of the Group, the Directors are of the view that the dilution effect arising from the allotment and issue of the Capitalisation Shares is justifiable in this regard.

The Company have considered alternative means to settle the Outstanding Sum, including a range of debt financing and equity financing methods. However, the Company considered that these options were not feasible due to, where applicable, the Group's financial position, the substantial amount of the Outstanding Sum and the insufficient assets or properties as collateral.

In assessing the options for debt financing or bank borrowings, the Company has considered the following factors: (i) additional bank borrowings will inevitably deteriorate the gearing level of the Group and further compromise the Group's financial position; (ii) securing new bank facilities could be difficult due to the recent loss-making performance of the Group; (iii) bank loans typically require asset pledges or collateral, which would impose limitation on the Group's operational flexibility; (iv) the lengthy procedure for due diligence, risk assessments and negotiation; and (v) the then interest rates available.

Nonetheless, the Company had reached out to various banks and financial institutions to explore the possibilities of loan arrangements. Certain financial institutions indicated that it would be difficult to secure additional facilities without property as collateral, and two institutions have provided indicative quotations for the provision of loan facilities bearing interest rates between 12% to 24% per annum, which is substantially higher than the interest rate of 6% per annum of the Outstanding Sum. As such, the Company considers

LETTER FROM THE BOARD

that the above debt financing options may not be favourable to the Company. In addition, as at 31 March 2025, the Group's total interest-bearing loans including lease liabilities, bank and other borrowings (excluding bonds) amounted to approximately HK\$236.4 million. Certain assets and investment properties have already been pledged for existing facilities, including a syndicated loan of RMB100 million granted in February 2024, which is primarily used for business development purpose in relation to the construction of investment properties in Jiangsu, PRC. As such, the Company is of the view that further debt fundraising exercise may not be feasible.

With respect to other equity financing methods such as placement of new shares, rights issue or open offer, considering (i) the placement of new Shares may not be appealing to investors without offering a significant discount due to the loss-making performance of the Group; (ii) rights issue or open offer generally entail additional finance cost such as underwriting or placing commission or other professional fees, which is less cost-effective to the Group in view of its financial position; and (iii) the thin trading volume of the Shares during the three months prior to the date of the Capitalisation Agreement, the terms and cost-effectiveness of such equity fundraising methods are unlikely to be as favourable as the Debt Capitalisation.

The Company has an imminent need to settle the Outstanding Sum given that (i) the Group has upcoming repayment obligation of approximately HK\$39.6 million from outstanding borrowings due by December 2025; and (ii) the Group has an investment project on hand in relation to the development of a food waste (kitchen waste) disposal facility in Haimen District and expected to invest approximately HK\$28.35 million (the **"Haimen Investment"**), details of which are set out in the announcements of the Company dated 24 June 2025 and 4 August 2025. Accordingly, it is the intention of the Company to allocate and reserve its existing cash and cash equivalents to sustain ongoing operational needs, support the upcoming repayments obligations and the Haimen Investment. Having taken into account all the above factors, it is important to maintain an adequate cash level to ensure the Group's operational continuity or accommodate any potential development needs.

There will not be any proceeds arising from the Debt Capitalisation as the entire subscription price in the amount of HK\$10,000,000 will be set off against the partial amount of the Outstanding Sum on a dollar-to-dollar basis. As at the Latest Practicable Date, the Outstanding Sum amounted to approximately HK\$34.61 million which will become due on 6 May 2026. Upon Completion, the remaining balance of HK\$24.61 million of the Outstanding Sum will remain as a liability of the Group and is expected to be repaid by the Group's internal financial resources.

In view of the above, the Directors consider that the terms of the Capitalisation Agreement are fair and reasonable based on the current market conditions and are on normal commercial terms. Having taken into account the work undertaken by the Company for improving the Group's liquidity and financial position and the financial effects of the Debt Capitalisation, the Directors consider the Debt Capitalisation is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

SPECIFIC MANDATE

The Capitalisation Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Zhu is the chairman of the Board and an executive Director and is interested in 86,772,000 Existing Shares, representing approximately 4.75% of the entire issued share capital of the Company. Therefore, Mr. Zhu is a connected person of the Company.

Accordingly, the Debt Capitalisation constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Zhu and his associates shall abstain from voting in respect of the resolution approving the Capitalisation Agreement and the transactions contemplated thereunder at the EGM.

Mr. Zhu has abstained from voting on the Board resolution approving the Capitalisation Agreement and the transactions contemplated thereunder. Save as disclosed above, (i) no other Director has a material interest in the Capitalisation Agreement and the transactions contemplated thereunder or is required to abstain from voting on the Board resolutions in relation to the aforesaid matters; (ii) to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has any material interest in the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and therefore no other Shareholder is required to abstain from voting at the EGM in respect of the resolution approving the Capitalisation Agreement and the transactions contemplated thereunder.

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Share Consolidation, the Proposed Amendments, and the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate). No Shareholders are required to abstain from voting on the resolutions in relation to the Share Consolidation and the Proposed Amendments. Mr. Zhu and his associates shall abstain from voting in respect of the resolution approving the Capitalisation Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no other Shareholders are required to abstain from voting at the EGM in respect of the Capitalisation Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders regarding, among other things, the terms of the Capitalisation Agreement and transactions contemplated thereunder (including the grant of the Specific Mandate). The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

The EGM will be convened and held at Office B, 3/F, Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Hong Kong on Friday, 10 October 2025 at 10:00 a.m. for the Shareholders to consider and, if thought fit, to approve the Share Consolidation, the Proposed Amendments, and the Capitalisation Agreement and the respective transactions contemplated thereunder (including the grant of the Specific Mandate). A notice convening the EGM is set out on pages EGM-1 to EGM-4 of this circular.

The voting in respect of the Share Consolidation, the Proposed Amendments, and the Capitalisation Agreement and the respective transactions contemplated thereunder (including the grant of the Specific Mandate) at the EGM will be conducted by way of poll.

Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 48 hours (i.e. Wednesday, 8 October 2025 at 10:00 a.m.) before the time appointed for holding of the EGM or the adjourned meeting (as applicable). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting thereof (as applicable) should you so desire.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon its ultimate beneficial owners and their respective associates; and (ii) no obligation or entitlement of its ultimate beneficial owners and their respective associates as at the Latest Practicable Date, whereby it or he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its or his Shares to a third party, either generally or on a case-by-case basis.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 6 October 2025 to Friday, 10 October 2025 (both days inclusive) for the purpose of determining the Shareholder's entitlement to attend and vote at the EGM.

The record date for determining the entitlement to attend and vote at the EGM will be Friday, 10 October 2025.

LETTER FROM THE BOARD

In order to qualify for attending and voting at the EGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor 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 Friday, 3 October 2025.

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the terms of the Share Consolidation, the Proposed Amendments and the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board recommends the Shareholders or the Independent Shareholders (as the case may be) to vote in favour of the resolutions to approve the Share Consolidation, the Proposed Amendments and the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to approve the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the EGM.

The text of the letter from the Independent Board Committee is set out on pages 24 to 25 of this circular. The text of the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders and the principal factors and reasons which it has taken into account in arriving at its advice is set out on pages 26 to 46 of this circular. Independent Shareholders are strongly recommended to read carefully these two letters for details of the advice.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
New Concepts Holdings Limited
Zhu Yongjun
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is text of the letter of the Independent Board Committee setting out its recommendation to the Independent Shareholders in respect of the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).



