

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.

ZHI SHENG GROUP HOLDINGS LIMITED

智昇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8370)

**(1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(3) SUBSCRIPTION OF 2024 CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE;
AND
(4) NOTICE OF EGM**

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

A notice convening an extraordinary general meeting (the “EGM”) of the Company to be held on Wednesday, 7 February 2024 at 11:00 a.m. at Unit 1603B, 16/F, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are encouraged to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

This circular will remain on the Stock Exchange’s website at www.hkexnews.hk on the “Latest Listed Company Information” for at least 7 days from the date of its posting and on the Company’s website at www.qtbj.com.

22 January 2024

CHARACTERISTICS OF GEM

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

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

CONTENTS

	<i>Page</i>
CHARACTERISTICS OF GEM	i
DEFINITIONS	1
EXPECTED TIMETABLE	5
LETTER FROM THE BOARD	7
NOTICE OF EGM	EGM-1

DEFINITIONS

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

“2020 Convertible Bonds”	the outstanding convertible bonds issued by the Company on 15 January 2020 in the aggregate principal amount of HK\$12,400,000 which are convertible into 51,666,666 Existing Shares at the conversion price of HK\$0.24 per Share
“2021 Convertible Bonds”	the outstanding convertible bonds issued by the Company on 6 August 2021 in the aggregate principal amount of US\$8,000,000 which are convertible into 124,800,000 Existing Shares at the conversion price of HK\$0.5 per Share
“2024 Convertible Bonds”	the zero coupon convertible bonds due on the second anniversary of the issue in the aggregate principal amount of HK\$12,400,000 (comprising convertible bonds in the principal amount of (i) HK\$9,920,000 to be subscribed by the Subscriber A; and (ii) HK\$2,480,000 to be subscribed by the Subscriber B) and convertible into 18,155,197 new Consolidated Shares in aggregate at the initial Conversion Price of HK\$0.683 per Consolidated Share, to be issued by the Company or, as the context may require, any part of the principal amount
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 3 January 2024 in relation to the Share Consolidation, the Increase in Authorised Share Capital and the Subscription under Specific Mandate
“associate”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours

DEFINITIONS

“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Company”	Zhi Sheng Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion”	Completion of the relevant Subscription Agreement
“Completion Date”	the 3rd Business Day following the day on which all the conditions precedents pursuant to the relevant Subscription Agreement are satisfied in full or waived (if applicable), or such other date as the Company and the relevant Subscriber may agree in writing
“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$0.1 each in the share capital of the Company after the Share Consolidation becoming effective
“Conversion Price”	the initial conversion price of the 2024 Convertible Bonds of HK\$0.683 per Conversion Share, subject to adjustments
“Conversion Share(s)”	the Shares falling to be allotted and issued upon the conversion rights attaching to the 2024 Convertible Bonds being exercised, which amount to approximately 18,155,197 new Consolidated Shares based on the initial Conversion Price
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened on Wednesday, 7 February 2024 (or any adjournment thereof) for the purpose of considering and, if thought fit, approving, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the Subscription Agreements and the transactions contemplated thereunder (including the issue of the 2024 Convertible Bonds under the Specific Mandate)

DEFINITIONS

“Existing Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company before the Share Consolidation becoming effective
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	the GEM listing sub-committee of the board of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	after the Share Consolidation becoming effective, the proposed increase in the authorised share capital of the Company from HK\$15,000,000 divided into 150,000,000 Consolidated Shares to HK\$30,000,000 divided into 300,000,000 Consolidated Shares
“Independent Third Party(ies)”	the individual(s) or company(ies) which is/are not connected with any Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates and is/are independent of the Company
“Latest Practicable Date”	19 January 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Long Stop Date”	30 June 2024 or such other date may be agreed by the Company and the relevant Subscriber in writing
“Memorandum and Articles”	the memorandum and articles of association of the Company, as amended, restated or supplemented from time to time
“PRC”	the People’s Republic of China

DEFINITIONS

“Set-Off”	the set-off of the Debt on a dollar-for-dollar basis against the subscription price under the Subscription Agreements payable by the Subscribers to the Company upon Completion
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.1 each
“Share Option Schemes”	the share option scheme of the Company adopted on 19 December 2016 and the share option deed of the Company adopted on 2 August 2021
“Shareholder(s)”	the holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be obtained by the Directors from the Shareholders at the EGM for the allotment and issue of the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Billion Eggs Limited, a company incorporated in the BVI with limited liability
“Subscriber B”	Rock Link Limited, a company incorporated in the BVI with limited liability
“Subscribers”	collectively, Subscriber A and Subscriber B and each a “Subscriber”
“Subscription”	the subscription of the 2024 Convertible Bonds pursuant to the terms and conditions of the relevant Subscription Agreement
“Subscription Agreements”	the two conditional subscription agreements dated 3 January 2024 entered into between the Company and each of the Subscriber A and Subscriber B respectively in relation to the respective Subscription, each a “Subscription Agreement”
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is set out below. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Share Consolidation and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

Save where otherwise specified, all times and dates in this circular refer to Hong Kong local times and dates.

