

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 **Sheng Tang 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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SHENG TANG HOLDINGS LIMITED

聖唐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8305)

CONNECTED TRANSACTION IN RELATION TO PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR DEBT CAPITALISATION; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



红日资本有限公司

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 4 to 16 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 19 to 38 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 17 to 18 of this circular. A notice convening the EGM to be held at Unit 1901-05, 19/F, Delta House, 3 On Yiu Street, Shatin, N.T., Hong Kong on Thursday, 20 November 2025 at 4:00 p.m. or any adjournment thereof is set out on pages EGM-1 to EGM-3 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. Tuesday, 18 November at 4:00 p.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.

CHARACTERISTICS OF GEM

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

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

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM 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 26 September 2025 entered into between the Company as the issuer and Mr. Heung as the subscriber in relation to the subscription of 110,000,000 Capitalisation Shares
“Capitalisation Shares”	an aggregate of 110,000,000 Shares to be allotted and issued by the Company to Mr. Heung pursuant to the terms and conditions of the Capitalisation Agreement
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Sheng Tang Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8305)
“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 GEM Listing Rules
“Debt Capitalisation”	the capitalisation of the debt owed by the Group to Mr. Heung
“Director(s)”	director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve, among other things, the Capitalisation Agreement, and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Group”	the Company and its subsidiaries
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“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, Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun and Mr. Chan Chi Hang, 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 are not required to abstain under the GEM 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)
“Issue Price”	HK\$0.285 per Capitalisation Share

DEFINITIONS

“Latest Practicable Date”	27 October 2025, being the latest practicable date before the printing of this circular for the purpose of ascertaining certain information contain herein
“Mr. Heung”	Mr. Heung Chung Sum, who is the chairman of the Board and an executive Director and is interested in 35,500,000 Shares, representing approximately 2.35% 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. Heung under a Shareholder’s loan, which amounted to approximately HK\$31.5 million as at the Latest Practicable Date
“PRC”	the People’s Republic of China, and for the purposes of this circular only and except where the context requires otherwise, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“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 dollar, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD

SHENG TANG HOLDINGS LIMITED

聖唐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8305)

Executive Directors:

Mr. Heung Chung Sum

Ms. Li Lo Wan

Non-executive Directors:

Ms. Xu Chunli

Mr. Liang Bin

Mr. Xu Yongqiang

Independent non-executive Directors:

Dr. Ip Wai Hung

Mr. Ko, Wilson Wai Shun

Mr. Chan Chi Hang

Registered office:

P.O. Box 1350

Windward 3

Regatta Office Park

Grand Cayman, KY1-1108

Cayman Islands

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

Room 2502, 25/F

148 Electric Road

North Point

Hong Kong

31 October 2025

To the Shareholders,

Dear Sir/Madam,

**CONNECTED TRANSACTION IN RELATION TO
PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE
FOR DEBT CAPITALISATION;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 26 September 2025 in relation to the proposed issue of new Shares under Specific Mandate.

The purpose of this circular is to provide you with, among other things, (i) further details of the Capitalisation Agreement; (ii) 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); (iii) 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

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transactions contemplated thereunder (including the grant of the Specific Mandate); (iv) a notice convening the EGM; and (v) other information as required under the GEM Listing Rules.

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

On 26 September 2025 (after trading hours of the Stock Exchange), the Company (as issuer) and Mr. Heung (as subscriber) entered into the Capitalisation Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Heung has conditionally agreed to subscribe for, a total of 110,000,000 Capitalisation Shares at the price of HK\$0.285 per Capitalisation Share for the settlement of an equivalent amount of the Outstanding Sum on a dollar-for-dollar basis.

Details of the Capitalisation Agreement are summarised as follow:

Date

26 September 2025

Parties

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

Capitalisation Shares

The Company has conditionally agreed to allot and issue, and Mr. Heung has conditionally agreed to subscribe for, a total of 110,000,000 Capitalisation Shares at the Issue Price of HK\$0.285 per Capitalisation Share.

As at the Latest Practicable Date, the Company is indebted to Mr. Heung the Outstanding Sum in the amount of approximately HK\$31.5 million. The subscription price in the amount of HK\$31,350,000 payable by Mr. Heung under the Capitalisation Agreement shall be satisfied by setting off an equivalent amount of the Outstanding Sum on a dollar-for-dollar basis.

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 7.28% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 6.78% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares.

The aggregate nominal value of the Capitalisation Shares (with a par value of HK\$0.01 each) is HK\$1,100,000.

LETTER FROM THE BOARD

Issue Price

The Issue Price of HK\$0.285 per Capitalisation Share represents:

- (i) a discount of 24.0% to the closing price per Share of HK\$0.375 as quoted on the Stock Exchange on 26 September 2025 (the “**Last Trading Date**”), being the date of the Capitalisation Agreement;
- (ii) a discount of approximately 18.1% to the average closing price per Share of HK\$0.348 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Capitalisation Agreement;
- (iii) a discount of approximately 13.1% to the average closing price per Share of approximately HK\$0.328 as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Capitalisation Agreement;
- (iv) a premium of approximately 768.9% over the consolidated net asset value attributable to the Shareholders of approximately HK\$0.0328 per Share as at 30 June 2025, calculated by dividing the Group’s unaudited consolidated net assets attributable to the Shareholders of approximately HK\$49,590,000 as at 30 June 2025 by 1,512,000,000 Shares in issue as at the date of the Capitalisation Agreement;
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 1.63%, represented by the theoretical diluted price of approximately HK\$0.3689 per Share as compared to the benchmarked price of approximately HK\$0.375 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day of HK\$0.375 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading Days prior to the Last Trading Date of HK\$0.348 per Share); and
- (vi) a discount of approximately 58.09% to the closing price of HK\$0.68 per Share 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. Heung 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.