NEW CONCEPTS HOLDINGS LIMITED

創業集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2221)

24 September 2025

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR DEBT CAPITALISATION

We refer to the circular of the Company dated 24 September 2025 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Red Sun Capital Limited has been appointed to act as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. We wish to draw your attention to (i) the letter of advice from the Independent Financial Adviser, the details of which (including the principal factors and reasons the Independent Financial Adviser has taken into consideration) are set out on pages 26 to 46 of the Circular; and (ii) the letter from the Board as set out on pages 7 to 23 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate), and the advice from the Independent Financial Adviser, we are of the opinion that although the Debt Capitalisation is not conducted in the ordinary and usual course of business of the Group, the terms of the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms which is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Yours faithfully,
the Independent Board Committee

Ms. Du Yun

*Independent
non-executive
Director*

**Mr. Lo Chun Chiu,
Adrian**

*Independent
non-executive
Director*

Dr. Tong Ka Lok

*Independent
non-executive
Director*

**Mr. Choy Wai Shek,
Raymond, MH, JP.**

*Independent
non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders regarding the Capitalisation Agreement for the purpose of inclusion in this circular.



红日资本有限公司
RED SUN CAPITAL LIMITED

Room 2703, 27/F.,
China Insurance Group Building,
141 Des Voeux Road Central, Hong Kong
Tel: (852) 2857 9208
Fax: (852) 2857 9100

24 September 2025

To: The Independent Board Committee and the Independent Shareholders of
New Concepts Holdings Limited

Dear Sirs,

CONNECTED TRANSACTION LOAN CAPITALISATION INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Capitalisation Agreement (together with the transactions contemplated therein, including the issue of the Capitalisation Shares under specific mandate), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 24 September 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 25 August 2025 (after trading hours of the Stock Exchange), the Company (as issuer) and Mr. Zhu Yongjun (“**Mr. Zhu**”) (as subscriber) entered into the Capitalisation Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Zhu has conditionally agreed to subscribe for, a total of 10,000,000 Capitalisation Shares at the price of HK\$1.00 per Capitalisation Share (“**Subscription**”) for the settlement of part of the Outstanding Sum owed by the Company to Mr. Zhu (“**Debt Capitalisation**”). The Subscription amount in the sum of HK\$10,000,000 payable by Mr. Zhu under the Capitalisation Agreement shall be satisfied by setting off against an equivalent amount of the Outstanding Sum.

LISTING RULES IMPLICATIONS

As set out in the Letter from the Board, Mr. Zhu is the Chairman of the Board, an executive Director and is directly and beneficially interested in 86,772,000 Existing Shares, representing approximately 4.75% of the entire issued share capital of the Company. Therefore, Mr. Zhu is considered a connected person of the Company, the entering into of the Capitalisation Agreement and the Debt Capitalisation constitute a connected transaction of the Company, and is subject to reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Capitalisation Shares will be issued by the Company under a specific mandate. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors namely, Ms. Du Yun, Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, has been formed to advise the Independent Shareholders as to whether the Capitalisation Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, are in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole, and how to vote at the EGM. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are independent from and not connected with Mr. Zhu, the Company or its shareholders, directors or chief executives, or any other parties that could reasonably be regarded as relevant to our independence, and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Capitalisation Agreement, including the proposed issue of new shares under specific mandate and Debt Capitalisation. During the past two years, Red Sun Capital Limited has not acted as an independent financial adviser to the Company under the Listing Rules. Apart from the normal advisory fee payable to us in connection with this engagement as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Group that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Directors and the management of the Company (“**Management**”). We have assumed that all statements, information and representations provided by the Directors and the Management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration.

Our review and analysis were based upon, among other things, including, (i) the Capitalisation Agreement; (ii) the announcement in relation to the Capitalisation Agreement (the “**Announcement**”); (iii) information set out in the Letter from the Board; and (iv) the annual report of the Company for the year ended 31 March 2025 (“**2025 Annual Report**”) and the interim report for the six months ended 30 September 2024 (“**2024 Interim Report**”). We consider that we have reviewed sufficient information, including relevant information and documents provided by the Company, to enable us to reach an informed view and to provide a reasonable basis for our advice. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, the Management or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, there are no other facts not contained in this letter, the omission of which would make any statement contained in the Circular, including this letter, incorrect or misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the Capitalisation Agreement, including the issue of new shares and the transaction contemplated thereunder, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE CAPITALISATION AGREEMENT

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

(1) Principal business and financial information of the Group

The Group is principally engaged in (i) provision of foundation works, civil engineering contractual service and general building works in Hong Kong (the “**Construction Business**”); and (ii) environmental protection projects including harmless waste treatments, development and management of environmental protection industrial park and new energy materials in Mainland China and Hong Kong (the “**Environmental Protection Business**”).

Set out below are the summarised consolidated statement of profit or loss of the Group for the years ended 31 March 2024 and 2025 as extracted from the 2025 Annual Report, and the six months ended 30 September 2023 and 2024 from the 2024 Interim Report.

Summary of consolidated statement of profit or loss

	For the year ended 31 March		For the six months ended 30 September	
	2025	2024	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	929,235	628,236	362,293	307,098
Construction Business	832,123	511,281	313,761	260,452
Environmental Protection Business	97,112	116,955	48,532	46,646
Gross profit	58,989	61,091	33,863	40,795
(Loss)/Profit for the year/period attributable to owners of the Company	(80,707)	2,863	(14,856)	(6,443)

Financial performance for the year ended 31 March 2024 (“FY2024”) and the year ended 31 March 2025 (“FY2025”)

As set out in 2025 Annual Report, the Group recorded revenue of approximately HK\$929.2 million for FY2025, comprising revenue from the Construction Business segment of approximately HK\$832.1 million and the Environmental Protection Business segment of approximately HK\$97.1 million.

An increase in total revenue of approximately 47.9% was recorded during FY2025 as compared to FY2024, which was mainly driven by the increase in revenue of approximately HK\$320.8 million from the Construction Business segment, resulted from the increase of sizeable projects undertaken by the Group during FY2025. However, it was partially offset by a decline in the new energy material business (being part of the Environmental Protection Business) of approximately HK\$39.5 million.

Notwithstanding the increase in revenue, the Group's gross profit decreased from approximately HK\$61.1 million for FY2024 to approximately HK\$59.0 million for FY2025, due to the new energy materials from the Environmental Protection Business segment recorded a gross loss during FY2025.

Comparing with FY2024, the Group recorded a turnaround from net profit of approximately HK\$2.9 million to net loss attributable to owners of the Company of approximately HK\$80.7 million for FY2025. Such was mainly attributable to, among others, (i) absence of a one-off gain of HK\$52.9 million arising from a capital injection into an associate through the contribution of patented technologies recorded in FY2024; and (ii) a rise in the impairment loss under expected credit loss model of HK\$33.4 million on financial and contract assets.

