WINFULL GROUP HOLDINGS LIMITED
宏輝集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 183)

Executive Directors:
Mr. Pong Wilson Wai San *(Chairman)*
Mr. Lee Wing Yin *(Chief Executive Officer)*

Non-executive Director:
Mr. Lai Hin Wing, Henry

Independent Non-executive Directors:
Mr. Koo Fook Sun, Louis
Ms. Yeung Wing Yan Wendy
Mr. Liu Tsee Ming

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15 April 2025

To the Shareholders

Dear Sir or Madam,

(1) POSSIBLE VERY SUBSTANTIAL ACQUISITION SUBSCRIPTION OF 2ND WEALTH MANAGEMENT PRODUCT; (2) MAJOR TRANSACTION ACQUISITION AND SUBSCRIPTION OF EG BONDS; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

References are made to (1) the 2nd Subscription Announcement in relation to the 2nd Subscription; and (2) the 2nd EG Bonds Announcement in relation to the 2nd EG Bonds Subscription.

The purpose of this circular is to provide you with, among other things, (i) further details of the 2nd Subscription and the transactions contemplated thereunder; (ii) further details of the 2nd EG Bonds Subscription and the transactions contemplated thereunder; and (iii) to give you a notice of the EGM and other information as required under the Listing Rules.

(1) SUBSCRIPTION OF THE 2ND HANG SENG WEALTH MANAGEMENT PRODUCT

The Board announces that August Ally proposes to subscribe for wealth management product offered by Hang Seng Insurance, namely, the 2nd Hang Seng Wealth Management Product.

Principal terms of the 2nd Hang Seng Wealth Management Product

The Principal terms of the 2nd Hang Seng Wealth Management Product are set out below:

Name of the wealth management product	LegendPower Life Insurance Plan (Single Premium)
Total actual subscription amount	USD9,500,000 (equivalent to approximately HK$74,100,000). The actual subscription amount of USD9.5 million was determined after considering (1) the attractive tier benefit offered by Hang Seng Insurance to the Group for products with notional subscription amount exceeding or equal to USD10 million; and (2) the potential high return that could possibly be generated from the 2nd Subscription in light of the discount available.
Total notional subscription amount	USD10,000,000 (equivalent to approximately HK$78,000,000)
Policy term	Whole of life of the insured If the insured passes away when the policy of the 2nd Hang Seng Wealth Management Product is in force, unless there is a contingent insured designated by the policyholder who becomes the new insured, the death benefit will be paid to the beneficiary (i.e., August Ally).

The death benefit shall be the total of (1) the higher of (i) 101% of total premiums paid or (ii) the guaranteed cash value, (2) non-guaranteed special dividend (if any) and (3) policy value management balance (if any) locked in from exercising the policy value management option, less the amount of indebtedness (if any).

Expected investment return

The 2nd Hang Seng Wealth Management Product offers returns consist of guaranteed cash value and non-guaranteed returns. Guaranteed cash value can only be withdrawn upon surrender in full or in part, cancellation, lapse or termination of the policy. If August Ally surrenders during the first year of the 2nd Subscription, it will only receive a guaranteed cash and a non-guaranteed dividend (if any), which in aggregate is less than August Ally's actual subscription amount of USD9.5 million. The 2nd Hang Seng Wealth Management Product will start to generate guaranteed positive returns from the 12th year of the 2nd Subscription. Details of the expected guaranteed return are as follows:

End of policy year	**Guaranteed cash value** *(in USD)*	**Return to be generated** *(in USD)*
12th year	10,004,000	504,000
13th year	10,028,500	528,500
14th year	10,053,600	553,600
15th year	10,079,400	579,400
20th year	10,215,200	715,200
25th year	10,358,500	858,500
30th year	10,535,800	1,035,800
35th year	10,738,700	1,238,700

The non-guaranteed returns (if any) are paid in the form of special dividends to be declared by Hang Seng Insurance at their absolute discretion, which is payable when the policy is in force and upon the occurrence of the following (whichever is the earliest):

(i) the death of the life insured (unless there is a contingent insured who becomes the new life insured); or

(ii) the cancellation, lapse or termination of the policy; or

(iii) the surrender of the policy, whether in full or in part; and

(iv) any payment of mental incapacity benefit under the policy.