LETTER FROM THE BOARD

During the twelve-month period commencing from 26 September 2024 to 26 September 2025 (the “**Period**”), being the date of the Capitalisation Agreement, the daily closing prices of the Shares ranged from HK\$0.036 per Share to HK\$0.39 per Share, with the average daily closing price recorded at approximately HK\$0.227 per Share (“**Average Closing Price**”). Taking into consideration that the Issue Price of HK\$0.285 is within the range of the daily closing prices of the Shares during the Period and a premium of approximately 25.56% over the Average Closing Price per Share during the Period, the Company considers that the Issue Price is fair and reasonable.

During the year ended 31 December 2024, the Group recorded net loss of approximately HK\$3.14 million and net cash used in operating activities of approximately HK\$4.30 million. Despite the net loss position of the Group during the year ended 31 December 2024, as disclosed in the interim report of the Company for six months ended 30 June 2025, demand for the Group’s renovation and maintenance works, alteration and addition works and new construction services remains strong, driven by favorable market conditions. Furthermore, the Group has successfully engaged in the consumer goods sector through the distribution of dairy products in the PRC. In view of (i) the favourable market conditions; and (ii) the strategic vision of the Group to diversify and expand its business and revenue streams, the Debt Capitalisation is expected to have a positive effect on the Group’s financial position and strengthen its net asset value, demonstrating Mr. Heung’s support for the Group’s operations and confidence in the Group’s business prospects.

In view 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\$31,350,000 shall be satisfied by way of setting off against an equivalent amount of the Outstanding Sum owed to Mr. Heung by the Company on a dollar-for-dollar basis. Upon Completion, the remaining balance of HK\$0.15 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 addition, the Group will use its internal resources to settle the professional fees and all related expenses in the amount of approximately HK\$280,000 which will be borne by the Company in connection with the Debt Capitalisation. After deducting the relevant expenses relating to the Debt Capitalisation, the net price per Capitalisation Share is approximately HK\$0.282.

LETTER FROM THE BOARD

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 GEM 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 allotment and issue of the Capitalisation Shares under Specific Mandate;
- (ii) the GEM 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;
- (iii) 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; and
- (iv) all necessary consents and approvals required to be obtained by Mr. Heung 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 31 December 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.

As at the Latest Practicable Date, save for condition (iv), none of the above conditions have been fulfilled.

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. Heung).

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; and (ii) 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):

Shareholders	As at the Latest Practicable Date		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
Substantial Shareholder				
Xu Changcheng	301,800,000	19.96	301,800,000	18.61
Directors				
Mr. Heung (Note 1)	35,500,000	2.35	145,500,000	8.97
Liang Bin	2,210,000	0.15	2,210,000	0.14
Public Shareholders	<u>1,172,490,000</u>	<u>77.55</u>	<u>1,172,490,000</u>	<u>72.29</u>
Total	<u>1,512,000,000</u>	<u>100.00</u>	<u>1,622,000,000</u>	<u>100.00</u>

Notes:

- (1) As at the Latest Practicable Date, Mr. Heung is interested in 35,500,000 Shares through Advanced Pacific Enterprises Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by him.
- (2) Certain percentage figures included in the above tables have been 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

The Company had carried out the following equity fund-raising activities in the past twelve months immediately preceding the Latest Practicable Date:

On 10 December 2024, the Company placed 210,000,000 new Shares, representing approximately 16.67% of the then total issued shares of the Company as enlarged by the allotment and issue of the 210,000,000 placing shares, at a subscription price of HK\$0.055 per Share to not less than six placees who are third parties independent of and not connected with the Company (the “**2024 Placing**”). The Company has received total net proceeds of approximately HK\$11,204,000 from the 2024 Placing. The Company has fully utilised all of the net proceeds from the 2024 Placing (i) as to approximately HK\$2,000,000 for the repayment of bank borrowings; and (ii) as to approximately HK\$9,204,000 for the general working capital of the Group in accordance with the intended use of proceeds as set out in the announcements of the Company dated 20 November 2024 and 25 November 2024. For details of the 2024 Placing, please refer to the announcements of the Company dated 20 November 2024, 25 November 2024 and 10 December 2024, respectively.

On 8 September 2025, the Company placed 252,000,000 new Shares, representing approximately 16.67% of the then total issued shares of the Company as enlarged by the allotment and issue of the 252,000,000 placing shares, at a subscription price of HK\$0.20 per Share to not less than six placees who are third parties independent of and not connected with the Company (the “**2025 Placing**”). The Company has received total net proceeds of approximately HK\$48,700,000 from the 2025 Placing. For details of the 2025 Placing, please refer to the announcements of the Company dated 18 August 2025 and 8 September 2025, respectively. As at the Latest Practicable Date, the Company has utilised the net proceeds from the 2025 Placing as follows:

Intended use of proceeds	Approximate allocation of net proceeds as previously disclosed		Utilised net proceeds as at the Latest Practicable Date		Unutilised proceeds as at the Latest Practicable Date		Expected timeline in utilising the unutilised proceeds
	Approximate		Approximate		Approximate		
	HK\$	%	HK\$	%	HK\$	%	
Business operation and potential expansion of the construction business	19,700,000	40.45	8,310,000	17.06	11,390,000	23.39	By December 2025
— Subcontracting fees	16,700,000	34.29	7,620,000	15.64	9,080,000	18.65	By December 2025
— Salaries and wages	3,000,000	6.16	690,000	1.42	2,310,000	4.74	By December 2025