Financial performance for the six months ended 30 September 2023 ("6M2023") and the six months ended 30 September 2024 ("6M2024")

As set out in 2024 Interim Report, the Group recorded revenue of approximately HK\$362.3 million for 6M2024, comprising revenue from the Construction Business segment of approximately HK\$313.8 million and the Environmental Protection Business segment of approximately HK\$48.5 million.

An increase in total revenue of approximately 18.0% was recorded during 6M2024 as compared to approximately HK\$307.1 million for 6M2023, which was mainly attributable to (i) increase in revenue from the Construction Business segment of approximately 20.5%; and (ii) increase in revenue from the Environmental Protection Business segment of approximately 4.1% as compared to 6M2023.

Loss attributable to owners of the Company amounted to approximately HK\$14.9 million for 6M2024, representing an increase in loss as compared to 6M2023 of approximately HK\$6.4 million.

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Summary of consolidated statement of financial position of the Group

	As at 31 March 2025 <i>HK\$'000</i> (audited)	As at 30 September 2024 <i>HK\$'000</i> (unaudited)
Non-current assets	816,760	786,336
Current assets	394,828	414,734
Total assets	1,211,588	1,201,070
Non-current liabilities	394,348	337,861
Current liabilities	439,585	409,178
Total liabilities	833,933	747,039
Net assets	377,655	454,034

We noted from the 2025 Annual Report and the 2024 Interim Report, total assets of the Group amounted to approximately HK\$1,211.6 million as at 31 March 2025, representing a slight increase of approximately 0.9% as compared to approximately HK\$1,201.1 million as at 30 September 2024. Such changes was attributable to (i) increase in cash and cash equivalent to approximately HK\$115.2 million as at 31 March 2025 from approximately HK\$53.4 million as at 30 September 2024; (ii) increase in investment properties to approximately HK\$163.3 million as at 31 March 2025 from approximately HK\$56.7 million as at 30 September 2024; and (iii) increase in retention receivables to approximately HK\$28.5 million as compared to approximately HK\$8.8 million as at 30 September 2024, which was partially alleviated by the (i) decrease from loan receivables of approximately HK\$9.3 million as at 30 September 2024 to nil as at 31 March 2025; (ii) decrease in prepayments, deposits and other receivables from approximately HK\$164.6 million as at 30 September 2024 to approximately HK\$95.9 million as at 31 March 2025; (iii) decrease in contract assets from approximately HK\$52.3 million as at 30 September 2024 to nil as at 31 March 2025.

Total liabilities of the Group amounted to approximately HK\$833.9 million as at 31 March 2025, representing an increase of approximately 11.6% as compared to approximately HK\$747.0 million as at 30 September 2024. Such was mainly due to the (i) increase in amounts due to related companies of approximately HK\$41.3 million; (ii) increase in other payables and accruals of approximately \$33.7 million; and (iii) increase in interest-bearing bank and other borrowings of approximately HK\$33.1 million, which were offset by the (i) decrease in contract liabilities of approximately HK\$20.9 million; (ii) decrease in lease liabilities of approximately HK\$4.5 million.

The increase in total liabilities signals potential financial stress, as liabilities have grown more than assets. The substantial increase in current liabilities raises concerns about short-term financial sustainability and interest obligations.

(2) Information of the Subscriber

As set out in the Letter from the Board, Mr. Zhu is the Chairman of the Board and an executive Director and is directly and beneficially interested in 86,772,000 Existing Shares, representing approximately 4.75% of the entire issued share capital of the Company. Therefore, Mr. Zhu is considered a connected person of the Company.

(3) Principal terms of the Capitalisation Agreement

Subject matter

On 25 August 2025 (after trading hours), the Company (as issuer) and Mr. Zhu (as subscriber) entered into the Capitalisation Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Zhu has conditionally agreed to subscribe for, a total of 10,000,000 Consolidated Shares at the price of HK\$1.00 per Capitalisation Share for the settlement of the Outstanding Sum in full.

As at the date of the Announcement, the Company is in debt to Mr. Zhu the Outstanding Sum in the amount of HK\$34.32 million. The subscription price in the amount of HK\$10,000,000 payable by Mr. Zhu under the Capitalisation Agreement shall be satisfied by setting off an equivalent amount of the Outstanding Sum.

The principal terms of the Capitalisation Agreement are as follows:

Date:	25 August 2025
Parties:	(i) The Company (as issuer) (ii) Mr. Zhu (as subscriber)

Capitalisation Shares

The Company has conditionally agreed to allot and issue, and Mr. Zhu has conditionally agreed to subscribe for, a total of 10,000,000 Capitalisation Shares at the price of HK\$1.00 per Capitalisation Share.

Assuming that there will be no change in the issued share capital of the Company between the date of the Announcement and the Completion Date, the Capitalisation Shares represent (i) approximately 5.47% of the issued share capital of the Company as at the date of the Announcement and after the adjustment for the effect of the Share Consolidation; and (ii) approximately

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5.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares and after the adjustment for the effect of the Share Consolidation.

The aggregate nominal value of the Capitalisation Shares (with a par value of HK\$0.1 each) is HK\$1,000,000.

Issue Price

The Issue Price of HK\$1.00 per Capitalisation Share represents:

- (i) a premium of approximately 21.95% to the theoretical closing price per Share of HK\$0.82 (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 13.64% over the theoretical closing price per Share of HK\$0.88 (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on 25 August 2025, being the date of the Capitalisation Agreement;
- (iii) a premium of approximately 14.94% over the theoretical average closing price per Share of HK\$0.87 (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Capitalisation Agreement;
- (iv) a premium of approximately 12.36% over the theoretical average closing price per Share of HK\$0.89 (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Capitalisation Agreement; and
- (v) a discount of approximately 51.60% over the consolidated net asset value attributable to the Shareholders of approximately HK\$2.07 per Consolidated Share (equivalent to approximately HK\$0.207 per Existing Share) as at 31 March 2025, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$377,655,000 as at 31 March 2025 by 182,763,213 Consolidated Shares (after taking into account the effect of the Share Consolidation) in issue as at the date of the Capitalisation Agreement.

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The Issue Price was arrived at on an arm's length basis between the Company and Mr. Zhu after taking into account the recent trading performance of the Shares, the recent market conditions, the current financial position and the business prospects of the Group, details of which is set out in the Letter from the Board. The Directors (other than the independent non-executive Directors) consider that the Issue Price and the terms of the Capitalisation Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The amount of the total Issue Price of HK\$10,000,000 shall be satisfied by way of setting-off against an equivalent amount of the Outstanding Sum owed to Mr. Zhu by the Company.

In addition, the Group will use its internal resources to settle the professional fees and all related expenses which may be borne by the Company in connection with the Debt Capitalisation.

Conditions

Completion is conditional upon the fulfilment of the following conditions:

- (i) the passing of the necessary resolution(s) by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules and other applicable laws and regulations at the EGM to be held and convened to approve (a) the Share Consolidation; and (b) the Capitalisation Agreement and the transactions contemplated thereunder, including the allotment and issue of the Capitalisation Shares under Specific Mandate;
- (ii) the Share Consolidation becoming effective;
- (iii) the Listing Committee of the Stock Exchange granting, and not having withdrawn or revoked up to Completion, the listing of and permission to deal in the Capitalisation Shares; and
- (iv) all necessary consents and approvals required to be obtained by the Company in respect of the Capitalisation Agreement and the transactions contemplated thereunder having been obtained.