Based on the information provided by Hang Seng Insurance, whether the special dividend are payable and the size of the dividend which distributes or pays depend on the performance of relevant participating policies with regard to investment returns on the assets supporting the policies, as well as other factors including but not limited to claims, persistency, expenses, and the long term future performance outlook (both economic and non-economic factors).

For illustration purpose only, assuming the non-guaranteed returns (if any) in the form of special dividends are declared, based on August Ally's actual subscription amount of USD9.5 million, the total cash value and return to be generated will be as follows:

End of policy year	Guaranteed cash value *(in USD)*	Non-guaranteed special dividend *(in approximate USD)*	Total cash value *(in USD)*	Return to be generated *(in USD)*
1st year	8,300,000	30,000	8,330,000	(1,170,000)
2nd year	9,025,100	977,000	10,002,100	502,100
3rd year	9,028,300	1,972,400	11,000,700	11,000,700
8th year	9,384,400	3,283,400	12,667,800	12,667,800
12th year	10,004,000	6,550,400	16,554,400	16,554,400
15th year	10,079,400	9,329,100	19,408,500	19,408,500
20th year	10,215,200	16,333,000	26,548,200	26,548,200
25th year	10,358,500	32,580,500	42,939,000	42,939,000
30th year	10,535,800	46,947,900	57,483,700	57,483,700

After the 5th year of the 2nd Subscription, the policyholder shall have the right to exercise the policy value management option to lock-in a portion of the guaranteed cash value and non-guaranteed special dividend (if any) to mitigate the impact of fluctuations in investment market on the 2nd Hang Seng Wealth Management Product. Upon exercise of the policy value management option, a portion of special dividend (if any) relevant to the portion of the net cash value (if any) to be allocated to the policy value management balance will be declared and such amount (if any) will be allocated to the balance to accumulate with interest.

Upon partial surrender of the policy, a portion of the special dividend (if any) attributable to the reduced portion of the policy amount will be declared and such amount, if any, will be payable as part of the partial surrender payment.

Surrender	August Ally may surrender the 2nd Hang Seng Wealth Management Product in full or in part at any time.
Fulfillment rate	The fulfillment rate is calculated as the ratio of the aggregate actual accumulated non-guaranteed returns against the aggregate illustrated non-guaranteed returns at the point of sale for the relevant policy at the policy year. The fulfillment rate of the 2nd Hang Wealth Management Product is currently not available as the plan was only launched in 2024. However, based on the information currently available to the Compan y, the historical fulfillment rate of the non-guaranteed returns of similar product offered by Hang Seng Insurance (the "**Comparable**") has approached approximately 100%. Having considered that the product structure, asset portfolio, and target asset allocations and strategies of the Comparable and the 2nd Hang Wealth Management Product are substantially the same, the Board is of the view that the Comparable is commensurable to the 2nd Hang Seng Wealth Management Product.

Asset portfolio, target asset allocation and investment strategy of the 2nd Hang Seng Wealth Management Product	The 2nd Hang Seng Wealth Management Product's asset portfolio consists of (1) predominantly, fixed income assets issued by government and corporate entities with good credit quality and long term prospects (e.g. bonds, infrastructure debts and alternative credit), which may also include a small portion of high-yield fixed income assets; and (2) growth assets (e.g. private equity, properties, hedge funds, global equity and Asian equity), including but not limited to equities, properties, hedge funds and private equities. Subject to Hang Seng Insurance's investment strategy, financial derivatives may be used for hedging or efficient portfolio management. The asset portfolio is well diversified in different types of assets, and is invested in global geographical markets (mainly the United States of America, Europe, Asia including Hong Kong) and industries. Investment for fixed income assets are mainly in HK$ and USD to match the currency of the underlying policies while growth assets are invested in various currencies for diversification. Actual allocations will take into consideration past investment performance of the assets supporting the policies, prevailing market conditions and future outlook, and the guaranteed and non-guaranteed benefits of the policies. As the performance of the growth assets investment plays an important role in determining the level of non-guaranteed benefits, under normal circumstances and free from any investment and operational constraints, Hang Seng Insurance expects that the allocation to growth assets will fall within the higher end of the range as specified below, in order to optimize the chance of achieving the illustrated level of non-guaranteed benefits. The management and investment strategy of the asset portfolio may be subject to change depending on the market conditions and economic outlook. The current long-term target strategy of the 2nd Hang Seng Wealth Management Product is to allocate assets based on approximately 40-100% of fixed income and approximately 0-60% of growth assets. In particular, approximately 85-100% of bonds to be invested are rated A- or above by S&P Global Ratings and approximately 0-15% of bonds to be invested are rated BBB+ or below by S&P Global Ratings, subject to slight deviation from the above range due to market fluctuation.