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Intended use of proceeds	Approximate allocation		Utilised net proceeds as at		Unutilised proceeds as at		Expected timeline in utilising the unutilised proceeds
	of net proceeds		the Latest Practicable Date		the Latest Practicable Date		
	as previously disclosed						
	HK\$	Approximate %	HK\$	Approximate %	HK\$	Approximate %	
Development of the Group's business segment in the distribution of dairy products	17,000,000	34.91	3,210,000	6.59	13,790,000	28.32	By December 2026
— Product procurement expenses	16,830,000	34.56	3,200,000	6.57	13,630,000	27.99	By December 2026
— Salaries and wages	170,000	0.34	10,000	0.02	160,000	0.33	By December 2026
Repayment of existing bank borrowings	4,000,000	8.21	230,000	0.47	3,770,000	7.74	By December 2026
General working capital	<u>8,000,000</u>	<u>16.43</u>	<u>1,500,000</u>	<u>3.08</u>	<u>6,500,000</u>	<u>13.35</u>	By June 2026
Total	<u>48,700,000</u>	<u>100.00</u>	<u>13,250,000</u>	<u>27.20</u>	<u>35,450,000</u>	<u>72.8</u>	

As at the Latest Practicable Date, the unutilised proceeds from the 2025 Placing were placed at banks as deposits.

INFORMATION ON THE COMPANY AND THE CREDITOR

The Company is an investment holding company. The Group is principally engaged in (i) provision of construction works — performing alteration and addition works, new construction works and corrosion protection works in Hong Kong; and (ii) distribution of dairy products — distribution of sheep dairy products including milk powder and ultra-high temperature milk.

As at the Latest Practicable Date, Mr. Heung is the chairman of the Board and an executive Director and is interested in 35,500,000 Shares, representing approximately 2.35% of the entire issued share capital of the Company. Therefore, Mr. Heung is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

REASONS FOR THE DEBT CAPITALISATION

As disclosed in the annual report of the Company for year ended 31 December 2024, the Group incurred net loss of approximately HK\$3.14 million and recorded net operating cash outflow of approximately HK\$4.30 million for the year ended 31 December 2024. In this regard, the Directors have undertaken substantial work for improving the Group's liquidity and financial position.

LETTER FROM THE BOARD

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.

As shown in the paragraph headed "Effect of the Capitalisation Shares on the Shareholding Structure" above, assuming there is no other change in the issued share capital of the Company from the Latest Practicable Date and the Completion Date save for the allotment and issue of Capitalisation Shares, the interests of the public shareholders of the Company will be diluted from approximately 77.55% to approximately 72.29%. 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 recognised 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.

Given the Outstanding Sum being unsecured, interest-free and repayable on demand, the Group may be required to settle a significant financial obligation within a short timeframe in the event that Mr. Heung exercises his right to demand immediate repayment, which could adversely affect the Group's financial stability and operations. This could place considerable strain on the available cash resources and working capital of the Group, which may disrupt its normal business operations and adversely affect the financial position of the Group.

The Company have considered alternative means to settle the Outstanding Sum, including debt financing and equity financing methods. However, the Company considered that these options were not feasible due to, where applicable, the finance costs in relation to debt financing, 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 incur finance costs, 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 financial performance of the Group; (iii) bank loans typically require asset pledges or collateral, which would impose limitation on the Group's operational flexibility; and (iv) the lengthy procedure for due diligence, risk assessments and negotiation with banks and/or lenders, and therefore decided not to conduct further debt financing or bank borrowings.

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 for the year ended 31 December 2024; (ii) rights issue or open offer generally entail

LETTER FROM THE BOARD

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 twelve 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.

In view of the above, the Directors consider that the Debt Capitalisation is a more desirable solution for improving the Group's liquidity and financial position and the terms of the Capitalisation Agreement are fair and reasonable based on the current market conditions and are on normal commercial terms. Accordingly, the Directors consider the Debt Capitalisation is in the interest of the Company and the Shareholders as a whole.

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.

GEM LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Heung is the chairman of the Board and an executive Director and is interested in 35,500,000 Shares, representing approximately 2.35% of the entire issued share capital of the Company. Therefore, Mr. Heung 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 20 of the GEM Listing Rules. Mr. Heung 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. Heung 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.

LETTER FROM THE BOARD

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate). Mr. Heung 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, save for Mr. Heung, no other Shareholders are required to abstain from voting at the EGM in respect of the Capitalisation Agreement and the transactions contemplated thereunder.

The 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 the transactions contemplated thereunder. 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 Unit 1901-05, 19/F, Delta House, 3 On Yiu Street, Shatin, N.T., Hong Kong on Thursday, 20 November 2025 at 4:00 p.m. for the Shareholders to consider and, if thought fit, to approve 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-3 of this circular.

The voting in respect of 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. Tuesday, 18 November 2025 at 4:00 p.m.) before the time appointed for holding of the EGM or the adjourned meeting (as the case may be). 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 the case may be) 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

LETTER FROM THE BOARD

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 Tuesday, 18 November 2025 to Thursday, 20 November 2025 (both days inclusive) for the purpose of determining the Shareholder's entitlement to attend and vote at the EGM.

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 Monday, 17 November 2025.

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the terms of 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 to vote in favour of the resolutions to approve 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 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 and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. 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 17 to 18 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 19 to 38 of this circular. Independent Shareholders are strongly recommended to read carefully these two letters for details of the advice.