None of the above conditions can be waived. If the above conditions are not fulfilled on or before 15 October 2025 or such later date as the parties to the Capitalisation Agreement may agree, all rights, obligations and liabilities of the parties under the Capitalisation Agreement shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the Completion Date after satisfaction of the conditions precedent set out above (or such other date as may be agreed between the Company and Mr. Zhu).

Ranking of the Capitalisation Shares

The Capitalisation Shares, when allotted and issued, shall rank *pari passu* in all respects with the existing Shares in issue at the date of allotment and issue of the Capitalisation Shares.

(4) Reasons for and benefits of the Subscription and Debt Capitalisation

As discussed in the above section headed “(1) PRINCIPAL BUSINESS AND FINANCIAL INFORMATION OF THE GROUP”, the Group recorded, among others, (i) a turnaround from net profit to net loss attributable to owners of the Company of approximately HK\$80.7 million for the year ended 31 March 2025; (ii) net loss for the six months ended 30 September 2023 and 2024. Moreover, as noted from the 2025 Annual Report, the Group incurred net current liabilities of approximately HK\$44.8 million as at 31 March 2025.

As at the Latest Practicable Date, the total outstanding amount owed to Mr. Zhu (comprising principal amount and interest accrued) is approximately HK\$34.61 million, which is expected to fall due in May 2026. Due to recent loss-making performance and the net operating cashflow, the Group has taken substantial work to improve its liquidity level and financial position. As such, the Company engaged in negotiation with Mr. Zhu on the proposed settlement plan of the Outstanding Sum on terms that are favourable to the Company without having to further compromise its liquidity position or requiring a huge cash outflow.

As discussed with the Management, the Directors have also considered alternative means to settle the Outstanding Sum, including a range of debt financing and equity financing methods. However, the Management of the Company considered that these options were not feasible due to, where applicable, the Group’s financial position, the substantial amount of the Outstanding Sum and the insufficient assets or properties as collateral.

In assessing the options for debt financing or bank borrowings, based on our discussion with the Management, we understand that the Company has considered the following factors: (i) additional bank borrowings will inevitably deteriorate the gearing level of the Group and further compromise the Group’s financial position; (ii) securing new bank facilities could be difficult due to the recent loss-making performance of the Group as discussed above; (iii) bank loans typically require asset pledges or collateral, which would impose limitation on the Group’s operational flexibility; (iv) the lengthy procedure for due diligence, risk assessments and negotiation with banks/lenders; and (v) the then rates available may or may not be favourable to the Company.

Nonetheless, the Company still reached out to various banks and financial institutions to explore the possibilities of loan arrangements. As advised by the Company, certain banks indicated that it would be difficult to secure additional facilities without property as collateral, and two entities have provided indicative quotations for the provision of loan facilities bearing interest rates between 12% to 24% per annum, which is substantially higher than the interest rate of the Outstanding Sum (i.e. 6% per annum). As such, the Management considers that the above debt financing options may not be favourable to the Company. In addition, we noted from the 2025 Annual Report that, as at 31 March 2025, the Group's total interest-bearing loans including lease liabilities, bank and other borrowings (excluding bonds) amounted to approximately HK\$236.4 million. In this connection, we have discussed with the Management and understand that certain assets and investment properties have already been pledged to existing facilities, including a syndicated loan of RMB100 million granted in February 2024, which were primarily used for business development purpose in relation to the construction of investment properties in Jiangsu, PRC. Hence, we concur with the view of the Management that conducting further debt fundraising exercise may not be feasible under the Group's current circumstances.

With respect to other equity financing methods such as placement of new shares, rights issue or open offer, considering (i) the Group has recently completed a subscription of new shares under general mandate, details of which is set out in the announcement of the Company dated 11 August 2025; (ii) the loss-making performance of the Group recently, issuance of new shares in the open market may not be appealing to investors and attract subscribers without offering a significant discount; (iii) rights issue or open offer generally entail additional finance cost such as underwriting or placing commission or other professional fees, which is less cost-effective to the Group in view of its financial position; and (iv) the low liquidity of the Shares discussed in the section headed "5.2 TRADING LIQUIDITY OF SHARES" below, the likelihood of conducting such fundraising methods successfully under favourable terms is low, thus no substantive progress in attempting the above alternatives were noted.

We were also given to understand that: (i) the Group has upcoming repayment obligation of approximately HK\$39.6 million from outstanding borrowings due by December 2025; and (ii) the Group has an investment project on hand in relation to the development of a food waste (kitchen waste) disposal facility in Haimen District and expected to invest approximately HK\$28.35 million (the "**Haimen Investment**"), details of which are set out in the announcements of the Company dated 24 June 2025 and 4 August 2025. Accordingly, it is the intention of the Company to allocate and reserve its existing cash and cash equivalents to sustain ongoing operational needs, support the upcoming repayments obligations and the Haimen Investment. Having taken into account all the above factors, we concur with the view of the Directors that it is important to maintain an adequate cash level to ensure the Group's operational continuity or accommodate any potential development needs.

In view of the foregoing, in particular the costs, financial impact and execution risks of abovementioned fundraising alternatives, we are of the view that the Debt Capitalisation represents a more appropriate and beneficial mean for the Group to partially settle the Outstanding Sum and improve its financial position.

After taking into account that: (i) the deteriorated financial position of the Group as mentioned above; (ii) the capitalisation of the Outstanding Sum through the issuance of new shares will not exert immediate cash outflow burden on the Group, and in turn, alleviate the repayment pressure and reduce finance cost expenses; (iii) the expected repayment obligations of the Company in the upcoming period and capital required to support its Haimen Investment; (iv) the Debt Capitalisation is a more favourable and appropriate option as compared to other fundraising alternatives, the Directors considers and we concur with their views that the terms of the Capitalisation Agreement and the transaction contemplated thereunder, including the Debt Capitalisation through the issuance of new shares, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(5) Evaluation of the principal terms of the Capitalisation Agreement and the Subscription

As set out in the Letter from the Board, the Issue Price was arrived at on an arm's length basis between the Company and Mr. Zhu after taking into account the recent trading performance of the Shares, the recent market conditions, the current financial position and the business prospects of the Group.

In order to assess the fairness and reasonableness of the Issue Price at HK\$1.00, we have conducted the following assessments:

5.1 Historical Share price performance

We have reviewed the movement in historical closing prices and the chart below reflects the movement in closing prices from 26 August 2024 to the Latest Practicable Date, being approximately a twelve-month trading period from the date of the Capitalisation Agreement (the "**Review Period**"). We consider that the Review Period is adequate and representative to provide the fair comparison between the Issue Price and historical closing price, which allows a sufficient demonstration of the performance of Shares in response to prevailing market sentiment and operating conditions.



Source: The website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the daily closing prices of the shares (after taken into account the effect of the Share Consolidation) of the Company ranged from HK\$0.30 per Share (“**Lowest Closing Price**”) and HK\$1.50 per Share (“**Highest Closing Price**”), respectively, with the average daily closing price recorded at HK\$0.81 per Share (“**Average Closing Price**”).

