
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Kirin Group Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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KIRIN GROUP HOLDINGS LIMITED 麒麟集團控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 8109)

- (1) REFRESHMENT OF CURRENT GENERAL MANDATE TO ISSUE SHARES;
(2) TERMINATION OF EXISTING SHARE OPTION SCHEME AND
ADOPTION OF NEW SHARE OPTION SCHEME;
(3) RE-ELECTION OF DIRECTOR;
AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



INCU Corporate Finance Limited

A letter from an independent committee of the board of the Company (the “Independent Board Committee”) is set out on page 18 of this circular. A letter from INCU Corporate Finance Limited, the independent financial adviser to the Independent Board Committee and the independent shareholders of the Company is set out on pages 19 to 34 of this circular.

A notice convening the special general meeting (the “SGM”) of the Company to be held at 10:30 a.m. on Wednesday, 26 August 2020 at 3/F, Jasmine Room, Best Western Plus Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong is set out on pages 46 to 50 of this circular. A form of proxy for use at the SGM is also enclosed with this circular.

Whether or not you are able to attend and vote at the SGM in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event no later than Monday, 24 August 2020 at 10:30 a.m. (Hong Kong Time). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the website of the Company at www.tricor.com.hk/web/service/08109.

In compliance with the Hong Kong Government’s directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 (“COVID-19”), the Company will implement the following precautionary measures at the SGM including, without limitation:

- compulsory body temperature screening;
- wearing of surgical face masks;
- no distribution of corporate gift or refreshment;
- mandatory health declaration – anyone subject to the Hong Kong Government’s prescribed quarantine or who has travelled overseas within 14 days immediately before the date of the SGM will be denied entry into the SGM venue; and
- appropriate seating arrangement in line with the guidance from the Hong Kong Government will be made.

The Company strongly advises Shareholders to appoint the chairman of the SGM as their proxy to vote on the relevant resolution(s) as an alternative to attending the SGM in person. Shareholders are advised to read page 1 of this circular for further details and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

10 August 2020

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

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

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PRECAUTIONARY MEASURES FOR THE SGM

In compliance with the Hong Kong Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health ("CHP") on the prevention of COVID-19, the Company will implement precautionary measures at the SGM in the interests of the health and safety of our shareholders, investors, directors, staff and other participants of the SGM (the "Stakeholders") which include without limitation:

- (1) Every attendee **will be required to wear a surgical face mask** throughout the SGM and inside the SGM venue. Attendees are advised to maintain appropriate social distance with each other at all times when attending the SGM.
- (2) There will be **compulsory body temperature screening** for all persons before entering the SGM venue. Any person with a body temperature of 37.3 degrees Celsius or above or any person which exhibits any flu-like symptoms may be denied entry to the SGM venue or be required to promptly leave the SGM venue.
- (3) **No refreshment will be served, and there will be no corporate gift.**
- (4) Attendees may be asked (i) if he/she has travelled outside of Hong Kong within 14 days immediately before the SGM; and (ii) if he/she is subject to any Hong Kong Government prescribed quarantine requirement. Any person who responds positively to any of these questions will be denied entry into the SGM venue.
- (5) Anyone attending the SGM is reminded to observe good personal hygiene at all times.
- (6) Appropriate seating arrangement at the SGM venue in line with the guidance from the Hong Kong Government will be made.
- (7) **In light of the continuing risks posed by the COVID-19 pandemic, and in the interests of protecting the Stakeholders, the Company is supportive of the precautionary measures being adopted and reminds Shareholders that physical attendance in the SGM is not necessary for the purpose of exercising voting rights. The Company strongly advises Shareholders to appoint the chairman of the SGM as their proxy to vote on the relevant resolution(s) as an alternative to attending the SGM in person.**
- (8) **Shareholders are advised to monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.**
- (9) Health education materials and up-to-date development on COVID-19 can be found on the CHP website (www.chp.gov.hk) and the website of the Hong Kong Government on COVID-19 (www.coronavirus.gov.hk).

DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme becomes unconditional upon fulfillment of the conditions as set out in the paragraph headed “Termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme” in the section headed “Letter from the Board” of this circular
“AGM”	the annual general meeting of the Company held on 5 November 2019
“associates”	has the same meaning as ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon
“Bye-laws”	the bye-laws of the Company, and “Bye-law” shall mean a bye-law of the Bye-laws
“Change of Financial Year End Date”	the change of financial year end date of the Company from 30 June to 31 December
“close associate(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Company”	Kirin Group Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on GEM of the Stock Exchange
“connected person”	has the same meaning ascribed to it under the GEM Listing Rules
“core connected person”	has the same meaning ascribed to it under the GEM Listing Rules
“Current General Mandate”	the general mandate approved at the AGM authorising the Directors to allot and issue Shares up to 20% of the number of issued Shares as at the date of passing the relevant ordinary resolutions at the AGM

DEFINITIONS

“Director(s)”	director(s) of the Company
“Eligible Participant(s)”	full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Group); and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 5 November 2010 and expiring on 4 November 2020 inclusively
“First Subscription”	the subscription of 7,755,000 Shares at the subscription price of HK\$0.2718 per Share by Ms. Chan Chui Han pursuant to the subscription agreement dated 4 June 2020 and entered into between the Company and Ms. Chan Chui Han
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“INCU”	INCU Corporate Finance Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Current General Mandate

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board, comprising the independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the refreshment of the Current General Mandate, the voting at the SGM for the refreshment of the Current General Mandate and whether the refreshment of the Current General Mandate are in the interests of the Company and the Shareholders as a whole
“Independent Shareholder(s)”	Shareholder(s) other than any controlling shareholder(s) of the Company and their respective associates or, where there are no controlling shareholder(s), any Shareholder(s) other than the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“inside information”	has the meaning defined in the SFO as amended from time to time
“Latest Practicable Date”	5 August 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“New Share Option Scheme”	the share option scheme which is proposed to be adopted by the Company at the SGM, the principal terms of which are set out in Appendix I to this circular
“Offer”	an offer for the grant of an Option made in accordance with the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant
“Option(s)”	any option(s) to be granted to Eligible Participant(s) to subscribe for Share(s) under the New Share Option Scheme
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained herein

DEFINITIONS

“personal representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a grantee, is or are entitled to exercise the Option granted to such grantee (to the extent not already exercised)
“Placing”	the placing of 26,900,000 Shares at the placing price of HK\$0.3 per placing share pursuant to the conditional placing agreement dated 11 May 2020 and entered into between the Company and China Rich Securities Limited as the placing agent
“Scheme Mandate Limit”	has the meaning ascribed to it under paragraph (e) of Appendix I set out on page 37 of this circular
“Second Subscription”	the subscription of 4,050,000 Shares at the subscription price of HK\$0.2723 per Share by Mr. Ng Simon pursuant to the subscription agreement dated 4 June 2020 and entered into between the Company and Mr. Ng Simon
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	the special general meeting of the Company to be convened and held on Wednesday, 26 August 2020 to consider and, if thought fit, to approve the proposed refreshment of the Current General Mandate, the termination of the Existing Share Option Scheme, adoption of the New Share Option Scheme, the re-election of Director and the matters contemplated thereunder
“Share(s)”	existing ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	collectively, the First Subscription, the Second Subscription and the Third Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

DEFINITIONS

“Third Subscription”	the subscription of 4,155,000 Shares at the subscription price of HK\$0.2711 per Share by Mr. So Yiu Bun pursuant to the subscription agreement dated 4 June 2020 and entered into between the Company and Mr. So Yiu Bun
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



KIRIN GROUP HOLDINGS LIMITED 麒麟集團控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 8109)

Executive Directors:

Mr. Chow Yik (*Chairman*)
Mr. Wang Hongtao
Mr. Wang Jinhan
Mr. Zhou Wenjun

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent non-executive Directors:

Mr. Ng Chi Ho, Dennis
Ms. Chan Sin Wa, Carrie
Mr. Li Chun Sing
Mr. Wang Rongqian

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

Unit 1005A, 10/F, Sino Plaza
255–257, Gloucester Road
Causeway Bay
Hong Kong

10 August 2020

To the Shareholders

Dear Sir or Madam,

- (1) REFRESHMENT OF CURRENT GENERAL MANDATE TO ISSUE SHARES;
(2) TERMINATION OF EXISTING SHARE OPTION SCHEME AND
ADOPTION OF NEW SHARE OPTION SCHEME;
(3) RE-ELECTION OF DIRECTOR;
AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The Board proposes to (i) refresh the Current General Mandate subject to the Independent Shareholders' approval; (ii) terminate the Existing Share Option Scheme and adopt the New Share Option Scheme subject to the Shareholders' approval; and (iii) re-elect Mr. Li Chun Sing as an independent non-executive Director subject to the Shareholders' approval. Ordinary resolutions will be proposed at the SGM to (i) the Independent Shareholders to consider and, if

LETTER FROM THE BOARD

thought fit, approve the refreshment of the Current General Mandate; and (ii) the Shareholders to consider and, if thought fit, approve the termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme and the re-election of Director.