Events (Hong Kong time and date)

Latest date and time for lodging transfer documents
in order to qualify for attending and voting at the EGM 4:30 p.m. on
Thursday, 1 February 2024

Closure of register of members of the Company to determine
the entitlement to attend and vote at the EGM Friday, 2 February 2024 to
Wednesday, 7 February 2024
(both days inclusive)

Latest date and time for lodging the proxy forms for the EGM..... 11:00 a.m. on
Monday, 5 February 2024

Expected date and time of the EGM..... 11:00 a.m. on
Wednesday, 7 February 2024

Publication of announcement of poll results of EGM Wednesday, 7 February 2024

The following events are conditional on the fulfilment of the conditions relating to the implementation of the Share Consolidation and therefore the dates are tentative only:

Expected effective date of the Share Consolidation..... Wednesday, 14 February 2024

First day of free exchange of existing share certificates
for new share certificates for Consolidated Shares..... Wednesday, 14 February 2024

Dealing in Consolidated Shares commences..... 9:00 a.m. on
Wednesday, 14 February 2024

Original counter for trading in Existing Shares
in board lots of 8,000 Existing Shares (in the form of
existing share certificates) temporarily closes 9:00 a.m. on
Wednesday, 14 February 2024

Temporary counter for trading in Consolidated Shares
in board lots of 800 Consolidated Shares (in the form of
existing share certificates) opens 9:00 a.m. on
Wednesday, 14 February 2024

EXPECTED TIMETABLE

Events	(Hong Kong time and date)
Original counter for trading in Consolidated Shares in board lots of 8,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens	9:00 a.m. on Wednesday, 28 February 2024
Parallel trading in Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences	9:00 a.m. on Wednesday, 28 February 2024
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares.....	9:00 a.m. on Wednesday, 28 February 2024
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares.....	4:00 p.m. on Tuesday, 19 March 2024
Temporary counter for trading in Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) closes.....	4:10 p.m. on Tuesday, 19 March 2024
Parallel trading in Consolidated Shares (in the form of new share certificates for the Consolidated Shares and the existing share certificates) ends.....	4:10 p.m. on Tuesday, 19 March 2024
Last day for free exchange of existing share certificates for the new share certificates of the Consolidated Shares	4:30 p.m. on Thursday, 21 March 2024

LETTER FROM THE BOARD

ZHI SHENG GROUP HOLDINGS LIMITED

智昇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8370)

Executive Directors:

Mr. Yi Cong
Mr. Liang Xing Jun
Mr. Ma Gary Ming Fai
Mr. Lai Ningning

Registered office:

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

Non-executive Director:

Mr. Luo Guoqiang

Principal place of business in the PRC:

3/F, 222 Tianren Road
Gaoxin District
Chengdu City
Sichuan Province
The People's Republic of China

Independent non-executive Directors:

Mr. Chan Wing Kit
Ms. Cao Shao Mu
Mr. Li Saint Chi Sainti

Principal place of business in Hong Kong:

Room 747, 7/F, Star House
3 Salisbury Road
Tsim Sha Tsui
Kowloon, Hong Kong

22 January 2024

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(3) SUBSCRIPTION OF 2024 CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE;
AND
(4) NOTICE OF EGM**

INTRODUCTION

Reference is made to the Announcement in relation to, inter alia, the Share Consolidation, the Increase in Authorised Share Capital and the Subscription under Specific Mandate.

The purpose of this circular is to provide you with, among other things, (i) further details of the Share Consolidation, the Increase in Authorised Share Capital and the Subscription under Specific Mandate; and (ii) a notice convening the EGM.

LETTER FROM THE BOARD

(1) PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation pursuant to which every ten (10) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.1 each in the share capital of the Company. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM. As none of the Shareholders or their associates would have a material interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

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

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

Subject to the fulfilment of the conditions above, the Share Consolidation will become effective on Wednesday, 14 February 2024, being the second full Business Day immediately after the date of the EGM.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$15,000,000 divided into 1,500,000,000 Existing Shares of par value of HK\$0.01 each, of which 907,333,333 Existing Shares have been issued and are fully paid or credited as fully paid.

Immediately upon the Share Consolidation becoming effective, and assuming that no further Existing Shares will be issued or repurchased from the Latest Practicable Date up to the effective date of the Share Consolidation, the authorised share capital of the Company shall remain at HK\$15,000,000 but will be divided into 150,000,000 Consolidated Shares of par value of HK\$0.1 each, of which 90,733,332 Consolidated Shares will be in issue. The Consolidated Shares shall rank *pari passu* in all respects with each other in accordance with the Memorandum and Articles.