As illustrated in the above graph, the closing price of the Shares recorded notable fluctuations since the beginning of the Review Period, of which the Shares (i) increased from HK\$0.93 per Share on 3 October 2024 to HK\$1.37 per Share on 8 October 2024; (ii) recorded an increase from HK\$0.74 per Share on 5 December 2024 to HK\$1.50 per Share on 6 December 2024, followed by a gradual decrease to the range of HK\$0.90 to HK\$1.29 up to March 2025; and (iii) decreased from HK\$0.92 per Share on 24 March 2025 to HK\$0.35 per Share on 7 April 2025. According to Management, save for the publication of the profit warning announcement dated 12 November 2024, and the interim report for the six months ended 30 September 2026 issued on 9 November 2024, the Company were not aware of any material affairs of the Group that could potentially be related to the movements in the closing price of the Share during the aforesaid periods.

It is noted that the Issue Price of HK\$1.00 is within the range of the daily closing prices of the Shares during Review Period and represents (i) a discount of approximately 33.3% over the Highest Closing Price per Share during the Review Period; (ii) a premium of approximately 233.3% over the Lowest Closing Price per Share during the Review Period; and (iii) a premium of approximately 23.3% over the Average Closing Price per Share during the Review Period.

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Taken into consideration the Issue Price falls within the range of the aforesaid historical closing price during the Review Period and represents a premium over the Lowest Closing Price and Average Closing Price, we are of the view the Issue Price is fair and reasonable.

5.2 Trading liquidity of Shares

The following table sets out a summary of the average daily trading volume of the Shares with respect to the total number of issued Shares as at the respective month/period, during the Review Period from 26 August 2024 up to the Latest Practicable Date, showing a fair representation of the overall market perception during the past 12 months prior to entering the Capitalisation Agreement.

Month/period	Number of trading days	Average daily trading volume	Percentage of average trading volume to total number of Shares in issue (Note)
2024			
August (from 26 August 2024)	5	234,400	0.01%
September	19	450,526	0.03%
October	21	1,985,714	0.12%
November	21	887,238	0.06%
December	20	5,207,750	0.32%
2025			
January	19	645,263	0.04%
February	20	435,000	0.03%
March	21	4,260,381	0.27%
April	19	14,062,737	0.88%
May	20	8,501,000	0.53%
June	21	15,527,048	0.97%
July	22	6,073,455	0.38%
August	21	5,215,238	0.29%
September (up to and including Latest Practicable Date)	16	2,522,000	0.14%
Minimum			0.01%
Maximum			0.89%
Average			0.27%

Source: The website of the Stock Exchange (www.hkex.com.hk)

Note: Calculated based on the total number of Shares in issue at the end of the respective month/period, where applicable.

As illustrated in the above table, during the Liquidity Review Period, the average daily trading volume for each month as a percentage to the then total number of shares in issue ranged from approximately 0.01% to 0.89% with an average of 0.27%.

We note that the trading liquidity of the Shares is relatively thin during the Liquidity Review Period, where 5 out of 12 months have a trading liquidity of below 0.1% of the then total issued Shares. Overall, this may hinder investors/underwriters or placing agent to participate when the Company attempts to conduct equity fundraising activities or is likely to result in a considerable discount to the prevailing market price of the Shares as incentive if such options were pursued. Therefore, the Management consider, and we concur, that it would be difficult for the Company to pursue a sizeable equity fundraising under terms that are favourable to the Company.

5.3 Market comparable analysis on the Issue Price

To further assess the fairness and reasonableness of the terms of the Issue Price, we have identified, to the best of our knowledge, effort and endeavour, an exhaustive list of comparable transactions involving issues of new shares under specific mandate by companies listed on the Stock Exchange.

Based on the following selection criteria (the “**Selection Criteria**”):

- (i) announcement published on the Stock Exchange website in relation to issuance of new shares under specific mandate for loan/debt capitalisation purpose, which we consider to be comparable in nature to the Debt Capitalisation;
- (ii) announcements that were published during the period from 25 February 2025 up to 25 August 2025, being a six-month period prior to the date of the Capitalisation Agreement, due to the sufficient number of transactions identified during the recent six-month period to comprise a representative list for comparable purpose, we consider the said period is sufficient to serve as a general reference and reflect recent market trend of similar transactions under prevailing market conditions;
- (iii) excluding issuance of A-shares or PRC domestic shares or issuance that have been terminated and lapsed as at the Latest Practicable Date;

we have identified a total of 8 comparable transactions (the “**Comparables**”) for the purpose of our analysis.

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It should be noted that the principal terms of the Comparables may vary due to differences in principal business, operations, financial positions and prospects of the respective companies. We have not conducted any in-depth investigation into the size, principal business, operations, financial positions and prospects of the Comparable Issues. This analysis is aiming in providing a general reference for the recent market practice in relation to the key terms of the Comparable Issues under similar type of transactions, we consider that our comparable analysis and the Selection Criteria are fair and reasonable and useful for Independent Shareholders' reference.

We set out our findings in the table below:

Date of announcement	Company name (Stock Code)	Premium/ (discount) of issue price over/to the average closing price of five trading days prior to and including the last trading day/on the date of the respective announcement/ agreement (%)	Premium/ (discount) of issue price over/to the average closing price of ten trading days prior to and including the last trading day/on the date of the respective announcement/ agreement (%)	Premium/ (discount) of issue price over/to the average closing price of ten trading days prior to and including the last trading day/on the date of the respective announcement/ agreement (%)
		Premium/ (discount) of issue price over/to the closing price on the last trading day/on the date of the respective announcement/ agreement (%)	Premium/ (discount) of issue price over/to the average closing price of five trading days prior to and including the last trading day/on the date of the respective announcement/ agreement (%)	Premium/ (discount) of issue price over/to the average closing price of ten trading days prior to and including the last trading day/on the date of the respective announcement/ agreement (%)
18 Jun 2025	New City Development Group Limited	(4.95%)	(7.53%)	(13.00%)
15 May 2025	Zhongzheng International Company Limited	0.00%	0.00%	(1.00%)
29 Apr 2025	GoFintech Quantum Innovation Limited	4.92%	2.56%	1.75%
28 Apr 2025	Sunshine Oilsands Ltd.	2.27%	18.11%	25.70%
17 Apr 2025	China HK Power Smart Energy Group Limited	0.00%	(0.51%)	(4.41%)
16 Apr 2025	Zhonghua Gas Holdings Limited	0.00%	0.00%	0.00%
7 Apr 2025	Regent Pacific Group Limited	0.00%	16.00%	13.00%
17 Mar 2025	Acme International Holdings Limited	(32.50%)	(30.90%)	(31.70%)
	Maximum	4.92%	18.11%	25.70%
	Minimum	(32.50%)	(30.90%)	(31.70%)
	Average	(3.78%)	(0.28%)	(1.21%)
	Median	0.00%	0.00%	(0.50%)
	The Company	13.64%	14.94%	12.36%

Source: The website of the Stock Exchange (www.hkex.com.hk)

As shown in the above table, we noted that the issue prices of the Comparable ranged from (i) a discount of approximately 32.50% to a premium of approximately 4.92% over the respective closing prices of the shares on the last trading day/the date of the relevant announcement/agreement (the “**Market Range**”), with an average discount of approximately 3.78% (the “**Market Average**”); (ii) a discount of approximately 30.90% to a premium of approximately 18.11% over the respective average closing prices of the shares on the last five trading days up to and including the date of the respective

announcement/agreement (the “**5-Day Market Range**”), with an average discount of approximately 0.28% (the “**5-Day Market Average**”); and (iii) a discount of approximately 31.70% to a premium of approximately 25.70% over the respective closing prices of the shares on the last ten trading days up to and including the date of the respective announcement/agreement (“**10-Day Market Range**”), with an average discount of approximately 1.21% (“**10-Day Market Average**”).