The purpose of this circular is to provide you with the information relating to (i) the refreshment of the Current General Mandate; (ii) the termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme; (iii) the re-election of Director; (iv) the recommendation from the Independent Board Committee to the Independent Shareholders on the refreshment of the Current General Mandate; (v) the recommendation from INCU to the Independent Board Committee and the Independent Shareholders on the refreshment of the Current General Mandate; and (vi) the notice of SGM.

CURRENT GENERAL MANDATE

At the AGM, the Shareholders approved, among other things, an ordinary resolution for granting to the Directors the Current General Mandate to allot and issue up to a maximum of 44,336,853 Shares, representing 20% of the number of issued Shares as at the date of passing of the relevant resolution.

References are made to the announcements of the Company dated 11 May 2020 and 22 May 2020 in relation to, among other matters, the Placing. Pursuant to the Placing, 26,900,000 new Shares were issued and allotted by the Company to not less than six places on 22 May 2020.

References are also made to the announcements of the Company dated 4 June 2020 and 12 June 2020, in relation to, among other matters, the Subscriptions. Pursuant to the Subscriptions, 15,960,000 new Shares were issued and allotted by the Company to the respective subscribers.

The Current General Mandate has been utilised as to approximately 96.67% by way of the Placing and the Subscriptions. The net proceeds of approximately HK\$7.8 million from the Placing has been applied as the general working capital of the Group and for the repayment of outstanding indebtedness. The net proceeds of HK\$4,336,888 from the Subscriptions has been applied to set off the respective debts owed by the Company to the respective subscribers. The net proceeds from the Placing and the Subscriptions were fully utilised by the Company.

As at the Latest Practicable Date, the Company has not made any refreshment of the Current General Mandate since the AGM and there are no outstanding options, warrants, convertible securities or other rights to subscribe for Shares.

PROPOSED REFRESHMENT OF THE CURRENT GENERAL MANDATE

The Company will convene the SGM at which ordinary resolutions will be proposed to the Independent Shareholders that the Directors be granted the general mandate to allot and issue Shares not exceeding 20% of the number of issued Shares as at the date of passing the relevant ordinary resolutions at the SGM.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company had an aggregate of 279,694,268 Shares in issue. Subject to the passing of the ordinary resolutions for the approval of the refreshment of the Current General Mandate and on the basis that no further Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company will be allowed to issue and allot up to 55,938,853 Shares, being 20% of the number of issued Shares as at the Latest Practicable Date.

The refreshed Current General Mandate will expire at the earliest of (a) the conclusion of the next annual general meeting of the Company; (b) the date by which the next annual general meeting of the Company is required to be held by law or by the Bye-laws; or (c) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company prior to the next annual general meeting of the Company.

REASONS FOR THE REFRESHMENT OF THE CURRENT GENERAL MANDATE

The Company is an investment holding company. The Group is principally engaged in the provision of insurance brokerage services, money lending services, assets management and securities brokerage services in Hong Kong.

As explained in the paragraph headed “Current General Mandate” above, the Current General Mandate has been utilised as to approximately 96.67% as at the Latest Practicable Date. Further, on 19 June 2020, the Company has changed its financial year end date from 30 June to 31 December. For details of the Change of Financial Year End Date, please refer to the announcement of the Company dated 19 June 2020. The next annual general meeting of the Company is expected to be held in or about June 2021, which is about ten months from the date of this circular.

In order to provide additional flexibility to allow the Company to grasp appropriate fund raising opportunities, the Board believes that the refreshment of the Current General Mandate is in the best interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group’s future business expansion and development as well as to cater for future funding requirement of the Group. The Board considers equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development.

The Company has no concrete fund raising plan as at the Latest Practicable Date. The Company will grasp any suitable fund raising opportunities should attractive terms for investment become available from potential investors and there is currently no particular fund raising opportunity being identified by the Company as at the Latest Practicable Date. If any fund raising opportunities materialise, the Company will make further announcement(s) as and when appropriate in compliance with the GEM Listing Rules.

LETTER FROM THE BOARD

The Directors have considered other financing alternatives apart from equity financing such as debt financing, right issue, open offer or internal cash resources to meet the financial requirements of the Group, if appropriate, taking into consideration the then financial position, capital structure and cost of funding of the Group as well as the prevailing market condition. However, debt financing may be subject to lengthy due diligence and negotiations as compared to the equity financing available to the Directors if the refreshment of the Current General Mandate is granted. Furthermore, rights issue or open offer may also involve substantial time and cost to complete as compared to equity financing by issuance of new Shares under general mandate.

Having considered that (i) the Current General Mandate has been utilised as to approximately 96.67% after the Placing and the Subscriptions; (ii) the majority of the cash and bank balance of the Company has been allocated for specific uses; (iii) debt financing may incur interest burden to the Group; (iv) rights issue or open offer may take a longer time to complete while fund raising exercise pursuant to general mandate provides the Company a simpler and less lead time process than other types of fund raising exercise and avoids the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner; and (v) the refreshment of the Current General Mandate will provide the Company with an additional alternative and flexibility of financing to the Group, the Directors consider that it is reasonable for the Company to have the flexibility in deciding the financing methods for its future investment and/or development, including equity issuance.

The Directors have no concrete plan for raising funding by issuing new Shares or acquiring any investments as at the Latest Practicable Date, and there is currently no concrete proposal presented by any potential investors for investment in the Shares. Nevertheless, the Board is now proposing to seek the approval of the Independent Shareholders at the SGM for the refreshment of the Current General Mandate, apart from the reasons disclosed above, the Directors consider that should attractive terms for investment in the Shares become available from potential investors or the Group being able to identify suitable investment, the Board will be able to respond to the market promptly because fund raising exercise or issue of Shares as the consideration or part of the consideration for investment projects pursuant to a general mandate provides the Company with a more simple and less lead time process and to avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner.

If such opportunities arise prior to the next annual general meeting, decisions may have to be made within a limited period of time. If any potential investors offer attractive terms for investment in the Shares subject to the then market conditions, the Directors will consider and may conduct an equity fund raising exercise by issuing new Shares, the proceeds of which may be used as general working capital and/or supporting the Group's future business development. Announcement will be made by the Company in the event any concrete fund raising plan arises as and when appropriate.

There has not been any other refreshment of the Current General Mandate since the AGM. Save for the use of the Current General Mandate since the AGM as mentioned in the paragraph

LETTER FROM THE BOARD

headed “Current General Mandate” above, the Company has not conducted any other equity fund raising activities under the Current General Mandate in the past twelve months immediately preceding the Latest Practicable Date.

In view of the above, the Directors consider that the refreshment of the Current General Mandate is in the best interests of the Company and the Shareholders as a whole.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee which comprises Mr. Ng Chi Ho, Dennis, Ms. Chan Sin Wa, Carrie, Mr. Li Chun Sing and Mr. Wang Rongqian, all being the independent non-executive Directors, has been established to advise the Independent Shareholders on the refreshment of the Current General Mandate.

INCU has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Current General Mandate.

The Independent Board Committee and the Directors, having taken into account the advice of INCU, consider that the refreshment of the Current General Mandate is in the interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the SGM for approving the refreshment of the Current General Mandate.

TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME

The Existing Share Option Scheme

The Company adopted the Existing Share Option Scheme by way of Shareholders’ resolution passed on 5 November 2010. Pursuant to the terms of the Existing Share Option Scheme, it shall be valid and effective for a period of ten years from its date of adoption. In view of the fact that the Existing Share Option Scheme will expire, the Board proposes to adopt the New Share Option Scheme in accordance with Chapter 23 of the GEM Listing Rules.

Pursuant to the terms of the Existing Share Option Scheme, the Company may by resolution in general meeting at any time terminate the operation of the Existing Share Option Scheme and in such event no further Options will be granted but in all other respects the provisions of the Existing Share Option Scheme shall remain in full force and effect. All Options granted prior to such termination and not then exercised shall remain valid and exercisable in accordance with the Existing Share Option Scheme.

As at the Latest Practicable Date, no options were granted under the Existing Share Option Scheme entitling the holders thereof to subscribe for Shares are outstanding.

LETTER FROM THE BOARD

It is proposed by the Directors that an ordinary resolution will be proposed at the SGM for the Company to terminate the operation of the Existing Share Option Scheme and to approve and adopt the New Share Option Scheme, which will take effect on the date of its adoption at the SGM subject to the Stock Exchange granting the approval for the listing of, and permission to deal in, the new Shares which may fall to be issued and allotted upon the exercise of the Options in accordance with the terms and conditions of the New Share Option Scheme.