LETTER FROM THE BOARD

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares (if any) will not be allocated to Shareholders who may otherwise be entitled. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Company.

As at the Latest Practicable Date, apart from the 2020 Convertible Bonds and 2021 Convertible Bonds, there were outstanding share options entitling the holders thereof to subscribe for up to an aggregate of 102,000,000 Existing Shares under the Share Option Schemes. The Company will make further announcement(s) as and when appropriate on any adjustments to be made as a result of the Share Consolidation to the exercise price and the aggregate number of Shares to be allotted and issued upon exercise of the subscription rights attaching to the above outstanding convertible bonds and share options. Save as disclosed above, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares.

NO CHANGE IN BOARD LOT SIZE

The Existing Shares are currently traded on the Stock Exchange in board lot size of 8,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain unchanged at 8,000 Consolidated Shares per board lot.

Based on the closing price of HK\$0.068 per Existing Share (equivalent to the theoretical closing price of HK\$0.68 per Consolidated Share upon the Share Consolidation becoming effective) as quoted on the Stock Exchange as at the Latest Practicable Date, (i) the value of each board lot of 8,000 Existing Shares is HK\$544; and (ii) the value of each board lot of 8,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$5,440.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” (the “**Guide**”) issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated on 1 October 2020 has stated that (i) market price of the securities of an issuer at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

LETTER FROM THE BOARD

Taking into account the closing price of HK\$0.068 per Existing Share as at the Latest Practicable Date and the value per board lot was less than HK\$2,000, the Share Consolidation would enable the Company to comply with the trading requirements under the GEM Listing Rules.

In addition, the Board considers that the Share Consolidation would reduce the number of the Existing Shares currently in issue and increase the nominal value of the Shares, and bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange, thus maintaining the trading amount for each board lot at a reasonable level in order to attract more investors and to broaden the shareholder base of the Company. It is also hoped that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor. The Directors also believe that the Share Consolidation will provide greater opportunity for and more flexibility in the Company's possible equity fund raising in the future. Furthermore, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks or securities houses will charge a minimum transaction cost for each securities trade.

The Board has considered other alternative ratios for the Share Consolidation and has proposed the Share Consolidation ratio (i.e. every 10 Existing Shares into 1 Consolidated Share). This ratio has been chosen to ensure the trading price and the market value per board lot of the Shares each remains higher, and safe from becoming lower, than HK\$0.1 and HK\$2,000 respectively, so as to avoid incurring any additional costs associated with further corporate action(s) and trading arrangement(s) to comply with the Guide and the relevant GEM Listing Rules. On the other hand, if the consolidation ratio is too high, the transaction value per board lot may be too high for the investing public and discourage them from dealing in the Shares.

The Board considers that the Share Consolidation and the proposed ratio is essential to achieve the above-mentioned purpose. Taking into account of the potential benefits and the insignificant amount of costs to be incurred, the Board is of the view that the Share Consolidation is in the best interest of the Company and the Shareholders as a whole.

OTHER ARRANGEMENTS

Exchange of share certificates for the Consolidated Shares

Subject to the Share Consolidation becoming effective, Shareholders may, on or after Wednesday, 14 February 2024 until Thursday, 21 March 2024 (both days inclusive), between 9:00 a.m. and 4:30 p.m. on any Business Day, submit share certificates for the Existing Shares (in green colour) to the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong at the expense of the Company, for new share certificates of the Consolidated Shares (in blue colour) (on the basis of ten (10) Existing Shares for one (1) Consolidated Share).

LETTER FROM THE BOARD

Thereafter, certificates of Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

After 4:10 p.m. on Tuesday, 19 March 2024, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Application for listing of the Consolidated Shares

Application will be made by the Company to the GEM Listing Committee for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective and the Consolidated Shares which may be issued pursuant to the exercise of the outstanding convertible bonds and options granted or which may be granted under the Share Option Schemes.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

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

LETTER FROM THE BOARD

Fractional entitlement to the Consolidated Shares

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

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company has appointed First Shanghai Securities Limited as its agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from 9:00 a.m. on Wednesday, 28 February 2024 to 4:00 p.m. on Tuesday, 19 March 2024 (both days inclusive). Shareholders who wish to take advantage of this service should contact Mr. Benny Fok of First Shanghai Securities Limited at 19/F, Wing On House, 71 Des Voeux Road Central, Hong Kong or at telephone number (852) 2532 1911 during normal office hours (from 9:00 a.m. to 4:00 p.m.) within such period.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lots arrangement, is recommended to consult his/her/its own professional advisers.