LETTER FROM THE BOARD

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
Sheng Tang Holdings Limited
Heung Chung Sum
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).

SHENG TANG HOLDINGS LIMITED

聖唐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8305)

31 October 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 31 October 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 19 to 38 of the Circular; and (ii) the letter from the Board as set out on pages 4 to 16 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

Dr. Ip Wai Hung
*Independent non-executive
Director*

Mr. Ko, Wilson Wai Shun
*Independent non-executive
Director*

Mr. Chan Chi Hang
*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

31 October 2025

To: *The Independent Board Committee and the Independent Shareholders of
Sheng Tang Holdings Limited*

Dear Sir/Madam,

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

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 31 October 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 26 September 2025 (after trading hours of the Stock Exchange), the Company (as issuer) and Mr. Heung (as subscriber) entered into the Capitalisation Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Heung has conditionally agreed to subscribe for, a total of 110,000,000 Capitalisation Shares at the price of HK\$0.285 per Capitalisation Share for the settlement of part of the Outstanding Sum owed by the Company to Mr. Heung. The subscription amount in the sum of HK\$31,350,000 payable by Mr. Heung under the Capitalisation Agreement shall be satisfied by setting off against an equivalent amount of the Outstanding Sum on a dollar-for-dollar basis.

GEM LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Heung is the chairman of the Board and an executive Director, and is directly and beneficially interested in 35,500,000 Shares, representing approximately 2.35% of the entire issued share capital of the Company. Therefore, Mr. Heung is a connected person of the Company under Chapter 20 of the GEM

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Listing Rules. 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 20 of the GEM Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors namely, Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun and Mr. Chan Chi Hang, 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. Heung, 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 has not acted as an independent financial adviser to the Company under the GEM 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 17.96 of the GEM 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our review and analysis were based upon, among other things, including, (i) the Capitalisation Agreement; (ii) the announcement of the Company dated 26 September 2025 in relation to the proposed issue of new shares under specific mandate (the “**Announcement**”); (iii) information set out in the Letter from the Board; (iv) the annual report of the Company for the year ended 31 December 2024 (“**2024 Annual Report**”) and the interim report for the six months ended 30 June 2025 (“**2025 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.

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 Company is an investment holding company. The Group is principally engaged in (i) provision of construction works — performing alteration and addition works, new construction works and corrosion protection works in Hong Kong (the “**Construction Business**”); and (ii) distribution of dairy products — distribution of sheep dairy products including milk powder and ultra-high temperature milk (the “**Dairy Business**”).

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Summary of consolidated statement of profit or loss

	For the year ended 31 December		For the six months ended 30 June	
	2024	2023	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	150,023	143,405	71,512	86,194
Construction				
Business	150,023	143,405	65,881	86,194
Dairy Business	—	—	5,631	—
Gross profit	9,780	7,860	6,509	11,035
(Loss)/Profit for the year/period attributable to owners of the Company	(3,140)	(30,321)	189	990

Financial performance for the year ended 31 December 2023 (“FY2023”) and the year ended 31 December 2024 (“FY2024”)

As set out in 2024 Annual Report, the Group recorded revenue of approximately HK\$150.0 million for FY2024, comprising revenue entirely from the Construction Business segment.

An increase in total revenue of approximately 4.6% was recorded during FY2024 as compared to FY2023, which was mainly due to the increase in number of projects of repair and maintenance works, alteration and addition works (“**RMAA works**”) and new works projects undertaken by the Group as a result of the overall development in the construction industry in Hong Kong.

Gross profit of the Group increased by approximately HK\$1.9 million from approximately HK\$7.9 million for FY2023 to approximately HK\$9.8 million for FY2024. The overall gross profit margin increased from approximately 5.5% for FY2023 to approximately 6.5% for FY2024 as the projects undertaken by the Group during FY2024 generally had higher gross profit margin, also the extent of increase in subcontracting charges, staff salary and construction material costs was outweighed by the increase in revenue for FY2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group recognised a loss for the year attributable to the owners of the Company of approximately HK\$3.14 million for FY2024 as compared to a loss for the year attributable to the owners of the Company of approximately HK\$30.3 million for FY2023. Such decrease was primarily attributable to the effect of (i) the increase in gross profit for FY2024; (ii) decreased provision for impairment of goodwill which was incurred by the Group for FY2023 and being nil for the FY2024; and (iii) the decrease in administrative expenses for FY2024.

Financial performance for the six months ended 30 June 2024 (“6M2024”) and the six months ended 30 June 2025 (“6M2025”)

As set out in 2025 Interim Report, the Group recorded revenue of approximately HK\$71.5 million for 6M2025, comprising revenue from the Construction Business segment of approximately HK\$65.9 million and the Dairy Business segment of approximately HK\$5.6 million.

A decrease in total revenue of approximately 17.0% was recorded during 6M2025 as compared to approximately HK\$86.2 million for 6M2024, which was mainly attributable to decrease in revenue from the Construction Business segment of approximately 23.6%, and partly offset by the revenue from the Dairy Business segment of approximately HK\$5.6 million. The decrease in revenue from the Construction Business segment was mainly due to the effect of decrease in RMAA and new works projects undertaken by the Group as a result of the overall environment in the construction industry in Hong Kong.

Gross profit of the Group decreased by approximately HK\$4.5 million from approximately HK\$11 million for 6M2024 to approximately HK\$6.5 million for 6M2025. The overall gross profit margin decreased from approximately 12.8% for 6M2024 to 9.1% for 6M2025. The decrease in gross profit as well as gross profit margin is mainly due to lesser gross profit margin projects were undertaken during the period.