We observed that the Issue Price represents, after taking into account the effect of the Share Consolidation: (i) a premium of approximately 13.64% over the theoretical closing price per Share of HK\$0.88 as quoted on the date of the Capitalisation Agreement; (ii) a premium of approximately 14.94% over the theoretical closing price per Share of HK\$0.87 for the last five consecutive trading days immediately preceding the date of the Capitalisation Agreement; and (iii) a premium of approximately 12.36% over the theoretical average closing price per Share of HK\$0.89 for the last ten consecutive trading days immediately preceding the date of the Capitalisation Agreement, which fall within the 5-Day Market Range and 10-Day Market Range, respectively.

Despite the Issue Price represents a premium of approximately 13.64% over the theoretical closing price on the date of the Capitalisation Agreement which does not fall within the Market Range, taking into account that: (i) the majority of the subject issue price of the Comparables were either at par or at a premium over the respective closing price of the shares on the date of the respective announcement, five trading days and ten trading days up to the date of the respective announcement(s), respectively; (ii) the premium as represented by the Issue Price is more favourable as compared to the Market Average discount of approximately 3.78% of the Comparables; and (iii) the Issue Price falls within the 5-Day Market Range and 10-Day Market Range, we consider that the Issue Price is justifiable.

Our view

Having considered the above, in particular that:

- (i) the Group’s recent loss-making performance recorded a net loss attributable to owners of the Company of approximately HK\$80.7 million during FY2025 as discussed under the section headed “(1) PRINCIPAL BUSINESS AND FINANCIAL INFORMATION OF THE GROUP”;
- (ii) the Issue Price is determined an arm’s length basis after taking into account various factors, including among others, the recent trading performance of the Shares, the recent market conditions, the current financial position and business prospects of the Group;

- (iii) the historical share price performance during the Review Period demonstrated a general sluggish trend yet the Issue Price falls within the range of the historical closing price per Share as discussed in under “5.1 Historical share price performance”;
- (iv) the Shares demonstrated a relatively thin liquidity during the Review Period preceding the date of the Capitalisation Agreement, as discussed under “5.2 TRADING LIQUIDITY OF SHARES”, which reflects the recent market perception towards the Shares and pose challenges in conducting equity financing exercise in the open market;
- (v) the Issue Price falls within the 5-Day Market Range and the 10-Day Market Range, and represents a premium to the closing price on the date of the Capitalisation Agreement, which aligns with market practice as compared to recent issuance of new shares for the purpose of debt/loan capitalisation;
- (vi) the Issue Price represents a premium over the theoretical closing price per Share reflects the solid confidence of Mr. Zhu towards the prospects of the Company and his commitment as Chairman and executive Director; and
- (vii) its difficulty in conducting fundraising activities through alternative methods such as bank borrowings or equity financing due to reasons as discussed under section headed “(4) REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND DEBT CAPITALISATION”;

we are of the view that the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned.

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(6) Dilution effect on the shareholding interests of the existing public Shareholders

The table below set out the shareholding structure of the Company (i) as at the date of Latest Practicable Date; (ii) immediately upon completion of the Share Consolidation; and (iii) immediately after completion and the allotment and issue of the Capitalisation Shares as contemplated under the Debt Capitalisation.

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Share Consolidation		Immediately after Completion and the allotment and issue of the Capitalisation Shares as contemplated under the Debt Capitalisation	
	Number of Shares	Approx. % of shareholding	Number of Shares	Approx. % of shareholding	Number of Shares	Approx. % of shareholding
Directors						
Mr. Zhu Yongjun (<i>Note 1</i>)	86,772,000	4.75	8,677,200	4.75	18,677,200	9.69
Mr. Pan Yimin (“ Mr. Pan ”) (<i>Note 2</i>)	500,000	0.03	50,000	0.03	50,000	0.03
Dr. Tong Ka Lok (“ Dr. Tong ”) (<i>Note 3</i>)	480,000	0.03	48,000	0.03	48,000	0.02
Mr. Choy Wai Shek, Raymond, <i>MH., JP.</i> (“ Mr. Choy ”) (<i>Note 4</i>)	1,200,000	0.07	120,000	0.07	120,000	0.06
Public Shareholders	<u>1,738,680,134</u>	<u>95.13</u>	<u>173,868,013</u>	<u>95.13</u>	<u>173,868,013</u>	<u>90.20</u>
Total	<u>1,827,632,134</u>	<u>100.00</u>	<u>182,763,213</u>	<u>100.00</u>	<u>192,763,213</u>	<u>100.00</u>

Note:

- As at the Latest Practicable Date, among the 86,772,000 Shares, 77,000,000 Shares are beneficially held by Jumbo Grand Enterprise Development Limited (“**Jumbo Grand**”) and 4,372,000 Shares are beneficially by Excellent Point Asia Limited (“**Excellent Point**”). Mr. Zhu owns 100% of the issued voting shares of Jumbo Grand and Excellent Point. As such, Mr. Zhu is deemed or taken to be interested in all the Shares which are beneficially owned by Jumbo Grand and Excellent Point for the purpose of the SFO.
- As at the Latest Practicable Date, Mr. Pan is an executive Director.
- As at the Latest Practicable Date, Dr. Tong is an independent non-executive Director.
- As at the Latest Practicable Date, Mr. Choy is an independent non-executive Director.
- Certain percentage figures in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

Assuming there is no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date and the completion save for the allotment and issue of Capitalisation Shares, the interests of the public shareholders of the Company will be diluted from approximately 95.13% to 90.20%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Considering that: (i) the Debt Capitalisation is in the interest of the Company and the Shareholders as a way to alleviate the Group liquidity pressure and reduce financial burden caused by the Group's liabilities; (ii) the Issue Price is on normal commercial terms, fair and reasonable so far as the Shareholders are concerned as discussed above, we consider that the aforesaid dilution effect on the shareholding interest of public shareholders to be acceptable and justifiable.

(7) Potential financial effects of the Debt Capitalisation

There will be no proceeds arising from the Debt Capitalisation as the entire aggregate Issue Price will set off against the partial amount of the Outstanding Sum on a dollar-to-dollar basis. As at the Latest Practicable Date, the outstanding principal amount of Outstanding Sum in aggregate amounted to approximately HK\$34.61 million. Upon Completion, the subscription amount of HK\$10,000,000 shall be deemed to have been repaid under the Outstanding Sum owed to Mr. Zhu. After Completion, the remaining and aggregated principal amount of HK\$24.61 million under the Outstanding Sum will remain as a liability of the Group and is expected to be repaid by the Group's internal financial resources.

Given partial repayment amount of HK\$10,000,000 to be offset against the Debt Capitalisation, upon completion, it is expected that (i) the net current liabilities of the Group will be decreased by HK\$10,000,000; and (ii) the net assets position of the Group will be increased by HK\$10,000,000.