The New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contributions or potential contributions to the Company. In determining whether a person has contributed or will contribute to the Group, the Group will take into account, among other things, whether contribution has been made to or will be made to the Group in terms of operation, financial performance, prospects, growth, reputation and image of the Group.

The Board considers that the New Share Option Scheme will motivate the Eligible Participants to make contributions to the Group, facilitate the retention and the recruitment of high-calibre staff of the Group and that it is in the interest of the Group as a whole for a broad category of Eligible Participants to be given incentives to participate in the growth of, and make contribution to, the Group in the form of Options to subscribe for Shares. In this connection, the Board believes that the inclusion of the persons other than the employees and directors of the Group is appropriate and in the interest of the Company and the Shareholders as a whole given that the success of the Group requires the co-operation and contribution not only from the employees, but also from persons who play a role in the business of Group, such as advisor, consultant, provider of goods and/or services, business or joint-venture partner. Furthermore, the Board considers that the Eligible Participants (employees or otherwise) will share common interests and objectives with the Group upon their exercise of the Options, which is beneficial to the long-term development of the Group. In addition, the adoption of the New Share Option Scheme is in line with modern commercial practice that full-time or part-time employees, directors, advisers, consultants of the Group be given incentives to work towards enhancing the value and attaining the long-term objectives of the Company and for the benefit of the Group as a whole. As such, the Board considers that the adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole. A summary of the principal terms of the New Share Option Scheme is set out in Appendix I to this circular.

At the SGM, an ordinary resolution will be proposed for the Company to approve and adopt the New Share Option Scheme, which will take effect on the date of its adoption at the SGM subject to the Stock Exchange granting approval for the listing of and dealing in the Shares to be issued and allotted pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

Although the rules of the New Share Option Scheme provide that the New Share Option Scheme is not subject to any performance target and does not prescribe any specific minimum period for which an option must be held before it can be exercised, the Board believes that the

LETTER FROM THE BOARD

ability for the Board to prescribe at its discretion a minimum period for which an Option must be held before it can be exercised and the requirement for a minimum exercise price (which is summarised in paragraph (d) in Appendix I to this circular) of the New Share Option Scheme will serve to protect the value of the Shares and encourage Eligible Participants to acquire proprietary interests in the Company which will increase in value in line with the contributions by the Eligible Participants to the Company, so as to achieve the purpose of the New Share Option Scheme. No trustee will be appointed under the New Share Option Scheme.

The Board considers that it is not appropriate to state the value of all Options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the option value have not been determined. Such variables include the exercise price, exercise period, vesting period (if any), and other relevant factors (if any). The Board believes that any calculation of the value of any Options which might have been granted as at the Latest Practicable Date would be based on a number of speculative assumptions and therefore not only would such calculation be meaningful or representative, but it could also potentially be misleading to the Shareholders.

None of the Directors is and will be the trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 23 of the GEM Listing Rules.

A copy of the New Share Option Scheme will be available for inspection at the Company's principal place of business in Hong Kong at Unit 1005A, 10/F, Sino Plaza, 255-257, Gloucester Road, Causeway Bay, Hong Kong for a period of 14 days before the date of the SGM, and at the SGM.

Conditions precedent of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (i) the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
- (ii) the passing of an ordinary resolution to approve the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme by the Shareholders at the SGM.

The total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and another other schemes must not in aggregate exceed 10% of the issued Shares as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to renew the 10% limit. As at the Latest Practicable Date, the total number of Shares in issue was 279,694,268. Assuming that there is no change in the number of issued

LETTER FROM THE BOARD

Shares between the period from the Latest Practicable Date and the Adoption Date, the number of Shares that may fall to be issued and allotted upon exercise in full of the Options would be 27,969,426 Shares.

The limit on the number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other schemes must not exceed 30% of the relevant class of securities of the Company in issue from time to time.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

RE-ELECTION OF DIRECTOR

According to Bye-law 83(2), any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his appointment and be subject to re-election at such meeting.

In accordance with Bye-law 83(2), Mr. Li Chun Sing will offer himself for re-election as an independent non-executive Director. At the SGM, ordinary resolution will be proposed to re-elect Mr. Li Chun Sing as an independent non-executive Director.

Details of the retiring Director who is proposed to be re-elected at the SGM are set out in Appendix II to this circular.

SGM

A notice convening the SGM to be held at 10:30 a.m. on Wednesday, 26 August 2020 at 3/F, Jasmine Room, Best Western Plus Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong is set out on pages 46 to 50 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event no later than Monday, 24 August 2020 at 10:30 a.m. (Hong Kong Time). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM, or any adjournment thereof if you so wish, and in such event, the form of proxy shall be deemed to be revoked.

Pursuant to the GEM Listing Rules, the refreshment of the Current General Mandate will be subject to the Independent Shareholders' approval by way of passing an ordinary resolution at the SGM at which any of the controlling Shareholders and their respective associates, or where

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there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executives and all their respective associates shall abstain from voting in favour of the resolutions approving the refreshment of Current General Mandate.

As at the Latest Practicable Date, the Company has no controlling Shareholders. Accordingly, the Directors (excluding independent non-executive Directors) and the chief executives and all their respective associates shall abstain from voting in favour of the resolution approving the refreshment of the Current General Mandate. As at the Latest Practicable Date, (i) Mr. Wang Hongtao, an executive Director, together with his associates hold an aggregate of 495,000 Shares, representing approximately 0.18% of the issued Shares; and (ii) Mr. Zhou Wenjun, an executive Director, together with his associates hold an aggregate of 4,320,000 Shares, representing approximately 1.54% of the issued Shares. Mr. Wang Hongtao and Mr. Zhou Wenjun and their respective associates will abstain from voting in favour of the resolution approving the refreshment of the Current General Mandate.

In light of the continuing risks posed by the COVID-19 pandemic and in the interests of protecting the Shareholders, the Company strongly advises the Shareholders to appoint the chairman of the SGM as their proxy to vote on the relevant resolutions as an alternative to attending the SGM in person.

According to Bye-law 63, the chairman of the Board shall preside as the chairman of the SGM. If the chairman of the Board is not present within fifteen minutes after the time appointed for holding the SGM or if he is not willing to act as the chairman, the Directors present shall choose one of their members to act. As such, any one of the Directors who is required to abstain from voting in favour of the resolution approving the refreshment of the Current General Mandate may act as the chairman of the SGM.

In order to prevent the potential conflict of interest and potential abuse of the proxy, the chairman of the Board shall not act as the chairman of the SGM. The Directors present shall elect Mr. Ng Chi Ho, Dennis, an independent non-executive Director, who is not required to abstain from voting in favour of the refreshment of the Current General Mandate, to act as the chairman of the SGM.

The vote of the Independent Shareholders in respect of the refreshment of the Current General Mandate, and the vote of the Shareholders in respect of the termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme and the re-election of Director at the SGM will be taken by way of poll.

Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the proposed resolutions on the refreshment of the Current General Mandate at the SGM.

No Shareholder is required under the GEM Listing Rules to abstain from voting on the ordinary resolutions to approve the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme and the re-election of Director. To the best of the

LETTER FROM THE BOARD

Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to approve the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme and the re-election of Director to be proposed at the SGM.

The Board confirmed that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he or she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

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.

RECOMMENDATION

The Directors consider the proposed refreshment of the Current General Mandate, the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme and the re-election of Director are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the proposed resolutions in relation to the proposed refreshment of the Current General Mandate and the Shareholders to vote in favour of the resolutions in relation to the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme and the re-election of Director as set out in the notice of SGM.

The Independent Board Committee, having taken into account the advice of INCU in relation to the refreshment of the Current General Mandate, is of the opinion that the refreshment of the Current General Mandate is in the best interests of the Company and is fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM for approving the refreshment of the Current General Mandate.

LETTER FROM THE BOARD

GENERAL

Your attention is drawn to the letter of advice from INCU set out on pages 19 to 34 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the Current General Mandate and the letter from the Independent Board Committee set out on page 18 of this circular which contains its recommendation to the Independent Shareholders in relation to the refreshment of the Current General Mandate.

INCU has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

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

For and on behalf of the Board
Kirin Group Holdings Limited
Chow Yik
Chairman



KIRIN GROUP HOLDINGS LIMITED

麒麟集團控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 8109)

10 August 2020

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF CURRENT GENERAL MANDATE TO ISSUE SHARES

We refer to the circular of the Company dated 10 August 2020 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the proposed refreshment of the Current General Mandate are fair and reasonable so far as the Independent Shareholders are concerned. INCU has been appointed as the independent financial adviser to advise us in this respect.

Having considered the principal reasons and factors considered by, and the advice of, INCU as set out in its letter of advice to us on pages 19 to 34 of the Circular, we are of the opinion that the refreshment of the Current General Mandate is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the refreshment of the Current General Mandate.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Ng Chi Ho,
Dennis
Independent
non-executive
Director

Ms. Chan Sin Wa,
Carrie
Independent
non-executive
Director

Mr. Li Chun Sing

Independent
non-executive
Director

Mr. Wang
Rongqian
Independent
non-executive
Director

LETTER FROM INCU

The following is the text of a letter of advice from INCU Corporate Finance Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the Current General Mandate.