Profit attributable to owners of the Company amounted to approximately HK\$0.2 million for 6M2025, representing a decrease in profit as compared to 6M2024 of approximately HK\$1.0 million. Such decrease was primarily attributable to the decrease in gross profit from approximately HK\$11 million for 6M2024 to approximately HK\$6.5 million for 6M2025 and partly offset by the reduction in administrative expenses for 6M2025 resulting from cost control plan during the period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Summary of consolidated statement of financial position of the Group

	As at 31 December 2023 <i>HK\$'000</i> <i>(audited)</i>	As at 31 December 2024 <i>HK\$'000</i> <i>(audited)</i>	As at 30 June 2025 <i>HK\$'000</i> <i>(unaudited)</i>
Non-current assets	7,361	7,862	7,048
Current assets	125,375	130,239	122,762
— Contract assets	86,496	88,181	85,489
— Trade and other receivables	38,517	36,016	34,460
— Bank balances and cash	362	6,042	2,813
Total assets	132,736	138,101	129,810
Current liabilities	90,983	87,589	79,697
Non-current liabilities	282	1,114	523
Total liabilities	91,265	88,703	80,220
Net assets	41,471	49,398	49,590

The increase in net assets of the Group from approximately HK\$41.5 million as at 31 December 2023 to HK\$49.6 million as at 30 June 2025 was mainly attributable to the completion of placing of new shares of the Company in late 2024 with net proceeds of approximately HK\$11.2 million and partly offset by the loss for the year attributable to the owners of the Company in FY2024 of approximately HK\$3.1 million.

The majority assets of the Group are contract assets and trade and other receivables while the bank balances and cash of the Group only contributed approximately 0.3%, 4.4% and 2.2% respectively of the total assets as at 31 December 2023, 31 December 2024 and 30 June 2025.

(2) Reasons for and benefits of the Debt Capitalisation

As disclosed in the annual report of the Company for FY2024, the Group incurred net loss of approximately HK\$3.1 million and recorded net operating cash outflow of approximately HK\$4.3 million for FY2024. In this regard, the Directors have undertaken substantial work for improving the Group's liquidity and financial position.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Capitalisation 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.

Assuming there is no other change in the issued share capital of the Company from the Latest Practicable Date and the Completion Date save for the allotment and issue of Capitalisation Shares, the interests of the public shareholders of the Company will be diluted from approximately 77.55% to approximately 72.29%. 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 recognised 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.

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. Accordingly, the Directors consider the Debt Capitalisation is in the interest of the Company and the Shareholders as a whole.

We understand from the Management that the Outstanding Sum is unsecured, interest-free and repayable on demand. Given that the Outstanding Sum is repayable on demand and the Group's bank balances and cash was only approximately HK\$2.8 million as at 30 June 2025 and the net proceeds from the 2025 Placing has been earmarked for various usages for business operation and potential expansion of the Construction Business and Dairy Business, repayment of bank borrowings and general working capital, we are of the view that finding a way out to settle the Outstanding Sum will avoid the possible liquidity problem of the Group in the event that Mr. Heung requests for repayable on demand. 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 in the best interest of the Company due to, where applicable, the finance costs in relation to debt financing, 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 incur finance cost and further compromise the Group's financial position; (ii) securing further or new bank

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facilities could be difficult due to the recent performance of the Group; (iii) bank loans typically require asset pledges or collateral, which would impose limitation on the Group's operational flexibility; and (iv) the lengthy procedure for due diligence, risk assessments and negotiation with banks/lenders and therefore decide not to conducting further debt fundraising exercise. Considering the Outstanding Sum is interest free in nature, we concur with the view of the Management that conducting further debt fundraising exercise may not be in the best interest of the Company 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 8 September 2025; (ii) the existing general mandate of the Company to issue new Shares has been totally used up and it would be difficult for the placing agent(s) to identify suitable placees under the specific mandate given the lengthy process; (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, 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 note that the Company has received total net proceeds of approximately HK\$48,700,000 from the 2025 Placing and the net proceeds have been earmarked for business operation and potential expansion of the Construction Business and Dairy Business, repayment of bank borrowings and general working capital. Notwithstanding the net proceeds from the 2025 Placing would be sufficient to pay back the Outstanding Sum, we are of the view that the business development and expansion of the Group will be affected given that the Group will not have sufficient cash resources for business development and expansion after using the proceeds from the 2025 Placing for the repayment of the Outstanding Sum. Therefore, we are of the view that considering other way to settle the Outstanding Sum rather than using the proceeds from the 2025 Placing would be in the interests of the Company and its Shareholders as a whole.

In view of the foregoing, in particular (i) the Outstanding Sum is repayable on demand and the Group's bank balances and cash was only approximately HK\$2.8 million as at 30 June 2025 and the net proceeds from the 2025 Placing has been earmarked for various usages for business operation and potential expansion of the Construction Business and Dairy Business, repayment of bank borrowings and general working capital; and (ii) the resources, 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 settle the Outstanding Sum and improve its financial position.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

After taking into account that: (i) the 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; (iii) 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.

(3) Principal terms of the Capitalisation Agreement

The Company has conditionally agreed to allot and issue, and Mr. Heung has conditionally agreed to subscribe for, a total of 110,000,000 Capitalisation Shares at the price of HK\$0.285 per Capitalisation Share.

As at the Latest Practicable Date, the Company is in debt to Mr. Heung the Outstanding Sum in the amount of HK\$31,468,000. The subscription price in the amount of HK\$31,350,000 payable by Mr. Heung 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 7.27% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 6.77% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares.