Shareholders or potential investors of the Company should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

OTHER CORPORATE ACTIONS AND FUND-RAISING ACTIVITIES IN THE NEXT TWELVE MONTHS

As at the Latest Practicable Date, the Company had no plan or intention to carry out any further corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation. Nevertheless, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

LETTER FROM THE BOARD

(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to provide the Company with greater flexibility to raise funds in the future, the Board proposes to increase the authorised share capital of the Company from HK\$15,000,000 divided into 150,000,000 Consolidated Shares of par value of HK\$0.1 each after completion of the Share Consolidation to HK\$30,000,000 divided into 300,000,000 Consolidated Shares of par value of HK\$0.1 each by the creation of an additional 150,000,000 new Consolidated Shares. Subject to the passing of an ordinary resolution by the Shareholders at the EGM, the Increase in Authorised Share Capital will become effective on the date of the Share Consolidation becoming effective.

In order to facilitate the Subscription and to accommodate subsequent business development of the Group and to provide the Company with greater flexibility to raise funds in the future, the Board proposed the Increase in Authorised Share Capital. The Board believes the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

(3) SUBSCRIPTION OF THE 2024 CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

On 3 January 2024 (after trading hours), the Company entered into the relevant Subscription Agreement with the relevant Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the 2024 Convertible Bonds in the principal amount of HK\$12,400,000 in aggregate. Save for the identity of the Subscribers and the amount of 2024 Convertible Bonds to be subscribed, the substantial part of the salient terms of each Subscription Agreement are identical.

Subscription Agreements

The principal terms of each Subscription Agreement are set out below.

Date: 3 January 2024 (after trading hours)

Parties:

First subscription agreement

- (i) the Company, as the issuer; and
- (ii) the Subscriber A, as the subscriber

Second subscription agreement

- (i) the Company, as the issuer; and
- (ii) the Subscriber B, as the subscriber

LETTER FROM THE BOARD

Subscription

The Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the 2024 Convertible Bonds in the aggregate principal amount of HK\$12,400,000. The aggregate subscription price of HK\$12,400,000 payable by the Subscribers under the Subscription Agreements shall be satisfied by way of offsetting in full on a dollar-to-dollar basis against the outstanding aggregate principal amount of the 2020 Convertible Bonds of HK\$12,400,000 payable by the Company to the Subscribers at maturity of the 2020 Convertible Bonds.

Conditions precedent

The Completion under the relevant Subscription Agreement is conditional on the fulfilment and/or waiver of all of the following conditions precedents:

- (A) **Compliance** — up to and on the Completion Date, all the representations and warranties of the Company under the relevant Subscription Agreement shall be accurate and correct in all material respects at, and as if made on, the Completion Date;
- (B) **Listing approval** — the granting by the GEM Listing Committee of the listing of, and permission to deal in (either unconditionally or subject to conditions which the relevant Subscriber shall not reasonably object and fulfilment of such conditions) the Conversion Shares falling to be issued upon conversion of the 2024 Convertible Bonds;
- (C) **Compliance of regulatory requirements** — in relation to the transactions contemplated under the relevant Subscription Agreement, all relevant regulatory requirements (including but not limited to those under the GEM Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with and satisfied;
- (D) **Shareholders' approval** — the Shareholders shall have approved at the EGM the relevant Subscription Agreement, the issue of the 2024 Convertible Bonds and the Specific Mandate;
- (E) **Execution of Documents** — execution of the bond instruments constituting the 2024 Convertible Bonds; and
- (F) **Share Consolidation** — the Share Consolidation becoming effective.

The relevant Subscriber may, at its discretion, waive any or all of the above conditions (save for the condition (B), (C) and (D) which cannot be waived) for the relevant Subscription Agreement. If any of the above conditions has not been fulfilled or waived on or before the Long Stop Date, the relevant Subscription Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the relevant Subscription Agreement save in respect of any antecedent breach of any obligation thereof.

LETTER FROM THE BOARD

For the avoidance of doubt, each Subscription Agreement is not inter-conditional upon the other Subscription Agreement.

As at the Latest Practicable Date, none of the conditions precedent set out above has been fulfilled.

Completion

Subject to fulfillment or waiver (as the case may be) of the conditions set out in the paragraph headed “Conditions precedent” above, the Completion shall take place on the Completion Date (or such other time and place to be agreed between the parties to the relevant Subscription Agreement) and the Subscribers shall pay the Company the subscription price of the 2024 Convertible Bonds by way of the Set-Off. The Company and the Subscribers agree that prior to Completion, the Debt (as defined below) shall be treated as a deposit for settling the subscription price of the 2024 Convertible Bonds.

2024 Convertible Bonds

The principal terms of the 2024 Convertible Bonds to be issued under the relevant Subscription Agreement are set out as follows:

- Issuer : The Company
- Subscribers : Subscriber A
Subscriber B
- Principal amount : HK\$12,400,000 in aggregate, of which (i) HK\$9,920,000 will be subscribed by Subscriber A; and (ii) HK\$2,480,000 will be subscribed by Subscriber B.
- Maturity Date : The date falling the second anniversary of the issue of the 2024 Convertible Bonds, provided that if such date is not a Business Day, the Business Day immediately after such date (the “**Maturity Date**”).
- Interest rate : The 2024 Convertible Bonds shall not bear any interest.
- Conversion period: : Subject to the terms and conditions of conversion, the period commencing from the date of issue of the 2024 Convertible Bonds up to and including the date which is 3 days prior to the Maturity Date (the “**Conversion Period**”).