The 2nd Subscription shall be funded by external financing and/or internal resources of the Group. The 2nd Subscription shall also be subject to (i) the passing of resolution(s) by the Shareholders at the EGM approving the 2nd Subscription and the transactions contemplated thereunder; and (ii) the Group having obtained sufficient funding available to settle the 2nd Subscription and the transactions contemplated thereunder. As at the Latest Practicable Date, condition (ii) above has been satisfied.

REASONS FOR AND BENEFITS OF SUBSCRIBING FOR THE 2ND HANG SENG WEALTH MANAGEMENT PRODUCT

The Group has commenced the securities investment and trading business since 2019 with a view to broadening its revenue base. In April 2024, the Group subscribed to the 1st Hang Seng Wealth Management Product, details of which are set out in the announcement of the Company dated 19 April 2024 and the circular of the Company dated 23 May 2024. Subsequently, the 2nd Hang Seng Wealth Management Product was introduced to the Group in around November 2024.

As set out in the annual report of the Company for the year ended 30 June 2024 (the "**Annual Report**"), the Group has taken into account of the following criteria when determining whether to take up an investment and trading opportunity: (a) potential for return on investment in terms of capital appreciation and dividend payment for the targeted holding period; (b) risks exposure in comparison with the Group's risk tolerance level at the prevailing time; and (c) diversification of the existing investment portfolio. The Board considers the saving plan products are suitable for long term investment and capital reservation, with potential for stable returns. The Group has previously subscribed to other saving plans offered by reputable issuers, such as the China Life Wealth Management Product (details of which are set out in the announcement of the Company dated 29 December 2021) and the Manulife Wealth Management Product (details of which are set out in the announcement of the Company dated 28 April 2023), all of which have shown a 100% payout rate of the illustrated total returns during the period of holding. Although the total payout of the 2nd Hang Seng Wealth Management Product is not entirely guaranteed, the historical data on the Comparable has also shown a 100% fulfilment track record. In addition, based on the past experience of the Group in subscribing for other saving plans products, which normally expected to only start generating positive returns after the third year of the relevant subscriptions the earliest, the 2nd Hang Seng Wealth Management Product could generate positive returns after the second year of the subscription (assuming the illustrated non-guaranteed returns are declared in full).

Having considered that (a) the 2nd Hang Seng Wealth Management Product can generate an average return of approximately 5.3% per annum in three years (assuming the illustrated non-guaranteed returns are declared in full); (b) the risks exposure to the Group in respect of the 2nd Hang Seng Wealth Management Product in comparison with the Group's risk tolerance level is relatively low as the product is offered by a well-established licensed bank in Hong Kong and considering the expected investment return to be discussed below; and (c) as the 2nd Hang Seng Wealth Management Product, in the face value of USD10 million (equivalent to approximately HK$78 million), represents only approximately 4.5% of the total assets of the Company as at 30 June 2024 of approximately HK$1,717.07 million, the Board is of the view that the overall package of the 2nd Hang Seng Wealth Management Product aligns with the investment criteria of the Group, and considers the selected investment product is optimal.

Based on the information as set out in the paragraphs headed "Expected investment return" and "Fulfillment rate" in the section headed "Principal terms of the 2nd Hang Seng Wealth Management Product", assuming that the Group will subscribe to the 2nd Hang Seng Wealth Management Product for 3 years and the non-guaranteed returns (if any) in the form of special dividends are declared in full, based on the actual subscription amount of USD9.5 million, the expected return from the 2nd Subscription would be approximately USD1.5 million, representing an average return of approximately 5.3% per year. As such, it is of the view that the 2nd Hang Seng Wealth Management Product offers an attractive potential return to the Group.