Issue Price

The Issue Price of HK\$0.285 per Capitalisation Share represents:

- (i) a discount of approximately 58.1% to the closing price per Share of HK\$0.68 as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 24.0% to the closing price per Share of HK\$0.375 as quoted on the Stock Exchange on 26 September 2025, being the date of the Capitalisation Agreement;
- (iii) a discount of approximately 18.1% to the average closing price per Share of HK\$0.348 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Capitalisation Agreement;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) a discount of approximately 13.1% to the average closing price per Share of HK\$0.328 as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Capitalisation Agreement;
- (v) a premium of approximately 42.5% to the placing price per Share of HK\$0.20 under the 2025 Placing which was completed on 8 September 2025;
- (vi) a premium of approximately 768.90% over the consolidated net asset value attributable to the Shareholders of approximately HK\$0.0328 per Share as at 30 June 2025, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$49,590,000 as at 30 June 2025 by 1,512,000,000 Shares in issue as at the date of the Capitalisation Agreement;
- (vii) a premium of approximately 338.46% over the consolidated net asset value attributable to the Shareholders of approximately HK\$0.065 per Share as at 30 June 2025, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$49,590,000 as at 30 June 2025 adding the proceeds from the 2025 Placing of approximately HK\$48,700,000 by 1,512,000,000 Shares in issue as at the date of the Capitalisation Agreement; and
- (viii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 1.63%, represented by the theoretical diluted price of approximately HK\$0.3689 per Share as compared to the benchmarked price of approximately HK\$0.375 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day of HK\$0.375 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading Days prior to the Last Trading Date of HK\$0.348 per Share).

The Issue Price was arrived at on an arm's length basis between the Company and Mr. Heung 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the twelve-month period commencing from 26 September 2024 to 26 September 2025 (the “**Period**”), being the date of the Capitalisation Agreement, the daily closing prices of the Shares ranged from HK\$0.036 per Share to HK\$0.39 per Share, with the average daily closing price recorded at approximately HK\$0.227 per Share (“**Average Closing Price**”). Taking into consideration that the Issue Price of HK\$0.285 is within the range of the daily closing prices of the Shares during the Period and a premium of approximately 25.56% over the Average Closing Price per Share during the Period, the Company considers that the Issue Price is fair and reasonable.

During the year ended 31 December 2024, the Group recorded net loss of approximately HK\$3.14 million and net cash used in operating activities of approximately HK\$4.30 million. Despite the net loss position of the Group during the year ended 31 December 2024, as disclosed in the interim report of the Company for six months ended 30 June 2025, demand for the Group’s renovation and maintenance works, alteration and addition works and new construction services remains strong, driven by favourable market conditions. Furthermore, the Group has successfully engaged in the consumer goods sector through the distribution of dairy products in the PRC. In view of (i) the favourable market conditions; and (ii) the strategic vision of the Group to diversify and expand its business and revenue streams, the Debt Capitalisation is expected to have a positive effect on the Group’s financial position and strengthen its net asset value, demonstrating Mr. Heung’s support for the Group’s operations and confidence in the Group’s business prospects.

In view of the above, the 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\$31,350,000 shall be satisfied by way of setting-off against an equivalent amount of the Outstanding Sum owed to Mr. Heung 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. Upon Completion, the remaining balance of HK\$0.15 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(4) Evaluation of the principal terms of the Capitalisation Agreement

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. Heung 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\$0.285, we have conducted the following assessments:

4.1 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 September 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 were volatile and ranged from HK\$0.036 per Share (“**Lowest Closing Price**”) to HK\$0.68 per Share (“**Highest Closing Price**”), respectively, with the average daily closing price recorded at HK\$0.245 per Share (“**Average Closing Price**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The daily closing prices of the Shares were in generally low before the completion of the 2024 Placing which ranged from HK\$0.036 to HK\$0.07 during the period from 26 September 2024 to 10 December 2024. After the 2024 Placing, the daily closing prices of the Shares increased significantly to up to HK\$0.39 between 6 March 2025 to 11 March 2025. After the announcements of the results for FY2024 on 31 March 2025 and disposal of Shares by the substantial shareholder on 17 April 2025, the daily closing prices of the Shares decreased gradually to HK\$0.233 on 20 June 2025. Between 20 June 2025 and 18 August 2025 (the date of the announcement of the 2025 Placing), the daily closing prices of the Shares ranged between HK\$0.233 to HK\$0.285. After the announcement of the 2025 Placing, the daily closing prices of the Shares increased significantly to up to HK\$0.38 on 29 September 2025. As discussed with Management, save for the publication of the relevant announcements set out in the above graph, we were not aware of any material affairs of the Group that could contribute to the aforesaid movements in the closing price of the Shares.

It is noted that the Issue Price of HK\$0.285 is within the range of the daily closing prices of the Shares during Review Period and represents (i) a discount of approximately 58.09% over the Highest Closing Price per Share during the Review Period; (ii) a premium of approximately 691.67% over the Lowest Closing Price per Share during the Review Period; and (iii) a premium of approximately 16.33% over the Average Closing Price per Share during the Review Period.