The financial effect of the Debt Capitalisation as set out in the foregoing paragraph is presented for illustrative purpose only and is subject to change upon completion, review and final audit by the auditor of the Company.

RECOMMENDATION

In view of the above factors and reasons stated above, we are of the opinion that although the entering into of the Capitalisation Agreement is not in the ordinary and usual course of business of the Group, the terms of the Capitalisation Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Capitalisation Agreement.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Note: Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 1 type (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 26 years of experience in corporate finance industry.

RESPONSIBILITY STATEMENT

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

1. SHARE CAPITAL

Set out below are the authorised and issued share capital of the Company as at the Latest Practicable Date:

Authorised	<i>HK\$</i>
4,000,000,000 Existing Shares	400,000,000.00
Issued and fully paid	
1,827,632,134 Existing Shares	182,763,213.40

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

2. DISCLOSURE OF INTERESTS**(a) Director's and chief executive's interests in the Company or its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register

therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (“**Model Code**”) were as follows:

Interests in Shares

Name of Director/ Chief Executive	Nature of interest	Number of Shares interested	Number of underlying shares interested	Aggregate interests	Approximate percentage of interests over the Shares (Note 1)
Mr. Zhu Yongjun	Interest in controlled corporation (Note 3)	81,372,000 (L)	—	81,372,000	4.45%
	Beneficial owner	5,400,000 (L)	500,000	5,900,000	0.32%
Mr. Pan Yimin	Beneficial owner	500,000 (L)	3,016,000	3,516,000	0.19%
Mr. Lo Chun Chiu, Adrian	Beneficial owner		500,000	—	0.03%
Dr. Tong Ka Lok	Beneficial owner	480,000 (L)	500,000	980,000	0.05%
Mr. Choy Wai Shek, Raymond, MH., JP.	Beneficial owner	1,200,000 (L)	500,000	1,700,000	0.09%

Notes:

1. The shareholding percentage in the Company is calculated on the basis of 1,827,632,134 Shares in issue as at the Latest Practicable Date.
2. The letter “L” denotes a long position in the Shares.
3. The 77,000,000 Shares are beneficially held by Jumbo Grand Enterprise Development Limited (“**Jumbo Grand**”) and 4,372,000 Shares are beneficially by Excellent Point Asia Limited (“**Excellent Point**”). Mr. Zhu Yongjun owns 100% of the issued voting shares of Jumbo Grand and Excellent Point. As such, Mr. Zhu Yongjun is deemed or taken to be interested in all the Shares which are beneficially owned by Jumbo Grand and Excellent Point for the purpose of the SFO.

Interests in associated corporation

Name of Director/ Chief Executive	Name of associated corporation	Nature of interest	Number of shares held	Percentage of issued voting shares of associated corporation
Mr. Zhu Yongjun	Jumbo Grand	Interest in controlled corporation	10,000	100%
	Excellent Point	Interest in controlled corporation	50,000	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were

required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or was deemed to taken to have, an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital:

Interests in Shares

Name of Shareholder	Nature of interest	Number of Shares interested	Approximate percentage of issued share capital of the Company ^(Note 1)
Yuan Heng Group International Co., Limited (“Yuan Heng”) ^(Note 2)	Beneficial owner	159,724,000	8.74%
元亨企業管理(深圳)集團有限公司 ^(Note 2)	Interest in controlled corporation	159,724,000	8.74%
Mr. Lin Jiakuang ^(Note 2)	Interest in controlled corporation	159,724,000	8.74%

Notes:

1. The shareholding percentage in the Company is calculated on the basis of 1,827,632,134 Shares in issue as at the Latest Practicable Date.
2. The 159,724,000 Shares are legally and beneficially owned by Yuan Heng, a wholly-owned subsidiary of 元亨企業管理(深圳)集團有限公司, which is in turn wholly-owned by Mr. Lin Jiakuang. As such, Mr. Lin Jiakuang is deemed, or taken to be interested in all the Shares held by Yuan Heng by virtue of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Zhu was the chairman and executive director of China Water Industry Group Limited (“China Water”), the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1129). Mr. Zhu does not hold any interests in the issued shares of China Water.

Notwithstanding the fact that the Group and China Water are both engaged in the provision of food waste related services, the Company considers that there has not been competition between the Company and China Water as there is clear geographical delineation among the food waste related services of the Group and that of China Water.

As the Board is independent from the board of directors of China Water and Mr. Zhu does not personally control the Board, the Group is capable of carrying its businesses independently of, and at arm's length from the businesses of China Water.

As at the Latest Practicable Date, save as disclosed above, none of the Directors or their respective close associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

4. SERVICE CONTRACTS

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

5. INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

6. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which, since 31 March 2024 (the date to which the latest published audited financial statements of the Group were made up), had been or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

7. LITIGATION AND ARBITRATION

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

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the acquisition agreement dated 29 August 2024 entered into between Shenzhen Huamingsheng Technology Co., Ltd.* 深圳市華明勝科技有限公司 (“**Huamingsheng**”), a non wholly-owned subsidiary of the Company, Shanghai Bakusi Superconducting New Materials Co., Ltd.* 上海巴庫斯超導新材料有限公司 (“**Bakusi**”) and Zaozhuang High Energy New Materials Co., Ltd.* 棗莊高能新材料有限公司 (the “**Target Company**”) in relation to the sale and purchase of the entire 30% equity interest in the Target Company (the “**Acquisition Agreement**”);
- (ii) the finance lease agreement dated 18 June 2024 and entered into between 廣東綠金融資租賃有限公司 (for transliteration purpose only, Canton Greengold Financial Leasing Company Limited*) and 合肥非凡生物科技有限公司 (for transliteration purpose only, Hefei Feifan Biological Technology Company Limited*) in respect of the leased assets which comprised certain designated kitchen waste treatment equipment and facilities of the Lessee situated in Hefei, Anhui Province, the PRC, and the agreements incidental thereto;
- (iii) the finance lease agreement dated 18 March 2025 and entered into between Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司) and 合肥非凡生物科技有限公司 (for transliteration purpose only, Hefei Feifan Biological Technology Company Limited*) in respect of the leased assets which comprised certain designated kitchen waste treatment equipment and facilities of the Lessee situated in Hefei, Anhui Province, the PRC, and the agreements incidental thereto;
- (iv) the supplemental agreement to the Acquisition Agreement dated 23 May 2025 entered into among Huamingsheng, Shandong Kangzhen Bio-technology Co., Ltd.* 山東康震生物技術有限公司, Zaozhuang Shenglin Investment and Development Co., Ltd.* 棗莊晟林投資開發有限公司 and the Target Company, pursuant to which the parties agree to, among others, amend the contribution method of the non-cash contribution;
- (v) the agreement dated 24 June 2025 entered into between the Company and Haimen Economic and Technological Development Zone Management Committee* (海門經濟技術開發區管理委員會) in relation to the investment, development, construction and operation of food waste (kitchen waste) disposal facility for urban biomass biorefining and carbon sequestration in Haimen District which is located in Haimen Economic and Technological Development Zone;
- (vi) the subscription agreement dated 29 July 2025 entered into between the Company and Ms. Shen Ding in respect of the subscription of 35,000,000 new Shares at the subscription price of HK\$0.10 per Share;

- (vii) the subscription agreement dated 29 July 2025 entered into between the Company and Ms. Zhao Sumei in respect of the subscription of 75,000,000 new Shares at the subscription price of HK\$0.10 per Share;
- (viii) the subscription agreement dated 29 July 2025 entered into between the Company and Mr. Huang Zhijun in respect of the subscription of 75,000,000 new Shares at the subscription price of HK\$0.10 per Share;
- (ix) the subscription agreement dated 29 July 2025 entered into between the Company and Ms. Zhang Hongbing in respect of the subscription of 36,500,000 new Shares at the subscription price of HK\$0.10 per Share; and
- (x) the Capitalisation Agreement.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position or prospects of the Group since 31 March 2025, being the date to which the latest published audited consolidated accounts of the Group were made up.

10. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Red Sun Capital Limited	a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert (i) had no direct or indirect shareholdings in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) had no interests, direct or indirect, in any assets which had been, since 31 March 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any of member of the Group, or are proposed to be acquired or disposed of by or leased to any of member of the Group.

The above expert has given and has not withdrawn its respective written consent to the issue of this circular with the inclusion herein of its respective letter, report, advice and/or references to its respective name, in the form and context in which they respectively appear.

11. GENERAL

- (a) The company secretary of the Company is Ms. Chu Yin Yin, Georgiana, who is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of the Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales.
- (b) The registered office of the Company is situated at the offices of Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.
- (c) The headquarters, head office and principal place of business of the Company in Hong Kong is situated at Office B, 3/F, Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Hong Kong.
- (d) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong.
- (e) In the event of any inconsistency, the English texts of the circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

12. DOCUMENTS ON DISPLAY

The following documents are published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at <http://www.primeworld-china.com/> from the date of this circular to and including the date of the EGM:

- (i) the Capitalisation Agreement;
- (ii) the material contracts referred to in the paragraph headed "8. Material Contracts" of this appendix;
- (iii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;
- (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular; and
- (v) the written consent referred to in the section headed "10. Qualification and consent of expert" above.



NEW CONCEPTS HOLDINGS LIMITED

創業集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2221)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HERE BY GIVEN that an extraordinary general meeting (the “EGM”) of New Concepts Holdings Limited (the “**Company**”) will be held at Office B, 3/F, Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Hong Kong on Friday, 10 October 2025 at 10:00 a.m., to consider and, if thought fit, pass with or without amendments the following resolutions:

ORDINARY RESOLUTIONS

1. **“THAT** subject to and conditional upon the granting of approval by the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the listing of, and permission to deal in, the issued and unissued shares of the Company consolidated in the manner as set out in paragraph (a) of this resolution below (the “**Share Consolidation**”), with effect from the second business day immediately following the date on which this resolution is passed:
 - (a) every ten (10) issued and unissued ordinary shares of HK\$0.1 each (the “**Existing Share(s)**”) in the share capital of the Company be consolidated into one (1) consolidated ordinary share of HK\$1.0 each (the “**Consolidation Share(s)**”), such Consolidated Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions as contained in the articles of association of the Company;
 - (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to the shareholders (“**Shareholder(s)**”) of the Company but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company;
 - (c) any one or more director(s) of the Company be and are hereby generally and unconditionally authorised to do all such acts and things, to sign and execute all such documents for and on behalf of the Company as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Share Consolidation and the transactions

NOTICE OF EGM

contemplated thereunder, as they may in their discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders as a whole.”

2. **“THAT**

- (a) the capitalisation agreement (the “**Capitalisation Agreement**”) (a copy of which has been produced to the Meeting marked “A” and initialed by the chairman of the Meeting for identification purpose) dated 25 August 2025 entered into between the Company as the issuer and Mr. Zhu Yongjun (the “**Subscriber**”) in relation to the subscription of 100,000,000 Existing Shares (equivalent to 10,000,000 Consolidated Shares after the Share Consolidation becomes effective) (the “**Capitalisation Shares**”) at the price of HK\$0.10 per Existing Share (equivalent to HK\$1.00 per Consolidated Share after the Share Consolidation becomes effective) for the settlement of part of the Outstanding Sum (as defined in the Circular) in the amount of HK\$10,000,000 owed by the Company to the Subscriber and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) conditional upon the Stock Exchange having approved the listing of and dealing in the Capitalisation Shares, the Directors be and are hereby granted the specific mandate (the “**Specific Mandate**”) to allot and issue the Capitalisation Shares in accordance with the terms of the Capitalisation Agreement, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any existing or such other general or specific mandates which may from time to time be granted to the Directors prior to the passing of this resolution; and
- (c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Capitalisation Agreement and the transactions contemplated thereunder, including the allotment and issue of the Capitalisation Shares to the Subscriber.”

SPECIAL RESOLUTION

3. **“THAT** subject to and conditional upon (i) the granting of approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation

NOTICE OF EGM

becoming effective, and (ii) the passing of the ordinary resolution in relation to the Share Consolidation set out above, when the Share Consolidation becomes effective:

- (a) paragraph 7 of the Company's amended and restated memorandum of association is deleted in its entirety and replaced with the following paragraph:

"7. The authorised share capital of the Company is HK\$200,000,000 consisting of 200,000,000 shares of HK\$1.00 each with the power for the Company to increase or reduce the said capital and to issue any part of its capital, original or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions; and so that, unless the condition of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained."

- (b) article 6 of the Company's amended and restated articles of association is deleted in its entirety and replaced with the following article:

"6. The authorised share capital of the Company is HK\$200,000,000 divided into 200,000,000 Shares of HK\$1.00 each."

By the order of the Board
New Concepts Holdings Limited
Mr. Zhu Yongjun
Chairman and Executive Director

Hong Kong, 24 September 2025

Registered office:
c/o Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands

*Headquarters, head office and
principal place of business in Hong Kong:*
Office B, 3/F
Kingston International Centre
19 Wang Chiu Road
Kowloon Bay
Hong Kong

Notes:

1. Any member entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and, on a poll, vote in his stead. A member holding two or more Shares may appoint more than one proxy. A proxy need not be a member of the Company.

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2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the offices of the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong at least 48 hours before the time for holding the above meeting.
3. In the case of joint holders of a share (a “Share”) of the Company, any one of such persons may vote at the meeting either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
4. The register of members of the Company will be closed from Monday, 6 October 2025 to Friday, 10 October 2025 (both days inclusive) for determining Shareholders' entitlement to attend and vote at the EGM, during which no transfer of Shares will be registered. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the Meeting will be Friday, 10 October 2025. In order to qualify for attending and voting at the EGM, all completed transfer forms, accompanied by the relevant share certificates, have to be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong for registration, not later than 4:30 p.m. on Friday, 3 October 2025.
5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will publish an announcement on the website of the Company at <http://www.primeworld-china.com/> and on the website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and venue of the rescheduled meeting.
7. As at the date of this notice, the executive Directors are Mr. Zhu Yongjun and Mr. Pan Yimin; and the independent non-executive Directors are Ms. Du Yun, Mr. Lo Chun Chiu, Adrian, Dr. Tong Ka Lok and Mr. Choy Wai Shek, Raymond, *MH., JP.*