On the other hand, assuming that (i) the Group will redeem the 2nd Hang Seng Wealth Management Product at the end of the third policy year and (ii) no non-guaranteed return has been declared, the loss that the Group may suffer, based on the actual subscription amount of USD9.5 million and the guaranteed return of approximately USD9.03 million at the end of the third policy year, would only be approximately USD0.47 million (equivalent to approximately HK$3.67 million), representing approximately 4.94% of the actual subscription amount of USD9.5 million, and approximately 0.21% of the total assets of the Company as at 30 June 2024 of approximately HK$1,717.07 million. Based on the above, the Board is of the view that the risk exposure is minimal comparing to the full subscription amount of USD9.5 million and the total assets of the Company, and is acceptable considering the expected payout amount of approximately USD11 million at the end of the third policy year.

In respect of the risks relating to the non-guaranteed returns, after taking into account (a) the historical fulfilment rate of the Comparable and (b) the asset portfolio, target asset allocation and investment strategy of the 2nd Hang Seng Wealth Management Product as detailed hereinabove, the Group is of the view that the impact of risk factors in connection with the non-guaranteed returns is low and is optimistic about the returns of the non-guaranteed benefits and believes they are reasonably achievable in the absence of unforeseeable circumstances.

The Company would closely and effectively monitor and manage the 2nd Hang Seng Wealth Management Product on an ongoing basis. In particular, the executive Directors would from time to time liaise and contact with, and attend annual meetings with, the representatives of Hang Seng Insurance to receive updates on the latest status of the 2nd Hang Seng Wealth Management Product and to review the performance of the underlying investments and the distribution of non-guaranteed special dividend (if any). The Directors would also review the annual reports prepared by Hang Seng Insurance in these regards and make necessary decisions to continue with the 2nd Subscription or to proceed with redemption.

It is currently expected that the Group will consider whether to continue holding or redeeming the 2nd Hang Seng Wealth Management Product after the third anniversary of the 2nd Subscription, depending on (i) the performance of the Hang Seng Wealth

Management Products; and (ii) whether there are any other investment opportunities or products (including but not limited to time deposits) available to the Group which offer better and higher returns and interest rate environment at the time.

The Group intends to reasonably utilise external financing available to the Group and/or its internal resources to subscribe for the 2nd Hang Seng Wealth Management Product. The external financing (which consists of existing standby facilities available to the Group and investment financing to be obtained) is expected to carry interest at a rate of not higher than the prevailing commercial lending rate (which is in the region of 1.25% over Hong Kong Interbank Offered Rate (i.e., HIBOR) per month (the "**Reference Rate**")). In view of the current market conditions and the best obtainable interest rate currently available to the Group, in the absence of unforeseeable significant interest rate movement, the Group intends on using external financing to finance not less than 70% of the subscription amount of the 2nd Subscription, while the balance will be satisfied by internal resources. Having said that, the actual amount of external financing to be drawn for the 2nd Subscription will be determined by the Board after taking into account the Company's financial position and the viability and costs of utilising such external financing (including but not limited to the interest expenses based on the prevailing rate) at the material time, with the view to balance the risk and reward and to bring the most optimal return to the Shareholders. The Board believes that by leveraging external financing to invest in the 2nd Hang Seng Wealth Management Product, the 2nd Subscription represents a good investment opportunity and yield enhancement product, thereby enhancing capital efficiency and returns from capital operation.