LETTER FROM THE BOARD

Conversion right : Provided that:

- (i) any conversion shall be made in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion unless the principal amount of the outstanding 2024 Convertible Bonds is less than HK\$1,000,000 in which case the whole (but not part only) of such outstanding principal amount of the 2024 Convertible Bonds shall be converted;
- (ii) any conversion of the 2024 Convertible Bonds does not result in the bondholders and/or the parties acting in concert with any of them and/or their respective associates being interested in 20% or more of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (or such lower percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer obligation under Rule 26 of the Takeovers Code on the part of the bondholder which exercised the conversion rights); and
- (iii) any conversion of the 2024 Convertible Bonds does not result in the public float of the Shares being less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued Shares,

the holders of the 2024 Convertible Bonds shall have the right at any time during the Conversion Period to convert the whole or part of the outstanding principal amount of the 2024 Convertible Bonds registered in their names into Shares.

Conversion Price : The initial Conversion Price shall be HK\$0.683 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the 2024 Convertible Bonds.

Adjustment to Conversion Price: : Excluding the Share Consolidation which will not trigger any adjustments, the Conversion Price shall from time to time be adjusted by reason of any consolidation or subdivision of Shares. If and whenever the Shares by reason of any consolidation or subdivision become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount.

LETTER FROM THE BOARD

- Redemption : The Company shall be entitled, on the Maturity Date, to redeem the then outstanding 2024 Convertible Bonds, at 100% of the principal of the 2024 Convertible Bonds or any part thereof.
- Transferability : The holders of the 2024 Convertible Bonds may only assign or transfer the 2024 Convertible Bonds to the transferee subject to the prior notification to the Company. The 2024 Convertible Bonds may not be assigned or transferred, in whole or in part, to any connected person of the Company (as defined under the GEM Listing Rules).
- Voting rights : Holders of the 2024 Convertible Bonds shall not be entitled to attend or vote at any meetings of the Company by reason only of it being a holder of the 2024 Convertible Bonds.
- Listing : No application will be made for the listing of the 2024 Convertible Bonds on the Stock Exchange or any other stock exchange. The Company will apply to the Stock Exchange for the listing of and permission to deal in the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attached to the 2024 Convertible Bonds.
- Ranking : The Conversion Shares will, when allotted and issued, rank *pari passu* in all respects among themselves and with all other fully paid Shares in issue including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

LETTER FROM THE BOARD

Conversion Shares

Assuming the Share Consolidation becoming effective, based on the initial Conversion Price of HK\$0.683 per Conversion Share, a total of 18,155,197 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the 2024 Convertible Bonds in full, representing (i) approximately 20.01% of the total number of Shares in issue as at the Latest Practicable Date (assuming Share Consolidation being effective), and (ii) approximately 16.67% of the total number of Shares in issue as enlarged by the allotment and issue of the 18,155,197 Conversion Shares upon full conversion of the 2024 Convertible Bonds (assuming that there will be no change in the issued share capital of the Company from the Latest Practicable Date and up to the conversion of the 2024 Convertible Bonds in full at the initial Conversion Price). The aggregate nominal value of the Conversion Shares (with a par value of HK\$0.1 each assuming the Share Consolidation being effective) will be approximately HK\$1,815,520.

Specific Mandate to issue the Conversion Shares

The issue of the 2024 Convertible Bonds and allotment and issue of the Conversion Shares are subject to the Specific Mandate to be sought at the EGM. The allotment and issue of the Conversion Shares will not result in a change in control of the Company.

Application for listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the 2024 Convertible Bonds on the Stock Exchange or any other stock exchange.

Conversion Price

Assuming the Share Consolidation becoming effective, the initial Conversion Price of HK\$0.683 per Conversion Share represents:

- (i) a premium of approximately 0.44% over the theoretical closing price of HK\$0.68 per Consolidated Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 45.32% over the theoretical closing price of HK\$0.470 per Consolidated Share as quoted on the Stock Exchange on the date of the Subscription Agreements;
- (iii) a premium of approximately 45.32% over the theoretical average closing price of HK\$0.470 per Consolidated Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreements;

LETTER FROM THE BOARD

- (iv) a premium of approximately 44.70% over the theoretical average closing price of HK\$0.472 per Consolidated Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the Subscription Agreements; and
- (v) a premium of approximately 18.99% over the theoretical audited net asset value per Consolidated Share as at 30 June 2023 of approximately RMB0.522 (equivalent to HK\$0.574).