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4.2 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 September 2024 up to the Latest Practicable Date (the “**Liquidity Review Period**”), 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)
<u>2024</u>			
September (from 26 September to 30 September)	3	2,500,000	0.24%
October	21	815,714	0.08%
November	21	3,848,095	0.37%
December	20	17,471,000	1.39%
<u>2025</u>			
January	19	10,006,737	0.79%
February	20	2,232,003	0.18%
March	21	10,731,429	0.85%
April	19	4,032,105	0.32%
May	20	1,806,500	0.14%
June	21	2,481,905	0.20%
July	22	3,771,364	0.30%
August	21	4,403,810	0.35%
September	22	5,845,000	0.39%
October (up to and including Latest Practicable Date)	17	12,638,235	0.84%
Minimum			0.08%
Maximum			1.39%
Average			0.46%

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 0.08% to 1.39% with an average of 0.46%. The relatively high trading volume in December 2024 was attributable to a significantly high trading volume in certain trading days such as (i) 11,230,000 Shares on 3 December 2024; (ii) 14,370,000 Shares on 5 December 2024; (iii) ranging between 14,730,000 to 93,690,000 during the period from 11 December 2024 to 19 December 2024; and (iv) 15,410,000 Shares on 27 December 2024. We have discussed with the Management and they are not aware of any reason for such unusual high trading volume of the Shares during the aforesaid periods.

Overall, we note that the trading liquidity of the Shares is relatively thin during the Liquidity Review Period, where 10 out of 12 months have a trading liquidity of below the average percentage of trading volume to the then total issued Shares (i.e. 0.46%). 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.

4.3 Comparable analysis on the Issue Price

We are of the view that the price-to-earning ratio and the price-to-book ratio are the most common comparison methods to analyse the fairness and reasonableness of the Issue Price. We have made reference to the price-to-earning ratio and price-to-book ratios of other comparable companies which (i) are listed on the GEM of the Stock Exchange as at the Latest Practicable Date, excluding listed companies which are being suspended for more than three months as at the Latest Practicable Date and companies that recorded a negative value for the equity attributable to owners of the respective companies as well as a net loss according to their latest financial information; (ii) have a significant proportion, over 90%, of their total revenue from provision of Construction Business for its latest completed financial year; (iii) have a significant proportion, over 90%, of their total revenue generated from Hong Kong. We have identified and generated a list of 7 companies (the “**Comparable Companies**”) that fall into the abovementioned selection criteria. We consider that the list of the Comparable Companies is an exhaustive list which comprises fair, sufficient and representative samples with features similar to the Company for the purpose of analysis under the prevailing market practice.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Price-to-earning ratio (“P/E Ratio”)

Given that the Group recorded a loss for the year attributable to its owners for FY2024, we do not consider the price-to-earning ratio analysis to be applicable for the Group.

Price-to-book ratio (“P/B Ratio”)

Considering Construction Business is capital intensive in nature which requires sufficient working capital to support the business, the higher net asset value would enable the companies to obtain financing for operation to maintain the business scale and it is one of the most common comparison methods in valuing a company and as such we consider that the application of P/B Ratio for evaluating the Issue Price is appropriate.

We set out our findings in the table below:

Company name (Stock Code)	Principal business (Note 6)	P/E Ratio (Note 1)	P/B Ratio (Note 2)
BOSA Technology Holdings Limited (8140)	Provision of mechanical splicing services to the reinforced concrete construction industry in Hong Kong	3.17	0.48
GME Group Holdings Limited (8188)	Provision of underground construction and engineering services in Hong Kong	6.19	2.62
WMHW Holdings Limited (8217)	Provision of civil engineering works	N/A (Note 3)	2.83
Tai Kam Holdings Limited (8321)	Provision of site formation works and renovation works in Hong Kong	N/A (Note 3)	1.07
WT Group Holdings Limited (8422)	Provision of specialised works and general building works in Hong Kong	3.46	0.32

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name (Stock Code)	Principal business (Note 6)	P/E Ratio (Note 1)	P/B Ratio (Note 2)
Grand Talents Group Holdings Limited (8516)	Provision of civil engineering works	N/A (Note 3)	3.58
Boltek Holdings Limited (8601)	Provision of engineering design, landscape architecture and consultancy services in Hong Kong	7.13	1.34
	Maximum	7.13	3.58
	Minimum	3.17	0.32
	Average	4.99	1.75
The Company		N/A	8.69 (Note 4)
			4.38 (Note 5)

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

Notes:

1. The P/E Ratio is calculated by dividing the market capitalisation as at the date of the Announcement by the profit attributable to owners of the respective company according to their latest financial information.
2. The P/B Ratio is calculated by dividing their market capitalisation as at the date of the Announcement by the net asset value attributable to owners of the respective company according to their latest financial information.
3. The P/E Ratio is not applicable as the subject company recorded a net loss in the most recent financial year.
4. The P/B Ratio is calculated based on the market capitalisation of the Company derived from the Issue Price, divided by the net asset value attributable to Shareholders of approximately HK\$49,590,000 as at 30 June 2025.
5. The P/B Ratio is calculated based on the market capitalisation of the Company derived from the Issue Price, divided by the net asset value of attributable to Shareholders of approximately HK\$49,590,000 as at 30 June 2025 adding the proceeds from the 2025 Placing of approximately HK\$48,700,000.
6. All of the Comparable Companies derived their revenue entirely from construction related services segment, with 100% of their operations from Hong Kong.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company's P/B Ratios (approximately 8.69 and 4.38 times) are significantly higher than the P/B Ratios of all the Comparable Companies. Based on the P/B Ratio analysis as stated above, we are of the view that the Issue Price is on normal commercial terms, fair and reasonable so far as the Shareholders are concerned.