INCU Corporate Finance Limited
Unit 1604A, 16/F., Tower 1, Silvercord
30 Canton Road,
Tsim Sha Tsui, Hong Kong

10 August 2020

*To: The Independent Board Committee and
the Independent Shareholders of
Kirin Group Holdings Limited*

Dear Sirs or Madams,

REFRESHMENT OF CURRENT GENERAL MANDATE TO ISSUE SHARES

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Current General 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 dated 10 August 2020 (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 requires otherwise.

The Current General Mandate was granted to the Directors to allot and issue up to 44,336,853 Shares, representing 20% of the number of issued Shares of the Company as at the date of passing of the relevant resolution at the AGM. As at the Latest Practicable Date, the Current General Mandate has been utilised as to approximately 96.67% by way of the Placing and the Subscriptions. Therefore, the Board proposes to refresh the Current General Mandate for the Directors to allot and issue Shares not exceeding 20% of the number of issued Shares as at the date of passing the relevant ordinary resolutions at the SGM.

As the refreshment of the Current General Mandate is made before the next annual general meeting of the Company, pursuant to Rule 17.42A(1) of the GEM Listing Rules, the refreshment of Current General Mandate will be subject to the approval of the Independent Shareholders by way of ordinary resolutions at the SGM. The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, pass the ordinary resolutions to approve the refreshment of the Current General Mandate. Any controlling Shareholders and their respective associates, or where there is no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executives of the Company and all their

LETTER FROM INCU

respective associates shall abstain from voting in favour of the resolutions approving the refreshment of the Current General Mandate.

As at the Latest Practicable Date, the Company has no controlling Shareholders, and (i) Mr. Wang Hongtao, an executive Director, together with his associates hold an aggregate of 495,000 Shares, representing approximately 0.18% of the issued Shares; and (ii) Mr. Zhou Wenjun, an executive Director, together with his associates hold an aggregate of 4,320,000 Shares, representing approximately 1.54% of the issued Shares are required to abstain from voting on the proposed resolutions to approve the refreshment of the Current General Mandate.

During the last two years, there was no previous engagement between us and the Group or any of their respective subsidiaries or associates, prior to our engagement as the independent financial adviser in relation to the refreshment of the Current General Mandate. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 17.96 of the GEM Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Current General Mandate. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the refreshment of the Current General Mandate, and accordingly, are eligible to give independent advice and recommendations on the refreshment of the Current General Mandate. Apart from normal professional fees payable to us in connection with this appointment as the independent financial adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the refreshment of the Current General Mandate.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ng Chi Ho, Dennis, Ms. Chan Sin Wa, Carrie, Mr. Li Chun Sing and Mr. Wang Rongqian, has been formed to advise the Independent Shareholders on the refreshment of the Current General Mandate and as to whether the refreshment of the Current General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole, taking into account our recommendations.

As the independent financial adviser, our role is to give independent opinions to the Independent Board Committee and the Independent Shareholders as to whether the refreshment of the Current General Mandate 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.

LETTER FROM INCU

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the statements, information, opinions and representations relating to the operations, financial condition and prospects of the Group contained or referred to in this Circular and/or provided to us by the Company and the management of the Group. We have assumed that such information and any representation made to us were true, accurate and complete in all material respects as at the Latest Practicable Date and considered that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in this Circular have been arrived at after due and careful consideration and there are no other material facts not contained in this Circular, the omission of which would make any such statement made by them that contained in this Circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld.

Our review and analysis were based upon, among others, the information provided by the Group including this Circular, working capital forecast for the Company for the period ending 30 June 2021 and certain published information from the public domain, including but not limited to, the third quarterly report of the Company for the nine months ended 31 March 2020 (the “**Third Quarterly Report 2020**”), the interim report of the Company for the six months ended 31 December 2019 (the “**Interim Report 2020**”) and the annual report of the Company for the year ended 30 June 2019 (the “**Annual Report 2019**”). We have also discussed with the Directors and the management of the Group with respect to the terms of and the basis and assumptions adopted in the working capital forecast and the reasons for the refreshment of the Current General Mandate. We have not, however, for the purpose of this exercise, conducted any in-depth independent investigation into the businesses, affairs and financial positions of the Group nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Current General Mandate, we have taken into account the following principal factors and reasons:

1. Background and historical financial information of the Group

1.1 Background of the Group

The Group is principally engaged in (i) provision of money lending services (the “**Money Lending Business**”), (ii) insurance brokerage services (the “**Insurance Brokerage Business**”) and (iii) assets management and securities brokerage services (the “**Assets Management Business**”) in Hong Kong.

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1.2 Historical financial information of the Group

Consolidated financial performance of the Group

Set out below are (i) the audited consolidated financial information of the Group for the two years ended 30 June 2018 (“**FY2018**”) and 30 June 2019 (“**FY2019**”), as extracted from the Annual Report 2019 and (ii) the unaudited consolidated financial results of the Group for the nine months ended 31 March 2019 (“**3Q2019**”) and 31 March 2020 (“**3Q2020**”), as extracted from the Third Quarterly Report 2020:

	FY2018	FY2019	3Q2019	3Q2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Unaudited) (Restated)	(Unaudited)
	<i>(Note 1)</i>		<i>(Note 1)</i>	
Continuing operations				
Revenue				
– Money Lending Business	17,855	18,412	15,025	12,476
– Insurance Brokerage Business	47,862	74,209	47,439	25,714
– Assets Management Business	–	4,688	4,397	12
– Sale of livestock <i>(Note 2)</i>	208	–	–	–
– Information technology service <i>(Note 3)</i>	8,954	–	–	–
	<u>8,954</u>	<u>–</u>	<u>–</u>	<u>–</u>
Sub-total of revenue	<u>74,879</u>	<u>97,309</u>	<u>66,861</u>	<u>38,202</u>
 (Loss) for the year/period from continuing operations	 (105,773)	 (59,518)	 (27,157)	 (34,281)
Discontinued operations				
Profit/(loss) for the year/period from discontinued operations	23,967	10,269	9,803	(533)
 (Loss) for the year/period attributable to Shareholders of the Company	 (78,249)	 (46,416)	 (12,947)	 (31,736)

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Notes:

1. Key financial figures for FY2018 and 3Q2019 are shown in the table above for comparative purpose.
2. As disclosed in the Third Quarterly Report 2020, on 16 September 2019, the Group completed a disposal of the entire equity interest in its subsidiary, Cyber Leader Holdings Limited (“**Cyber Leader**”), which was principally engaged in the sale of livestock business, and accordingly, its results will no longer be consolidated into the financial statements of the Company.
3. As disclosed in the Annual Report 2019, on 27 December 2018, the Group completed a disposal of the entire equity interest in its subsidiary, Red Rabbit International Technology Inc. (“**Red Rabbit**”), which was principally engaged in the provision of information technology service, and accordingly, its results will no longer be consolidated into the financial statements of the Company.

3Q2020 vs 3Q2019

As set out in the table above, the revenue of the Group in 3Q2020 decreased by approximately HK\$28.66 million or 42.87% to approximately HK\$38.20 million, as compared with approximately HK\$66.86 million in 3Q2019. According to the Third Quarterly Report 2020, such decrease in revenue was mainly attributable to the decrease in revenue generated from the Insurance Brokerage Business from approximately HK\$47.44 million in 3Q2019 to approximately HK\$25.71 million in 3Q2020 due to the unfavourable market environment from (i) the keen competition from the competitors in the industry; and (ii) worsened local economy as a result of the political unrest in Hong Kong and the negative impacts from the outbreak of coronavirus.

The Group recorded a consolidated net loss from continuing operations of approximately HK\$34.28 million in 3Q2020, representing an increase of approximately HK\$7.12 million or approximately 26.22% from that in 3Q2019. Such increase was mainly due to the combined effects of (i) the decrease of approximately HK\$28.66 million in the revenue of the Group as discussed above; (ii) the decrease of approximately HK\$16.74 million in the cost of sales and services of the Group as a result of the corresponding decrease in revenue generated from the Insurance Brokerage Business; (iii) decrease in distribution costs of approximately HK\$7.65 million from approximately HK\$8.36 million in 3Q2019 to approximately HK\$0.71 million in 3Q2020 due to the decrease in selling, distribution and marketing promotion expenses incurred for the Insurance Brokerage Business; (iv) the increase of approximately HK\$1.31 million in the administrative and other expenses due to the increase in legal and professional fees, travelling and entertainment expenses; and (v) the increase of approximately HK\$1.19 million in the finance costs from the interests on corporate bonds and lease liabilities.