The initial Conversion Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to, among others, the premium/discount of conversion price over/to closing price represented by the issue of convertible bonds and/or notes by other listed issuers (excluding those involving a debt restructuring or resumption of listing in Hong Kong) in the past 12 months which ranged from a premium of approximately 757% to a discount of approximately 33%, with median of approximately 11% premium.

INFORMATION OF THE PARTIES TO THE SUBSCRIPTION AGREEMENTS

The Group is principally engaged in the manufacture and sale of furniture products and sells its products to the domestic PRC market with a large proportion of its sales derived from Sichuan Province, Chongqing City and Guizhou Province, and the data centre business in the PRC.

The Subscribers are the subscribers of the 2020 Convertible Bonds. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, as at the Latest Practicable Date, the Subscriber A was a company incorporated in the BVI with limited liability and is principally engaged in investment holdings. The Subscriber A is wholly-owned by Ms. Grace Wahyuni Sardjono. Mr. Man Lap, the brother-in-law of Ms. Grace Wahyuni Sardjono, was interested in 31,536,000 Shares (representing approximately 3.48% of the entire issued share capital of the Company as at the Latest Practicable Date). The Subscriber B is a company incorporated in the BVI with limited liability and is principally engaged in investment holdings. The Subscriber B is wholly-owned by Mr. Fang Yan Zau Alexendar. As at the Latest Practicable Date, the Subscriber B held 20,666,666 Shares (representing approximately 2.28% of the entire issued share capital of the Company).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Subscribers and their respective ultimate beneficial owner and associates is an Independent Third Party.

LETTER FROM THE BOARD

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

Reference is made to the announcements of the Company of 21 October 2019 and 15 January 2020 and the circular of the Company dated 13 December 2019 relating to the acquisition of the entire share capital of Polyqueue Limited by the Company of which partial consideration for the amount of HK\$12,400,000 was satisfied by the issue of the 2020 Convertible Bonds of which the maturity date falls on 15 January 2024. Since the upcoming maturity date of the 2020 Convertible Bonds, the Company has had negotiations with the Subscribers on settlement of all outstanding amount payable by the Company to the Subscribers for the 2020 Convertible Bonds.

After arm's length negotiation, the parties agreed to enter into the Subscription Agreements so that the 2020 Convertible Bonds can be redeemed by the Company by effectively issuing the 2024 Convertible Bonds to each of the Subscribers. Under the terms of the Subscription Agreements, the Subscribers agree to the Company's request to extend the time of repayment to 30 June 2024 (or such other dates as agreed between them) for all outstanding amounts due by the Company to the Subscribers under the 2020 Convertible Bonds held by the Subscribers upon the maturity date, being HK\$12,400,000 in aggregate (the "**Debt**"), and to treat the Debt as a deposit for settling the subscription price of the 2024 Convertible Bonds prior to the Completion. The gross proceeds of the issue of the 2024 Convertible Bonds in sum of HK\$12,400,000 will be used to wholly set off all outstanding amount payable by the Company to the Subscribers for the 2020 Convertible Bonds.

The Board has reviewed and explored different approaches to settle the principal amount of the 2020 Convertible Bonds at its maturity date, including repayment by internal resources, bank borrowings or equity financing, and considered the issue of the 2024 Convertible Bonds to be the most viable option as (i) the principal amount of the 2024 Convertible Bonds will be fully settled upon the exercise in full of the conversion rights of the 2024 Convertible Bonds without requiring any cash outflow on the Company and the issue of the 2024 Convertible Bonds would not have an immediate dilution effect on the shareholding of the existing Shareholders; (ii) it would be in the best interest of the Group to retain internal financial resources of the Group for developing its existing principal business given the challenging operating environment; (iii) the 2024 Convertible Bonds shall not bear any interest whilst new bank borrowing would impose financial burden on the Group; (iv) bank borrowings may require the pledge of sufficient assets of the Group acceptable to the bank; and (v) equity financing would be difficult for the Group given the prevailing sluggish market sentiment. Hence, in the event the issue of 2024 Convertible Bonds is not approved, the Group has to repay the Debt by internal resources or new bank borrowing which would not be favourable to the Group as discussed above.

The Directors is of the view that the terms of the Subscription Agreements and the 2024 Convertible Bonds are negotiated at arm's length basis and are on normal commercial terms and the entering into of the Subscription Agreements and the issue of the 2024 Convertible Bonds are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The net price per Conversion Share, which is calculated by dividing the aggregate net proceeds by the total number of the Conversion Shares based on the initial Conversion Price, is approximately HK\$0.669.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, and for illustrative purpose only, the following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon Share Consolidation becoming effective; (iii) immediately upon Share Consolidation becoming effective and full conversion of the 2024 Convertible Bonds, assuming there being no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date and up to the date of full conversion of the 2024 Convertible Bonds:

	(i) As at the Latest Practicable Date		(ii) Immediately upon the Share Consolidation becoming effective		(iii) Immediately upon the Share Consolidation becoming effective and full conversion of the 2024 Convertible Bonds	
	Shares	%	Shares	%	Shares	%
Sun Universal Limited (<i>Note 1</i>)	245,300,400	27.04	24,530,040	27.04	24,530,040	22.53
Brilliant Talent Global (<i>Note 2</i>)	80,400,000	8.86	8,040,000	8.86	8,040,000	7.38
Subscriber A	—	—	—	—	14,524,158	13.34
Subscriber B	20,666,666	2.28	2,066,666	2.28	5,697,705	5.23
Other public Shareholders	<u>560,966,267</u>	<u>61.82</u>	<u>56,096,626</u>	<u>61.82</u>	<u>56,096,626</u>	<u>51.52</u>
Total	<u>907,333,333</u>	<u>100.00</u>	<u>90,733,332</u>	<u>100.00</u>	<u>108,888,529</u>	<u>100.00</u>

Notes:

- The entire issued share capital of Sun Universal Limited is owned by Mr. Ma Gary Ming Fai. Mr. Ma Gary Ming Fai is deemed to be interested in the Shares held by Sun Universal Limited for the purpose of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
- The entire issued share capital of Brilliant Talent Global Limited is owned by Ms. Zhang Gui Hong who is the spouse of Mr. Yi Cong, an executive Director.
- Certain percentage figures in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities during the past 12 months immediately preceding the Latest Practicable Date.

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

LETTER FROM THE BOARD

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.

EGM

A notice convening the EGM to be held at Unit 1603B, 16/F, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong on Wednesday, 7 February 2024 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. The EGM will be held for the Shareholders to consider and, if thought fit, pass the resolutions to approve, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the Subscription Agreements and the transactions contemplated thereunder (including the issue of the 2024 Convertible Bonds and the grant of the Specific Mandate). In compliance with the GEM Listing Rules, the relevant resolutions will be voted on by way of poll at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders or their associates would have a material interest in the Share Consolidation, the Increase in Authorised Share Capital and the transactions contemplated thereunder. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, apart from the Subscribers and their associates who held 52,202,666 Shares (representing approximately 5.75% of the total issued share capital of the Company) and who will abstain from voting on the resolutions relating to the Subscription Agreements and the transactions contemplated thereunder (including the issue of the 2024 Convertible Bonds and the grant of the Specific Mandate), no Shareholder would be required to abstain from voting on the relevant resolutions at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at such meeting, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 2 February 2024 to Wednesday, 7 February 2024, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, for registration no later than 4:30 p.m. on Thursday, 1 February 2024.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the Share Consolidation, the Increase in Authorised Share Capital, the Subscription Agreements and the transactions contemplated thereunder (including the issue of the 2024 Convertible Bonds and the grant of the Specific Mandate) are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

COMPETING INTERESTS

Mr. Ma Gary Ming Fai (“**Mr. Ma**”) is the director and Ms. Hung Fung King Margaret, Mr. Ma’s spouse, holds approximately 99.9% interest in Myshowhome (Hong Kong) Limited (“**Myshowhome HK**”), which in turn holds 100% interest in Dongguan Shangpin Furniture Co., Ltd. (東莞市尚品家具有限公司) (“**Shangpin**”). Mr. Ma confirms that Myshowhome HK is engaged in trading business. Shangpin is a wholly foreign-owned enterprise established under the laws of the PRC on 10 July 2012 with a registered capital of HK\$8 million and is principally engaged in the trading of furniture and therefore competes or may compete either directly or indirectly with the Group’s business.

Mr. Lai Ningning (“**Mr. Lai**”) is a director and shareholder directly interested in approximately 23.47% of the equity interest in Beijing Haokuan Network Technology Co., Ltd.* (北京皓寬網絡科技有限公司) (“**Beijing Haokuan**”) and directly interested in 50% of the equity interest in Haokuan Hebei Network Technology Co., Ltd.* (皓寬河北網絡科技有限公司), both being companies established in the PRC. Mr. Lai confirms that these companies and Beijing Haokuan’s non-wholly owned subsidiaries, Haokuan Network (Guangzhou) Co., Ltd.* (皓寬網絡(廣州)有限公司) and Shanghai Haokuan Cloud Network Co., Ltd.* (上海皓寬雲網絡有限公司), are engaged in, among others, the data centre business in the PRC and therefore competes or may compete either directly or indirectly with the Group’s business.

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors, the controlling shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

By order of the Board
Zhi Sheng Group Holdings Limited
Ma Gary Ming Fai
Executive Director

* For identification purposes only

NOTICE OF EGM

ZHI SHENG GROUP HOLDINGS LIMITED

智昇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8370)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Zhi Sheng Group Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) will be held at Unit 1603B, 16/F, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong on Wednesday, 7 February 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as resolutions of the Company:

Unless otherwise specified, capitalised terms defined in the circular dated 22 January 2024 issued by the Company (the “**Circular**”) shall have the same meanings when used herein unless otherwise specified.