In assessing the exposure to interest rate risks relating to the 2nd Subscription, the Group has considered, among others, the interest rate-cuts announced by the US Federal Reserve and banks in Hong Kong in the second half of 2024 and the decision of the US Federal Reserve to keep the target range for the federal funds rate unchanged in January 2025, the management of the Group does not expect any unforeseeable interest rate risk as at the Latest Practicable Date. The Group will continuously and cautiously monitor interest rate levels and may consider hedging the significant interest rate exposure when appropriate. In the event of any significant increase in the rate of the external financing or in any event when the applicable interest rate would exceed the abovementioned Reference Rate, the Group will consider to resort to other financial resources available to the Group at the material time, including but not limited to covering the investment by utilising its internal resources, and/or securing a refinancing at a more favourable rate given the sound financial status and the healthy level of cash and cash equivalent of the Group (which as at 31 December 2024 amounted to approximately HK$213.69 million). As such, the Board is of the view that there are sufficient measures in place to minimise the undue exposures to significant interest rate movements, and the interest rate risks exposure to the Group in respect of the 2nd Hang Seng Wealth Management Product in comparison with the Group's risk tolerance level is relatively low.

Should the 2nd Subscription be entirely financed by external financing at the Reference Rate, based on the prevailing commercial lending rate at 1.25% over HIBOR for the interest period of 1 month of 3.50% as at the Latest Practicable Date, and assuming that the Group will subscribe to the 2nd Hang Seng Wealth Management Product for three years, the maximum interest expenses to be incurred for the 2nd Subscription would be approximately USD1.35 million for three years. Derived from the expected return of USD1.5 million at the end of the third policy year, the 2nd Subscription, after leverage, would still be expected to generate a positive return of approximately USD0.15 million (equivalent to approximately HK$1.17 million), or in the event that no non-guaranteed return has been declared, based on the guaranteed return of approximately USD9.03 million at the end of the third policy year, the maximum loss would be approximately USD1.82 million (equivalent to approximately HK$14.20 million). The Company expects that the actual interest expenses to be incurred for the 2nd Subscription would be much lower than the maximum interest expenses illustrated above.

As set out in the Annual Report and the interim report of the Company for the six months ended 31 December 2024, although the market sentiment has improved recently, the residential property market and the non-residential property in Hong Kong remained weak during the last quarter of 2024, and the Group maintains a cautiously optimistic view on the property market, in particular, transactions of office space fell significantly during the six months ended 31 December 2024 and was lower than a year ago. According to the dividend policy of the Company (the "**Dividend Policy**"), the Company's ability to distribute dividends would depend on various factors, including profits, operating results, cash flow, financial condition, contractual restrictions, capital requirements and other factors that the Directors consider relevant, as well as the interest of the Shareholders. As the Group recorded loss of approximately HK$242,161,000 for the year ended 30 June 2024 and approximately HK$53,144,000 for the six months ended 31 December 2024, respectively, the Group has been adopting a prudent approach on acquiring and disposing properties and has been retaining cash for business operation and constantly exploring various investment targets to diversity its business mix in order to maximise the return to the Shareholders. In the event of significant interest rate movement or even in an unlikely event that the external financing is not renewed after periodic review, the cash reserve affords the Company with flexibility to strategise and reallocate its financial resources in a timely manner. Nevertheless, the Company will not rule out the possibility of distributing dividends to its Shareholders as and when appropriate.

The Board is therefore of the view that it has thoroughly weighted the risks and returns pertaining to the 2nd Subscription and the entering into of the 2nd Subscription is in the interests of the Company and its shareholders. The Directors (including the independent non-executive Directors) are of the view that the terms of the 2nd Hang Seng Wealth Management Product are determined on normal commercial terms after arm's length negotiation between the Group and Hang Seng Insurance, and are fair and reasonable, and that the entering into of the said transactions is in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES OF THE 2ND SUBSCRIPTION

The Group

The Company is principally engaged in the investment, trading and development of properties and securities investment and trading. August Ally is a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company and is engaged in the investment and treasury function of the Group.

The insured

The insured is Mr. Lee Wing Yin, an executive Director and the chief executive officer of the Company. He is also the beneficial owner of 1,000,000 Shares and 4,218,000 underlying shares of the Company (being share options granted by the Company on 17 May 2016, 26 November 2018, 14 July 2023 and 15 July 2024) as at the Latest Practicable Date.

Given that the insured is merely acting as a nominee of the Group and is neither the policy holder nor the beneficiary of the Hang Seng Wealth Management Products, the insured does not have any rights under the Hang Seng Wealth Management Products and will not be entitled to any returns of the Hang Seng Wealth Management Products, as such, Mr. Lee Wing Yin is not considered to have any material interest in the 2nd Subscription and is thus not required to abstain from voting on the resolutions approving the 2nd Subscription as a Director or as a Shareholder.