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FY2019 vs FY2018

As set out in the table above, the revenue of the Group in FY2019 increased by approximately HK\$22.43 million or 29.95% to approximately HK\$97.31 million, as compared with approximately HK\$74.88 million in FY2018. Such increase in revenue was mainly attributable to (i) the increase of 55.06% in the revenue generated from the Insurance Brokerage Business from approximately HK\$47.86 million in FY2018 to approximately HK\$74.21 million in FY2019 as a result of (a) the positive effect brought by the business strategy on marketing and promotion conducted by the Group and (b) the attractive rates offered to the insurance brokers; and (ii) the new source of revenue generated from the Assets Management Business arising from the commission income from the Group's engagement as a joint manager in the initial public offerings.

The Group recorded a consolidated net loss from continuing operations of approximately HK\$59.52 million in FY2019, representing a decrease of approximately HK\$46.25 million or approximately 43.73% from that in FY2018. According to the Annual Report 2019, such decrease was mainly due to the combined effects of (i) the decrease in administrative and other expenses of approximately HK\$30.38 million in FY2019 when compared to FY2018 due to a reduction of entertainment, consultancy service fee, depreciation and professional fee; (ii) the absence of impairment loss on goodwill of approximately HK\$24.96 million in FY2019; (iii) the impairment loss on interest in an associate and loan receivables of approximately HK\$7.42 million recorded in FY2019; and (iv) the decrease in distribution costs of approximately HK\$2.18 million in FY2019 when compared to FY2018 as a result of the Group's business plan to control costs.

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Consolidated financial position of the Group

Set out below are the highlights of the financial positions of the Group as at 30 June 2019 and 31 December 2019, as extracted from the Interim Report 2020:

	As at 30 June 2019 <i>HK\$'000</i> (Audited) <i>(Note)</i>	As at 31 December 2019 <i>HK\$'000</i> (Unaudited)
Non-current assets,	13,599	4,865
mainly comprised:		
– Property, plant and equipment	3,885	–
– Interest in an associate	4,550	–
Current assets,	352,997	370,465
mainly comprised:		
– Loan receivables	292,790	254,752
– Trade and other receivables	45,050	104,260
– Cash and cash equivalents	11,540	7,453
Total assets	366,596	375,330
Current liabilities,	262,917	299,244
mainly comprised:		
– Trade and other payables	60,678	66,447
– Corporate bonds	201,156	229,410
Non-current liabilities,	16,827	18,233
mainly comprised:		
– Corporate bonds	16,827	17,696
– Lease liabilities	–	537
Total liabilities	279,744	317,477
Net assets	86,852	57,853
Gearing ratio	3.22	5.49

Note: Key financial figures as at 30 June 2019 are shown in the table above for comparative purpose.

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Non-current assets of the Group as at 30 June 2019 and as at 31 December 2019 mainly comprised (i) property, plant and equipment and (ii) interest in an associate. Balance of total non-current assets decreased from approximately HK\$13.60 million as at 30 June 2019 to approximately HK\$4.87 million as at 31 December 2019, representing a decrease of approximately HK\$8.73 million or 64.19%. According to the Interim Report 2020, such decrease was mainly attributable to (a) the decrease in the property, plant and equipment of approximately HK\$3.89 million arising from the disposal of Cyber Leader and (b) the decrease of interest in an associate of approximately HK\$4.55 million from the disposal of an associate of the Group, which was completed on 16 September 2019.

Current assets of the Group as at 30 June 2019 and 31 December 2019 mainly comprised, among other things, (i) loan receivables, (ii) trade and other receivables and (iii) cash and cash equivalents. Balance of total current assets increased from approximately HK\$353.00 million as at 30 June 2019 to approximately HK\$370.47 million as at 31 December 2019, representing an increase of approximately HK\$17.47 million or 4.95%. Such increase was mainly attributable to the combined effects of (a) the increase in trade and other receivables by approximately HK\$59.21 million due to the payment of the refundable deposits of approximately HK\$70.2 million to certain third parties for securing the overseas broadcasting rights of films and episodes; (b) the decrease of loan receivables by approximately HK\$38.04 million due to the decrease in the principal amount of the loans outstanding as at 31 December 2019 of the Group's Money Lending Business; and (c) the decrease of cash and cash equivalents by approximately HK\$4.09 million.

Current liabilities of the Group as at 30 June 2019 and 31 December 2019 mainly comprised, among other things, (i) corporate bonds and (ii) trade and other payables. Balance of total current liabilities increased from approximately HK\$262.92 million as at 30 June 2019 to approximately HK\$299.24 million as at 31 December 2019, representing an increase of approximately HK\$36.32 million or 13.81%. Such increase was mainly attributable to the (a) the increase in corporate bonds by approximately HK\$28.25 million arising from the issuance of 1 year corporate bonds during the fourth quarter of 2019; and (b) the increase in trade and other payables by approximately HK\$5.77 million.

Non-current liabilities of the Group as at 30 June 2019 and as at 31 December 2019 comprised (i) corporate bonds and (ii) lease liabilities. Balance of total non-current liabilities increased from approximately HK\$16.83 million as at 30 June 2019 to approximately HK\$18.23 million as at 31 December 2019, representing a slight increase of approximately HK\$1.40 million or 8.32%.

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The gearing ratio of the Group, which was measured by total liabilities over total equity, increased from approximately 3.22 times as at 30 June 2019 to approximately 5.49 times as at 31 December 2019. The significant increase in gearing ratio was mainly attributable to (i) the issuance of corporate bonds during the fourth quarter of 2019 and (ii) the increase in trade and other payables due to insufficient cashflow of the Group.

1.3 Analysis on historical financial information of the Group

Based on the financial information as disclosed above, the performance of the Group was adversely impacted by the economy in Hong Kong. As disclosed in the Third Quarterly Report 2020, in view of (i) the negative impacts brought by the Sino-US trade disputes, political unrest and the outbreak of coronavirus in Hong Kong and (ii) the Group's principal business activities are currently based in Hong Kong, the Group would expect that the Group's prospects will be subject to uncertainties and the Group will strive to look for new business and investment opportunities in order to migrate its geographical risks and diversify its business risks.

As advised by the management of the Group, the Group intended to engage in a business opportunity involving the provision of entertainment services to the internet platforms and multi-channel network businesses. According to the announcement of the Company dated 25 March 2020, the Company entered into a memorandum of understanding between Ample Gaint Investment Limited ("**Ample Gaint**"), a wholly owned subsidiary of the Company and as subscriber, and M-Shine Movies (Asia) Limited, being the target company and the issuer of the subscription shares in relation to the proposed subscription (the "**Proposed Subscription**"). The fund needed for the Proposed Subscription is expected to be HK\$6.00 million, and shall be paid by Ample Gaint in cash or by procuring the Company to allot and issue new Shares, to issue convertible bonds carrying rights to convert into new Shares, or to issue promissory note(s) or a combination of any of the above.

Having considered that (i) the Group has been incurring net losses from continuing operations and net losses attributable to the Shareholders during the past two years; (ii) the uncertainties to Hong Kong's economy from the Sino-US trade disputes, political unrest and the outbreak of coronavirus in Hong Kong is expected to continue to affect the Group's financial performance; (iii) the increase in the Group's gearing ratio would hinder the Group's future development by incurring higher interest burden; (iv) the Group is actively seeking for new business and investment opportunities to diversify geographical risks from Hong Kong; and (v) the Current General Mandate has almost been fully utilised and can only be renewed (if not refreshed now) at the next annual general meeting, which is expected to be held in or about June 2021 due to the Change of Financial Year End Date, which is about 10 months from the date of this Circular, we are of the view that the Group would need more financial flexibility to support its future development. We consider that the refreshment of the Current General Mandate would provide the Company with an

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additional financing option to raise further capital in the near term in order to improve its financial position.

2. Background of the Current General Mandate and proposed refreshment of the Current General Mandate

2.1 Current General Mandate

At the AGM, the Shareholders approved, among other things, an ordinary resolution for granting to the Directors the Current General Mandate to allot and issue up to a maximum of 44,336,853 Shares, representing 20% of the number of issued Shares as at the date of passing of the relevant resolution.

References are made to the announcements of the Company dated 11 May 2020 and 22 May 2020 in relation to, among other matters, the Placing. Pursuant to the Placing, 26,900,000 new Shares were issued and allotted by the Company to not less than six places on 22 May 2020.

References are also made to the announcements of the Company dated 4 June 2020 and 12 June 2020, in relation to, among other matters, the Subscriptions. Pursuant to the Subscriptions, 15,960,000 new Shares were issued and allotted by the Company to the respective subscribers.

The Current General Mandate has been utilised as to approximately 96.67% by way of the Placing and the Subscriptions. The net proceeds of approximately HK\$7.8 million from the Placing has been applied as the general working capital of the Group and for the repayment of outstanding indebtedness. The net proceeds of HK\$4,336,888 from the Subscriptions has been applied to set off the respective debts owed by the Company to the respective subscribers. The net proceeds from the Placing and the Subscriptions were fully utilised by the Company.