ORDINARY RESOLUTIONS

1. “**THAT** subject to the satisfaction of the conditions set out in the letter from the board under the heading “Conditions of the Share Consolidation” in the Circular, with effect from the second full Business Day immediately following the date on which this resolution is passed, being a day on which the shares of the Company are traded on the Stock Exchange:
 - (a) every ten (10) issued and unissued shares of par value of HK\$0.01 each (“**Existing Share(s)**”) in the share capital of the Company be consolidated into one (1) share of par value of HK\$0.1 each (the “**Consolidated Share(s)**”), and such Consolidated Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions as contained in the articles of association of the Company (the “**Share Consolidation**”);
 - (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the Directors may think fit; and
 - (c) any one of the Directors be and is hereby authorised generally to do all such acts and things and sign, execute and deliver all such documents, which are ancillary to the Share Consolidation on behalf of the Company, including under seal where applicable, as he/she may consider necessary, desirable or expedient to give effect to, implement and complete the Share Consolidation and the transactions contemplated thereunder.”

NOTICE OF EGM

2. “**THAT** conditional upon the passing the resolution numbered 1 set out above:
 - (a) the authorised share capital of the Company be and is hereby increased from HK\$15,000,000 divided into 150,000,000 Consolidated Shares of par value of HK\$0.1 each to HK\$30,000,000 divided into 300,000,000 Consolidated Shares of par value of HK\$0.1 each by the creation of an additional 150,000,000 new Consolidated Shares (the “**Increase in Authorised Share Capital**”); and
 - (b) any one Director be and is hereby authorised to sign, execute and deliver all such documents and deeds, and do all such acts, matters and things as are, in the opinion of such Director, necessary, desirable or expedient to give effect to the Increase in Authorised Share Capital.”

3. “**THAT**:
 - (a) the two conditional subscription agreements dated 3 January 2024 (the “**Subscription Agreements**”) entered into between the Company as issuer and each of Subscriber A and Subscriber B as a subscriber in relation to the issue of convertible bonds (the “**Convertible Bonds**”) in an aggregate principal amount of HK\$12,400,000 (copies of which marked “A” have been produced to the Meeting and initialled by the chairman of the Meeting for identification purpose) at the initial conversion price of HK\$0.683 per conversion share (subject to adjustments) and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the conversion shares (the “**Conversion Shares**”) upon exercise of conversion rights attaching to the Convertible Bonds) be and are hereby approved, confirmed and ratified;
 - (b) conditional upon the GEM Listing Committee granting the listing of, and permission to deal in, the Conversion Shares, the specific mandate to the Directors to exercise the powers of the Company for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds be and is hereby approved; and

NOTICE OF EGM

- (c) any one Director be and is hereby authorised to do all such acts and things as he/she in his/her sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Subscription Agreements and the transactions contemplated thereunder, including but not limited to the execution of all such documents under seal where applicable, as he considers necessary or expedient in his opinion to implement and/or give effect to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds.”

By order of the Board
Zhi Sheng Group Holdings Limited
Ma Gary Ming Fai
Executive Director

Hong Kong, 22 January 2024

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

Principal place of business in the PRC:
3/F, 222 Tianren Road
Gaoxin District
Chengdu City
Sichuan Province
The People's Republic of China

Principal place of business in Hong Kong:
Room 747, 7/F, Star House
3 Salisbury Road
Tsim Sha Tsui
Kowloon, Hong Kong

Notes:

1. For the purpose of determining shareholders' eligibility to attend and vote at the Meeting, the register of members of the Company will be closed from Friday, 2 February 2024 to Wednesday, 7 February 2024, both days inclusive, during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the Meeting, unregistered holders of the Shares should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 1 February 2024.
2. Any shareholder of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy does not have to be a shareholder of the Company.
3. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for the Meeting (or any adjournment thereof).

NOTICE OF EGM

4. Completion and delivery of a form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the Meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any Shares, any one of such joint holder may vote at the Meeting, either in person or by proxy in respect of such Shares as if he/she was solely entitled thereto; but if more than one of such joint holders is present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such Shares shall alone be entitled to vote in respect thereof.
6. A form of proxy for use at the Meeting is attached herewith.
7. Any voting at the Meeting shall be taken by poll.
8. The form of proxy shall be signed by a shareholder of the Company or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney authorised.
9. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning or “extreme conditions after super typhoons” announced by the Government of Hong Kong is/are in effect any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will publish an announcement on the website of the Company at www.qtbqjj.com and on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled meeting.

As at the date of this notice, the Board comprises Mr. Yi Cong, Mr. Liang Xing Jun, Mr. Ma Gary Ming Fai and Mr. Lai Ningning as executive directors; Mr. Luo Guoqiang as non-executive director; and Mr. Chan Wing Kit, Ms. Cao Shao Mu and Mr. Li Saint Chi Sainti as independent non-executive directors.