Hang Seng Insurance

Hang Seng Insurance is a private company incorporated in Hong Kong limited by shares which principally engaged in provision of insurance services and is a wholly-owned subsidiary of Hang Seng Bank.

To the best of their knowledge, information and belief and having made all reasonable enquiries, the Directors confirm that Hang Seng Insurance and its ultimate beneficial owners are third parties independent of the Group and its connected persons (as defined under the Listing Rules).

LISTING RULES IMPLICATIONS OF THE 2ND SUBSCRIPTION AND THE SUBSCRIPTIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the 2nd Subscription (on a standalone basis) exceeds 25% but is less than 100%, the 2nd Subscription, if materialised, will constitute a major transaction under the Listing Rules and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Given that (1) both Hang Seng Wealth Management Products are offered by the same entity, namely Hang Seng Insurance; and (2) the 1st Subscription remains outstanding, the Subscriptions are required to be aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscriptions (on an aggregated basis) exceeds 100%, the 2nd Subscription, if materialised, will constitute a very substantial acquisition on the part of the Company under Chapter 14 of the Listing Rules and shall therefore be subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

(2) THE 2ND EG BONDS SUBSCRIPTION

On 5 March 2025 (after trading hours), August Ally, has subscribed through the lead managers to the offers of the 2nd EG Bonds by the Issuer, and such orders were confirmed and August Ally has been allocated with the 2nd EG Bonds in a total subscription amount of USD5,000,000 (equivalent to approximately HK$39,000,000) on 5 March 2025 (after trading hours), at a total consideration of USD5,000,000 (equivalent to approximately HK$39,000,000), exclusive of transaction costs.

PRINCIPAL TERMS OF THE 2ND EG BONDS SUBSCRIPTION

Issuer	:	Elect Global Investments Limited
Guarantor	:	Hysan Development Company Limited
Aggregate Principal Amount	:	USD750,000,000
Total Subscription Amount	:	USD5,000,000
Issue Price	:	100% of the principal amount of the 2nd EG Bonds
Issue Date	:	11 March 2025
Form and Denomination	:	The 2nd EG Bonds will be issued in registered form in the specified denomination of USD200,000 and integral multiples of USD1,000 in excess thereof
Status of the 2nd EG Bonds	:	The 2nd EG Bonds constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank pari passu and without any preference or priority among themselves
Status of the Guarantee	:	The Guarantor has unconditionally and irrevocably guaranteed on a subordinated basis the due and punctual payment of all sums payable by the Issuer in respect of the 2nd EG Bonds
Interest	:	Fixed rate at 7.2% per annum from and including the issue date, payable semi-annually in arrear in equal instalments on 11 March and 11 September in each year, commencing on 11 September 2025, subject to distribution deferral

Redemption	:	The 2nd EG Bonds may be redeemed at the option of the Issuer in whole, but not in part, on any date from and including 11 September 2030, on giving not less than 10 business days nor more than 60 day's notice to the bondholder (which shall be irrevocable), at their principal amount (together with the interest accrued up to, but excluding, the date fixed for redemption) and in writing to the registrar and the fiscal agent
Listing and Admission to Trading	:	Application will be made to the Stock Exchange for the listing of, and permission to deal in, the 2nd EG Bonds by way of debt issues to professional investors only, and such permission is effective on 12 March 2025

The 2nd EG Bonds Subscription was funded from its internal resources and bank financing. The 2nd EG Bonds Subscription shall also be subject to the obtaining of approval from the majority of the Shareholders. The Company has obtained written approval for the 2nd EG Bonds Subscription and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from Mr. Pong (for himself and on behalf of Virtue Partner), who was interested in an aggregate of approximately 67.78% of the entire issued share capital of the Company as at the date of the 2nd EG Bonds Announcement and approximately 68% as at the Latest Practicable Date.