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

As at the Latest Practicable Date, the Company has not made any refreshment of the Current General Mandate since the AGM and there are no outstanding options, warrants, convertible securities or other rights to subscribe for Shares.

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2.2 Proposed refreshment of the Current General Mandate

The Company will convene the SGM at which ordinary resolutions will be proposed to the Independent Shareholders that the Directors be granted the general mandate to allot and issue Shares not exceeding 20% of the number of issued Shares as at the date of passing the relevant ordinary resolutions at the SGM.

As at the Latest Practicable Date, the Company had an aggregate of 279,694,268 Shares in issue. Subject to the passing of the ordinary resolutions for the approval of the refreshment of the Current General Mandate and on the basis that no further Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company will be allowed to allot and issue up to 55,938,853 Shares, being 20% of the number of issued Shares as at the Latest Practicable Date.

The refreshed Current General Mandate will expire at the earliest of (a) the conclusion of the next annual general meeting of the Company; (b) the date by which the next annual general meeting of the Company is required to be held by law or by the Bye-laws; or (c) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company prior to the next annual general meeting of the Company.

3. Reasons for the refreshment of the Current General Mandate

As disclosed in the Letter form the Board, the Current General Mandate has been utilised as to approximately 96.67% as at the Latest Practicable Date. The Board considers the refreshment of the Current General Mandate will provide additional flexibility to allow the Company to grasp appropriate fund raising opportunities. Therefore, the Board proposes to seek the approval of the Independent Shareholders to refresh the Current General Mandate at the SGM such that should funding needs arise or attractive terms for future business expansion and development become available before the next annual general meeting, the Board will be able to respond to the market opportunities promptly.

Due to the Change of Financial Year End Date, the next annual general meeting of the Company is expected to be held in or about June 2021, which is about 10 months from the date of this Circular (details of which have been published in the announcement of the Company dated 19 June 2020). In assessing the need for the refreshment of the Current General Mandate, we have also taken into account the funding needs by considering (i) the financial position of the Group; (ii) the breakdown of monthly operating expenses of the Group; and (iii) the working capital forecast of the Group for the period ending 30 June 2021. We have also discussed with the Directors and/or management of the Group regarding the basis and assumptions adopted in the working capital forecast and the funding needs of the Company prior to the next annual general meeting.

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According to the Interim Report 2020, the Group had cash and cash equivalents of approximately HK\$7.45 million as at 31 December 2019. As mentioned in the Letter from the Board, the Group raised net proceeds of approximately HK\$7.80 million from the Placing, which was completed in May 2020, in which approximately HK\$6.50 million and HK\$1.30 million have been utilised as repayment of outstanding indebtedness and the general working capital of the Group respectively as at the Latest Practicable Date. The Group also raised net proceeds of HK\$4,336,888 from the Subscriptions, which was completed in June 2020, for setting off the respective debts owed by the Company to the respective subscribers.

Based on our review on the unaudited management account of the Group, the Group had cash and cash equivalents of approximately HK\$8.07 million as at 31 March 2020, including the amount of approximately HK\$1.58 million as clients' deposit in the course of the Insurance Brokerage Business. Thus, the balance of cash and cash equivalent available for the Group's use was approximately HK\$6.49 million as at 31 March 2020. Based on the working capital forecast and discussion with the management of the Group, we note that the Group intends to extend the repayment of principal of the existing corporate bonds and the additional funding needs of the Group prior to the next annual general meeting will be approximately HK\$44.52 million, including (i) the repayment of the interest incidental to the corporate bonds of approximately HK\$19.92 million which will be repayable for the 12-month period ending 30 June 2021; and (ii) the general working capital of approximately HK\$24.60 million, based on the monthly operating expenses of approximately HK\$2.05 million. Further, we note that the principal businesses of the Group are financial services related, which require high level of funds for its operation. In view of (a) the current financial position and monthly expenses of the Group mentioned above; and (b) the requirement for the Group to maintain a certain level of cash from settlement of loan receivables for the operation of the Money Lending Business, the Group's liquidity would be under pressure in the short run. On this basis, we consider that the Group will have short-term funding needs for payment of expenses and if investment opportunities arise prior to the next annual general meeting and the Group has an imminent need to refresh the Current General Mandate.

In view of the above funding needs of the Group, we have further enquired with the management of the Group in relation to the sufficiency of financial resources. The Board will consider other financing methods such as debt financing, ie. issuing corporate bonds, or internal cash resources to fund its future business development in appropriate circumstances to provide sufficient funds in supporting the Group's business. Therefore, we concur with the Board's view that the refreshment of the Current General Mandate, together with the fund raising methods abovementioned, or a combination of any of the above, will satisfy the funding needs of the Group.

As discussed in the section headed "1.3 Analysis on historical financial information of the Group", it is the Group's strategy to look for new business and investment opportunities, ie. the Proposed Subscription, in order to migrate the Group's geographical

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risk and diversity its business risks in near term. We are of the view that the refreshment of the Current General Mandate is in line with the Group's strategy.

It is noted that although the Company has no concrete fund raising plan as at the Latest Practicable Date, the Company will grasp any suitable fund raising opportunities should attractive terms for investment become available from potential investors. As compared to issuing Shares under general mandate, issuing Shares under specific mandate will involve extra time and cost, arising from the preparation, printing and despatch of the relevant circular and notice of special general meeting as well as the holding and convening of special general meeting for each occasion. The Directors consider that the refreshment of the Current General Mandate will provide the Group with the flexibility in future fund raising exercise in a way that issuing Shares under general mandate will become more readily available in the near future, since it involves simpler execution with less lead time process to avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner. In the event that the Group encounter favourable investment opportunities, a decision relating to any fundraising opportunities often carries a time constraint and it has to be made within a very short period of time and the Board will be able to respond to the market promptly. As such, we concur with the Board's view that the refreshment of the Current General Mandate will provide additional flexibility to the Company.

Taking into account (i) that the Current General Mandate has been substantially utilised by way of the Placing and the Subscriptions as at the Latest Practicable Date; (ii) that the next annual general meeting will be about 10 months from the date of this Circular due to the Change of Financial Year End Date; (iii) the current financial position of the Group; (iv) that the expected funding needs in the next 12 months from the Latest Practicable Date and the Group requires additional funding for its operation prior the next annual general meeting; (v) that the refreshment of the Current General Mandate will provide the Board with a simpler execution with less lead time process as to respond to the market promptly, we are of the view that there is an imminent need of the refreshment of the Current General Mandate to maintain financial flexibility necessary for the Group's business operation and development cater for future funding requirement of the Group. Therefore, we concur with the view of the Directors that the refreshment of the Current General Mandate is in the interests of the Company and the Shareholders as a whole.

4. Other financing alternatives

As disclosed in the Letter from the Board, the Directors have considered other financing alternatives apart from equity financing such as debt financing, right issue, open offer or internal cash resources to meet the financial requirements of the Group, if appropriate, taking into consideration the then financial position, capital structure and cost of funding of the Group as well as the prevailing market condition.

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However, the Directors are of the view that debt financing may be subject to lengthy due diligence and negotiations as compared to the equity financing available to the Directors if the refreshment of the Current General Mandate is granted. Furthermore, as disclosed in section headed “1.2 Historical financial information of the Group” above, we note that the Company had gearing ratios of 3.22 times and 5.49 times as at 30 June 2019 and 31 December 2019 respectively. As advised by the Directors, given the current financial position of the Group and the deteriorating gearing ratios, the Company found it is difficult to seek for additional debt financing without incurring unfavourable terms such as high interest rates and tightened collateral requirement.

Although rights issue and open offer would allow the Shareholders to maintain their respective pro-rata shareholdings in the Company, lengthy discussion with potential commercial underwriters may be required and the Company may not be able to grasp the potential opportunities in a timely manner. In addition, carrying out rights issue and open offer may incur certain transaction costs such as underwriting commission and involve extra administrative work and cost including: (i) splitting costs for Shareholders who only take up their rights issue entitlement partially; (ii) the fee payable for nil-paid rights trading arrangement; and (iii) additional professional fees for preparing and reviewing the provisional allotment letters and the excess application forms, as well as liaising with the registrar of the Company.

The Board considers equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing, ie. issuing corporate bonds, or internal cash resources to fund its future business development.

Having considered that (i) debt financing may be subject to lengthy due diligence and negotiations and incur higher interest burden to the Group or tightened collateral requirement; (ii) rights issue and open offer may take a longer time to complete and may incur additional legal and professional costs while fund raising exercise pursuant to general mandate provides the Company a simpler and less lead time process than other types of fund raising exercise and avoids the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner; and (iii) the refreshment of the Current General Mandate will provide the Group with an additional alternative and it is reasonable for the Group to have the flexibility in deciding the financing methods for its future development, including equity issuance, we concur with the Directors’ view that the refreshment of the Current General Mandate will be in the interests of the Company and the Independent Shareholders as a whole.