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

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) 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 after Completion and the allotment and issue of the Capitalisation Shares as contemplated under the Debt Capitalisation	
	Number of Shares	Approximate %	Number of Shares	Approximate %
<i>Substantial Shareholders</i>				
Xu Changcheng	301,800,000	19.96	301,800,000	18.61
<i>Directors</i>				
Mr. Heung (<i>Note 1</i>)	35,500,000	2.35	145,500,000	8.97
Liang Bin	2,210,000	0.15	2,210,000	0.14
Public Shareholders	<u>1,172,490,000</u>	<u>77.55</u>	<u>1,172,490,000</u>	<u>72.29</u>
Total	<u>1,512,000,000</u>	<u>100.00</u>	<u>1,622,000,000</u>	<u>100.00</u>

Notes:

- As at the Latest Practicable Date, Mr. Heung is interested in 35,500,000 Shares through Advanced Pacific Enterprises Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by him.
- Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 77.55% to approximately 72.29%.

Considering that: (i) the Debt Capitalisation is in the interest of the Company and the Shareholders as a way of enhancement of the Group's net asset value and avoidance of any repayment on demand for the Outstanding Sum which may affect the Group's level of working capital; (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.

(6) 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.

Given amount of HK\$31,350,000 to be offset against the Debt Capitalisation, upon completion, it is expected that net assets position of the Group will be increased by HK\$31,350,000.

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 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 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 GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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>
<u>10,000,000,000</u>	Shares	<u>100,000,000.00</u>
Issued and fully paid		
<u>1,512,000,000</u>	Shares	<u>15,120,000.00</u>

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 Rules 5.46 to 5.67 of the GEM Listing Rules 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. Heung	Interest in controlled corporation (Note 2)	35,500,000 (L)	—	35,500,000	2.35%
Liang Bin	Beneficial owner	2,210,000 (L)	—	2,210,000	0.15%

Notes:

1. The shareholding percentage in the Company is calculated on the basis of 1,512,000,000 Shares in issue as at the Latest Practicable Date.
2. As at the Latest Practicable Date, Mr. Heung is interested in 35,500,000 Shares through Advanced Pacific Enterprises Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by him.
3. The letter “L” denotes a long position in the Shares.

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. Heung	Advanced Pacific Enterprises Limited	Beneficial owner	2	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 Rules 5.46 to 5.67 of the GEM Listing Rules.

(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)
Xu Changcheng	Beneficial owner	301,800,000	19.96%
Li Mung Tat	Beneficial owner	136,000,000	8.99%

Note:

1. The shareholding percentage in the Company is calculated on the basis of 1,512,000,000 Shares in issue as at the Latest Practicable Date.

3. COMPETING INTERESTS

As at the Latest Practicable Date, 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 December 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 placing agreement dated 31 October 2023 entered into between the Company and Yuet Sheung in relation to the placing of 210,000,000 Shares at a price of HK\$0.072 per placing share;
- (ii) the placing agreement dated 8 January 2024 entered into between the Company and Yuet Sheung in relation to the placing of 210,000,000 Shares at a price of HK\$0.07 per placing share;
- (iii) the subscription agreement dated 26 January 2024 entered into between China Innovation Investment Limited and the Company in relation to the subscription of a three-year secured bonds with an aggregate principal amount of HK\$40,000,000 with a coupon rate of 5% issued by the Company;
- (iv) the placing agreement dated 20 November 2024 entered into between the Company and Yuet Sheung in relation to the placing of 210,000,000 Shares at a price of HK\$0.055 per placing share;

- (v) the placing agreement dated 18 August 2025 entered into between the Company and Yuet Sheung in relation to the placing of 252,000,000 Shares at a price of HK\$0.20 per placing share; and
- (vi) 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 December 2024, 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 December 2024, 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 member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The above expert has given and has not withdrawn its 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 Mr. Chau Yun Cheung, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at P.O. Box 1350, Windward 3, Regatta Office Park, 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 Room 2502, 25/F, 148 Electric Road North Point 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 www.tongkee.com.hk 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

SHENG TANG HOLDINGS LIMITED

聖唐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8305)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HERE BY GIVEN that an extraordinary general meeting (the “**EGM**”) of Sheng Tang Holdings Limited (the “**Company**”) will be held at Unit 1901–05, 19/F, Delta House, 3 On Yiu Street, Shatin, N.T., Hong Kong on Thursday, 20 November 2025 at 4:00 p.m., to consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

1. “**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 26 September 2025 entered into between the Company as the issuer and Mr. Heung Chung Sum (the “**Subscriber**”) in relation to the subscription of 110,000,000 Shares (the “**Capitalisation Shares**”) at the price of HK\$0.285 per Share for the settlement of part of the Outstanding Sum (as defined in the Circular) in the amount of HK\$31,350,000 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

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (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.”

By order of the Board
Sheng Tang Holdings Limited
Heung Chung Sum
Chairman and Executive Director

Hong Kong, 31 October 2025

Registered office:

P.O. Box 1350
Windward 3
Regatta Office Park
Grand Cayman, KY1-1108
Cayman Islands

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

Room 2502, 25/F
148 Electric Road
North Point
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.
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 (i.e. Tuesday, 18 November 2025 at 4:00 p.m.).
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 Tuesday, 18 November 2025 to Thursday, 20 November 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 Thursday, 20 November 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 Monday, 17 November 2025.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 between 7:00 a.m. to 5:00 p.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 www.tongkee.com.hk 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.

As at the date of this notice, the executive Directors are Mr. Heung Chung Sum and Ms. Li Lo Wan; the non-executive Directors are Ms. Xu Chunli, Mr. Liang Bin and Mr. Xu Yongqiang; and the independent non-executive Directors are Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun and Mr. Chan Chi Hang.

This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this notice 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 notice misleading.

This notice will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the day of its publication. This notice, will also be published on the Company’s website at www.tongkee.com.hk.