REASONS FOR AND BENEFITS OF THE 2ND EG BONDS SUBSCRIPTION

The Group acquired and subscribed the EG Bonds for investment purposes. The Directors consider that (a) the 2nd EG Bonds Subscription can generate stable return to the Group; (b) the risks exposure to the Group in respect of the 1st EG Bonds Acquisition and the 2nd EG Bonds Subscription is relatively low as the EG Bonds are guaranteed by the Guarantor; and (c) the 2nd EG Bonds Subscription could diversify the Group's investment portfolio. The Board is of the view that the 1st EG Bonds Acquisition and the 2nd EG Bonds Subscription are in line with the Group's investment strategy. The Directors consider the terms of the 1st EG Bonds Acquisition and the 2nd EG Bonds Subscription and their respective terms and conditions are on normal commercial terms which are fair and reasonable and the 1st EG Bonds Acquisition and the 2nd EG Bonds Subscription are in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the 2nd EG Bonds Subscription and the terms thereof are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES OF THE ISSUER

The Issuer

According to the public information available to the Directors. The Issuer is a limited company incorporated in the British Virgin Islands. The Issuer was established for the sole purpose of raising financing for the Guarantor and/or its subsidiaries for general corporate purposes and refinancing of existing indebtedness. HDCL is the Guarantor of the EG Bonds. HDCL is a company incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange. The core business of HDCL and its subsidiaries comprises property investment, management and development.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Directors confirm that the Issuer and their respective ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS OF THE 2ND EG BONDS SUBSCRIPTION

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the 1st EG Bonds Acquisition and the 2nd EG Bonds Subscription (on an aggregate basis) exceeds 25% but is less than 100%, the 1st EG Bonds Acquisition and the 2nd EG Bonds Subscription constitutes a major transaction under the Listing Rules and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the 2nd EG Bonds Subscription and the transactions contemplated thereunder may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the 2nd EG Bonds Subscription; and (2) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the 2nd EG Bonds Subscription.

The Company has obtained written approval for the 2nd EG Bonds Subscription and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from Mr. Pong (for himself and on behalf of Virtue Partner), who was the beneficial owner of 49,599,600 Shares and is deemed to be interested in 334,641,966 Shares held by Virtue Partner, which in aggregate represents approximately 67.78% of the entire issued share capital of the Company as at the date of the 2nd EG Bonds Announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or any of their respective close associates have any material interest in the 2nd EG Bonds Subscription and the transactions contemplated there under, and none of them is required to abstain from voting on the 2nd EG Bonds Subscription and the transactions contemplated thereunder. Accordingly, no general meeting will be held by the Company for approving the 2nd EG Bonds Subscription and the transactions contemplated thereunder as is permitted under Rule 14.44 of the Listing Rules.

EGM

The notice of EGM convening the EGM at which an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the 2nd Subscription and the transactions contemplated thereunder are set out on pages EGM-1 to EGM-2 of this circular.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or any of their respective close associates have any material interest in the 2nd Subscription and the transactions contemplated there under, and none of them is required to abstain from voting on the 2nd Subscription and the transactions contemplated thereunder.

Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy accompanying with this circular in accordance with the instructions printed thereon not less than 48 hours before the time appointed (i.e. Wednesday, 30 April 2025 at 3:00 p.m.) for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof in person if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all resolution(s) at the EGM shall be taken by way of poll and an announcement will be made by the Company on the results of the EGM.

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 Monday, 28 April 2025 to Friday, 2 May 2025, both days 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 Hong Kong branch share registrar of the Company, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 25 April 2025.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2nd Hang Seng Wealth Management Product are determined on normal commercial terms after arm's length negotiation between the Group and Hang Seng Insurance, and are fair and reasonable, and that the 2nd Subscription and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution at the EGM.

Further, the Directors (including the independent non-executive Directors) are of the view that the 2nd EG Bonds Subscription and the terms thereof are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Although a general meeting will not be convened by the Company to approve the 2nd EG Bonds Subscription and the transactions contemplated thereunder, if such a general meeting were to be convened by the Company, the Board would have recommended the Shareholders to vote in favour of the resolutions to approve the 2nd EG Bonds Subscription and the transactions contemplated thereunder.

GENERAL

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

By order of the Board
Winfull Group Holdings Limited

Pong Wilson Wai San
Chairman