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5. Potential dilution effect on to the existing public Shareholders

The refreshment of the Current Generate Mandate would dilute shareholding of existing Shareholders. The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) for illustrative purpose, upon completion of the refreshment of the Current Generate Mandate (assuming no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to and including the date of the next annual general meeting):

Shareholders	As at the Latest Practicable Date		Upon completion of the refreshment of the Current Generate Mandate	
	<i>No. of Shares</i>	<i>Approximate % of shareholdings</i>	<i>No. of Shares</i>	<i>Approximate % of shareholdings</i>
Mr. Wang Hongtao	495,000	0.18	495,000	0.15
Mr. Zhou Wenjun (“ Mr. Zhou ”) <i>(Note 1)</i>	4,320,000	1.54	4,320,000	1.29
Existing public Shareholders	274,879,268	98.28	274,879,268	81.90
Maximum number of new Shares that can be issued upon the completion of refreshment of the Current General Mandate	–	–	55,938,853	16.66
Total	<u>279,694,268</u>	<u>100.00</u>	<u>335,633,121</u>	<u>100.00</u>

Notes:

- These 4,320,000 Shares are beneficially owned by Ms. Wang Guo Feng (“**Ms. Wang**”), being the spouse of Mr. Zhou. Mr. Zhou is therefore deemed to be interested in 4,320,000 Shares held by Ms. Wang under the SFO.
- Certain percentage figures included in the above table have been subject to rounding adjustments.

Assuming that (i) the refreshment of the Current General Mandate is approved at the SGM; (ii) no Shares will be repurchased and no new Shares will be issued from the Latest Practicable Date up to the date of the SGM (both dates inclusive); and (iii) upon completion of refreshment of the Current General Mandate, the maximum of 55,938,853 new Shares which may be issued and allotted under the refreshed Current General Mandate, which represents 20% of the number of issued Shares as at the Latest Practicable Date and approximately 16.66% of the number of issued Shares as enlarged by the allotment and issue of such 55,938,853 Shares. The aggregate shareholding of the existing public Shareholders will be diluted from 98.28% to approximately 81.90%.

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Notwithstanding the potential dilution impact to the Shareholders, having considered that the refreshment of the Current General Mandate (i) will allow the Company to raise capital by allotment and issue of new Shares and/or convertible securities before the next annual general meeting which is expected to be held in approximately 10 months from date of this Circular; (ii) will provide alternative means for the Company to raise capital; (iii) will provide more options of financing to the Group for further development of its businesses as well as in other potential future investments as and when such opportunities arise; and (iv) the above flexibility outweighs the dilution effect of the existing Shareholders as the Company is able to respond in a timely and effective manner to take advantages of any material investment opportunities for the benefit of the Company and its Shareholders as a whole, we concur with the Directors' view that such potential dilution to the shareholdings of the public Shareholders to be justifiable.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular, that (i) the Current General Mandate has been substantially utilised as at the Latest Practicable Date; (ii) the next annual general meeting of the Company is expected to be held about 10 months from the date of this Circular due to the Change of Financial Year End Date; (iii) there is an imminent need for the Group to refresh the Current General Mandate in view of its additional funding needs prior to the next annual general meeting; (iv) the refreshment of the Current General Mandate will provide the Group with the flexibility and capability to capture any capital raising and/or prospective investment opportunity as and when it arises; and (v) as compared to other financing alternatives, issuing Shares under general mandate provides the Company with a simpler and less lead time process, with lower interests expense incurred, we are of the view that the proposed grant of refreshed Current General Mandate is fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the proposed refreshment of the Current General Mandate. Independent Shareholders are however advised to take note of the possible dilution effect on their shareholdings in the Company when and if the refreshed Current General Mandate is utilised.

Yours faithfully,
For and on behalf of
INCU CORPORATE FINANCE LIMITED
Gina Leung
Managing Director

Ms. Gina Leung is a licensed person registered with the Securities and Futures Commission and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

The following is a summary of the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

(a) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to provide incentives and/or rewards to Eligible Participants for their contributions to, and continuing efforts to promote the interests of, the Company.

(b) Administration of the New Share Option Scheme

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein, including but not limited to (a) the Scheme Mandate Limit; (b) the grant of Options to any of the substantial Shareholder (as defined in the GEM Listing Rules) of the Company, an independent non-executive Director, connected persons (as defined in the GEM Listing Rules) of the Company or any of their respective associates in certain circumstances, and any changes in the terms thereof; (c) the adjustment to be made in the event of any alternation in the capital structure of the Company; (d) the cancelation of Options; (e) the alternation and termination of the New Share Option Scheme, and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(c) Grant and acceptance of Options

Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Eligible Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (d) below.

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of twenty-one (21) days inclusive of, from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the New Share Option Scheme or the Eligible Participant to whom such offer is made has ceased to be an Eligible Participant.

A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Eligible Participant together with the said consideration of HK\$1.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such

number of Shares as represents a board lot for the time being for the purpose of trading on the Stock Exchange or an integral multiple thereof.

(d) Exercise of Options and price of Shares

An Option may be exercised in whole or in part by the grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within thirty (30) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall issue and allot the relevant Shares to the grantee (or his legal personal representative(s)) credited as fully paid.

Holders of the Options are not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided herein or under the relevant laws or the memorandum of association of the Company and the Bye-laws in effect from time to time. Shares to be issued and allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder thereof.

The subscription price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Share on the Offer Date.

(e) Maximum number of Shares available for issue

- (i) Subject to the GEM Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the relevant class of Shares in

issue from time to time. No Options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.

- (ii) Subject to the limit mentioned in (e)(i) above, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

- (iii) Subject to the limit mentioned in (e)(i) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of passing the relevant resolution. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating this limit. The Company must send a circular to the Shareholders containing such information as required under the GEM Listing Rules.

- (iv) Subject to the limit mentioned in (e)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the GEM Listing Rules.

(f) Grant of Options to connected persons or any of their associates

Any grant of Options to a connected person (including but not limited to a Director or substantial Shareholder) or its associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). Where Options are proposed to be granted to a connected person who is also a substantial Shareholder (as defined in the GEM Listing Rules) of the Company or an independent non-executive Director or their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and

outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued Shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting. The grantee, his associates and all core connected persons of the Company must abstain from voting in favour of the proposed grant at such general meeting.

A circular must be prepared by the Company explaining the proposed grant, disclosing, among other matters, (i) the number and terms of the Options to be granted, (ii) containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee) on whether or not to vote in favour of the proposed grant, (iii) containing information relating to any Directors who are trustees of the scheme or have a direct or indirect interest in the trustees.

Any change in the terms of Options granted to a connected person or its associates must be approved by Shareholders in a general meeting.

(g) Maximum entitlement of each Eligible Participant

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant or grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue. Where it is proposed that any offer is to be made to an Eligible Participant (or where approximate, an existing grantee) which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the twelve (12)-month period up to and including the relevant date of grant to exceed such limit, such offer and any acceptance thereof must be conditional upon Shareholders' approval in general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its close associates (or his, her or its associates if the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such Eligible Participant, the information required under the GEM Listing Rules. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before the date on which Shareholders' approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(h) Time of exercise of Options

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the grantee thereof at the time of making an Offer provided that such period

shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination but subject to the early termination of the New Share Option Scheme (the “**Option Period**”).

There is no specified minimum period under the New Share Option Scheme for which an Option must be held or the performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme.

(i) Restrictions on the time of grant of Options

Grant of Options may not be made:

- (1) after inside information has come to the knowledge of the Company until it has been announced pursuant to the requirements of the GEM Listing Rules; and
- (2) during the period commencing from one month immediately preceding the earlier of:
 - (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for approving the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and
 - (b) the deadline for the Company to publish its results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcements.

(j) Rights are personal to grantees

An Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle the Company to cancel any Option or part thereof granted to such grantee to the extent not already exercised.

(k) Rights on cessation of employment by dismissal

If the grantee of an Option is an employee and ceases to be an employee on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group into disrepute) or any other ground(s) on which the Group would

be entitled to terminate his or her employment pursuant to any applicable law, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment.

(l) Rights on death

If the grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full and none of the events referred to in paragraph (k) above as ground for termination of his or her Options arises, his or her personal representative(s) may exercise the Option (to the extent not already exercised) within a period of six months following the date of death (or such longer period as the Board may determine), failing which it will lapse. If any of the events referred to in paragraph (p) to (r) below occurs during such period, his or her personal representative(s) may exercise the Option pursuant to paragraphs (p) to (r) respectively.

(m) Rights on cessation of employment by reason of ill-health or retirement

If the grantee of an Option is an employee and ceases to be an employee by reason of ill-health or retirement in accordance with his or her contract of employment, he or she may exercise the Option (to the extent not already exercised) within a period of six months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the grantee is actually at work with the Group whether salary is paid in lieu of notice or not. If any of the events referred to in paragraph (p) to (r) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (p) to (r) respectively.

(n) Rights on cessation for other reasons

If the grantee of an Option ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs (l) and (m) above, his or her Option (to the extent not already exercised) will lapse on the date of cessation.

(o) Rights on breach of contract

If the grantee of an Option who is a business or joint venture partner, contractor, agent or representative, consultant, adviser, supplier, producer or licensor, customer, licensee (including any sub-licensee) or distributor, landlord or tenant (including sub-tenant) of the Group ceasing to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the Company, in the absolute determination of the Board, the Option shall lapse on the date of the Board's determination and not be exercisable.

(p) Rights on a general offer

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the grantee (or his or her personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

(q) Rights on winding up

In the event a notice is given by the Company to its members to convene a special general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all grantees and any grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price in respect of the relevant Option (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed general meeting)) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee credited as fully paid.

(r) Rights on reconstruction, compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to the grantee on the same date as it despatches the notice to each member or creditor of the Company to summon a meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting allot and issue such number of Shares to the grantee credited as fully paid.

(s) Cancellation of Options

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant grantee and the prior approval of the Directors. Any cancellation of

Options granted but not exercised and the issuance of new Options to the same grantee may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit referred to in paragraph (e)(i) above. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

(t) Effect of alterations to share capital

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserved, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the grantee shall have the same proportion of the issued share capital of the Company to which he or she was entitled before such alteration and the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

(u) Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is exercised and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the date on which the Option is exercised other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

(v) Duration of the New Share Option Scheme

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, which is expected to be the date of the SGM, and expiring at the close of business on the date which falls ten (10) years after the Adoption Date, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

(w) Alterations to the terms of the New Share Option Scheme

The Board may amend any of the provisions of the New Share Option Scheme at any time except the following:

- (i) The provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting.
- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.
- (iv) Any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.

(x) Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional upon:

- (a) the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
- (b) the passing of ordinary resolution to adopt the New Share Option Scheme.

(y) Lapse of Options

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (k) to (r);
- (iii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (j) by the grantee of the Option in respect of that or any other Option; and

(iv) the date of the commencement of the winding-up of the Company.

(z) Termination

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior to such termination.

Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme shall be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

(aa) Miscellaneous

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 23 of the GEM Listing Rules.

The Company will comply with the relevant statutory requirements and the GEM Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (t) above shall be referred to the decision of the auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final and conclusive.

Details of the Director who will retire from office at the SGM and being eligible, will offer himself for re-election at the SGM, are set out below:

Mr. Li Chun Sing (“Mr. Li”)

Mr. Li, aged 28, holds a bachelor’s degree of commerce in accounting and finance from The University of New South Wales, Australia. He is a member of the Certified Practising Accountant Australia. He had worked at Ernst & Young, an international accounting firm, for five years.

Mr. Li has entered into a letter of appointment with the Company for his appointment as an independent non-executive Director for a term of one year commencing from 15 May 2020, which is terminable by either party by giving a one-month written notice. Mr. Li shall be subject to retirement by rotation and re-election in accordance with the Bye-laws.

Under the letter of appointment, Mr. Li is entitled to a director fee of HK\$10,000 per month, which was mutually agreed upon between the Board and Mr. Li with reference to the prevailing market conditions, his experience, his duties and responsibilities in the Group, the remuneration structure of the Group and levels of remuneration for peers in the market. His remuneration package was determined by the Board with the recommendation of the remuneration committee of the Company.

As at the Latest Practicable Date, save as disclosed herein, Mr. Li (i) does not hold any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other position with the Company and other members of the Group or possess any other major appointments or professional qualifications; (iii) does not have any relationship with any director, senior management or substantial or controlling shareholders of the Company; and (iv) does not have any interest in the Shares which are required to be disclosed under of Part XV of the SFO.

Save as disclosed herein, there is no further information to be disclosed pursuant to the requirements of Rule 17.50(2)(h) to (v) of the GEM Listing Rules that needs to be brought to the attention of the Shareholders.

NOTICE OF SGM



KIRIN GROUP HOLDINGS LIMITED

麒麟集團控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 8109)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Kirin Group Holdings Limited (the “**Company**”) will be held at 10:30 a.m. on Wednesday, 26 August 2020 at 3/F, Jasmine Room, Best Western Plus Hotel Hong Kong, 308 Des Voeux West, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**, to the extent not already exercised, the mandate to allot and issue shares of the Company given to the directors of the Company (the “**Directors**”) at the annual general meeting of the Company held on 5 November 2019 (the “**AGM**”) be and is hereby replaced by the mandate **THAT**:
 - (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with unissued shares of HK\$0.005 each (the “**Shares**”) in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as defined in paragraph (d) below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph 1(a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph 1(d) below); or (ii) the exercise of any options granted under the share option scheme

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of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws (the “**Bye-laws**”) of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

- (i) 20% of the total number of issued Shares on the date of the passing of this resolution; and
- (ii) the number of Shares repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the number of issued Shares as at the date of the AGM, pursuant to the resolution passed at the AGM),

PROVIDED that if any subsequent consolidation or subdivision of Shares is effected, the maximum amount of Shares that may be issued pursuant to the approval in paragraph (a) of this resolution as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same and such maximum number of Shares shall be adjusted accordingly, and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum of association and bye-laws of the Company or any applicable laws of Bermuda to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of shareholders of the Company (the “**Shareholders**”) in general meeting;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under

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the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).

2. “**THAT** conditional upon the passing of resolution no. 1 above, the mandate granted to the Directors at the AGM to extend the general mandate to issue and allot Shares to Shares repurchased by the Company be and is hereby revoked and replaced by the mandate **THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 1 above in respect of the number of Shares of the Company referred to in sub-paragraph (ii) of paragraph (c) of such resolution.”

3. “**THAT:**
 - (a) conditional upon the Stock Exchange granting the listing of and permission to deal in the Shares falling to be issued and allotted pursuant to the share option scheme (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “**A**” which has been produced to this Meeting and signed by the chairman of this Meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the Directors be and are hereby authorised to grant options and to issue, allot and deal in the Shares as may be required to be issued and allotted upon the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme;

 - (b) the aggregate number of Shares to be issued and allotted pursuant to (a) above, together with any issue of Shares upon the exercise of any options granted under any other share option schemes of the Company as may from time to time adopted by the Company, shall not exceed 10% of the Shares in issue as at the date of passing of this resolution; and

 - (c) the existing share option scheme of the Company adopted on 5 November 2010 be and is hereby terminated upon the New Share Option Scheme coming into effect.”

4. “**THAT** Mr. Li Chun Sing be re-elected as an independent non-executive Director and to authorise the board of Directors to fix his remuneration.”

By order of the Board
Kirin Group Holdings Limited
Chow Yik
Chairman

Hong Kong, 10 August 2020

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Registered office
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head office and principal place of
business in Hong Kong*
Unit 1005A, 10/F, Sino Plaza
255–257 Gloucester Road
Causeway Bay
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. To be valid, the form of proxy and (if required by the board of Directors) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event no later than Monday, 24 August 2020 at 10:30 a.m. (Hong Kong Time).
4. The record date for determining the entitlement of the Shareholders to attend and vote at the Meeting will be Thursday, 20 August 2020. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 20 August 2020 (Hong Kong time).
5. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.
6. Where there are joint holders of any shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the 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.
7. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the Meeting if the member so wish and in such event, the form of proxy shall be deemed to be revoked.
8. The Directors as at the date of this notice are Mr. Chow Yik, Mr. Wang Hongtao, Mr. Wang Jinhan and Mr. Zhou Wenjun as executive Directors, Mr. Ng Chi Ho, Dennis, Ms. Chan Sin Wa, Carrie, Mr. Li Chun Sing and Mr. Wang Rongqian as independent non-executive Directors.
9. In compliance with the Hong Kong Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 ("COVID-19"), the Company will implement precautionary measures at

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the Meeting. Shareholders are advised to read page 1 of the circular of the Company dated 10 August 2020 for details of the precautionary measures and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

10. In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly advises Shareholders to appoint the chairman of the Meeting as their proxy to vote on the relevant resolution(s) as an alternative to attending the Meeting in person.
11. In case the venue is being closed on the date of Meeting due to COVID-19, the Meeting shall stand adjourned to the same day in the next week and at such time and place as shall be decided by the board of the Directors. The Company will post an announcement on the Stock Exchange and the Company's website notifying Shareholders of the date, time and place of the adjourned meeting.
12. If tropical cyclone warning signal no. 8 or above is hoisted or "extreme conditions" caused by super typhoons or a black rainstorm warning signal is in force at 7:00 a.m. on Wednesday, 26 August 2020, the Meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The Meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the Meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.