

27 January 2026

*To: The Independent Board Committee and  
the Independent Shareholders of  
China Castson 81 Finance Company Limited*

Dear Sirs or Madams,

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
FIVE (5) RIGHTS SHARES FOR EVERY TWO (2) SHARES  
HELD ON RECORD DATE  
ON A NON-FULLY UNDERWRITTEN BASIS;  
(II) CONNECTED TRANSACTION  
IN RELATION TO THE UNDERWRITING AGREEMENT; AND  
(III) APPLICATION FOR WHITEWASH WAIVER**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder and the Whitewash Waiver. Details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular of the Company dated 27 January 2026, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in this circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 19 December 2025. On 19 December 2025, the Company proposed to raise gross proceeds of up to approximately HK\$51.93 million (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date) by issuing up to 509,107,967 Rights Shares at the Subscription Price of HK\$0.102 per Rights Share on the basis of five (5) Rights Shares for every two (2) Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholder(s) (if any). The net proceeds from the Rights Issue, after deducting all relevant expenses, are estimated to be approximately HK\$49.24 million (assuming full subscription under the Rights Issue and no change in the number of Shares in issue on or before the Record Date).

Unit 1402, 14/F., Winsome House, 73 Wyndham Street, Central, Hong Kong  
香港中環雲咸街73號雲山大廈14樓1402室

Tel : 3107 0223 Fax : 3107 0226

Goodchamp, a substantial shareholder of the Company as at the time of conducting the Rights Issue, will act as the Underwriter. Pursuant to Rule 7.21(2) of the Listing Rules, the Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) to the Independent Placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 19 December 2025 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) to the Independent Placees on a best effort basis. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) which are not placed under the Compensatory Arrangements will be underwritten by Goodchamp up to 381,000,000 Rights Shares.

After the trading hours of the Stock Exchange on 19 December 2025, the Company entered into the Underwriting Agreement with Goodchamp as the Underwriter in respect of the Rights Issue, pursuant to which Goodchamp has conditionally agreed to subscribe for up to 381,000,000 Rights Shares, being approximately 74.84% of the total Rights Shares, pursuant to the terms and subject to the conditions set out in the Underwriting Agreement.

Given that the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rules 7.19A and 7.27A of the Listing Rules, the Rights Issue is subject to the approval of the Independent Shareholders by way of poll at the SGM at which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the resolution approving the Rights Issue.

As at the Latest Practicable Date, there are no controlling shareholders and the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue at the SGM.

The Underwriter is a substantial Shareholder and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and circular requirements, and the approval of the Independent Shareholders under the Listing Rules.

As at the Latest Practicable Date, Dr. Lam, who is an ultimate beneficial owner of the Underwriter (being a substantial Shareholder), the chairman of the Board and a non-executive Director, is indirectly interested in 35,305,770 Shares through the Underwriter, representing approximately 17.34% of the issued share capital of the Company. Therefore, Dr. Lam, Goodchamp and parties acting in concert with either of them and their associates are required to abstain from voting on the resolution(s) in relation to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver arising from his shareholding in the Underwriter at the SGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

As at the Latest Practicable Date, Goodchamp (being the Underwriter), Dr. Lam and the parties acting in concert with either of them are interested in 35,305,770 Shares, representing approximately 17.34% of the issued share capital of the Company. Assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares and assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and none of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placing Agent, all the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) were subscribed for through the Underwriter up to the Underwritten Shares, Goodchamp, Dr. Lam and parties acting in concert with either of them will be interested in approximately 74.98% of the issued share capital of the Company as enlarged by the issue of the Rights Shares.

Accordingly, Goodchamp would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares and other securities not already owned or agreed to be acquired by it and parties acting in concert with it, unless the Whitewash Waiver is granted.

An application has been made by Goodchamp to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the approval by at least 75% of the votes casted by the Independent Shareholders either in person or by proxy at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the votes casted by the Independent Shareholders either in person or by proxy at the SGM by way of poll in respect of the Rights Issue (including the Underwriting Agreement) and the respective transactions contemplated thereunder.

#### **THE INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee comprising all the non-executive Directors other than Dr. Lam Man Chan (who has direct or indirect interest in the Rights Issue, the Underwriting Agreement and the respective transactions contemplated thereunder as well as the Whitewash Waiver arising from his shareholding in the Underwriter), namely Dr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy, and Ms. Law So Fun, all being independent non-executive Directors, in compliance with Rule 2.8 of the Takeovers Code, has been formed to advise the Independent Shareholders as to whether the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Independent Shareholders as a whole, taking into account our recommendations.

#### **OUR INDEPENDENCE**

We, INCU Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such regard. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We have not acted as a financial adviser and has not provided any other services to the Company during the past two years. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or the Underwriter, Dr. Lam and parties acting in concert with either of them or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the relevant resolutions. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or the Underwriter or any other parties to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver, and accordingly, are eligible to give independent advice and recommendations on the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we are considered eligible to give independent advice in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver to the Independent Board Committee and the Independent Shareholders in accordance with Rule 2.6 of the Takeovers Code.

## **BASIS OF OUR OPINION**

In formulating our opinion and recommendations, we have relied on the statements, information, opinions and representations relating to the operations, financial condition and prospects of the Group contained or referred to in this circular and/or provided to us by the Company and the management of the Group. We have assumed that such information and any representation made to us were true, accurate and complete in all material respects as at the Latest Practicable Date and considered that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in this circular have been arrived at after due and careful consideration and there are no other material facts not contained in this circular, the omission of which would make any such statement made by them that contained in this circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We will notify the shareholders as soon as possible if there is any material change to the statements, information, representations and/or our opinion contained in this letter during the period from the Latest Practicable Date up to the date of the SGM in accordance with Rule 9.1 of the Takeovers Code.

Our review and analyses were based upon, among others, the information provided by the Group including this circular, the Underwriting Agreement, the Placing Agreement and certain published information from the public domain, including but not limited to, the annual report of the Company for the year ended 31 December 2024 (the “**Annual Report 2024**”) and the interim report of the Company for the six months ended 30 June 2025 (the “**Interim Report 2025**”). We have also discussed with the Directors and the management of the Group with respect to the reasons for the Rights Issue, the terms of the Placing Agreement and the Underwriting Agreement, the businesses and outlook of the Group. We have not, however, for the purpose of this exercise, conducted any in-depth independent investigation into the businesses or affairs and future prospects of the Group nor have we carried out any independent verification of the information supplied.

Your attention is drawn to the responsibility statements as set out in the paragraph headed “1. Responsibility statement” under the section headed “General information” in Appendix IV to this Circular. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions and recommendations in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver, we have taken into consideration of the following principal factors and reasons:

### 1. Background and financial information of the Group

#### (a) Background of the Group

The Company is an investment company listed on the Main Board of the Stock Exchange under Chapter 21 of the Listing Rules. It is principally engaged in investment in equity and debt securities of listed and unlisted companies. The primary objective of the Company is to achieve capital appreciation as well as generate income from interests and dividends by investing in listed and unlisted companies in the PRC, Hong Kong and Macau, United States, Asia-Pacific Region and any other appropriate countries and/or capital markets as the Board may direct from time to time. The Company also intends to invest in unlisted companies with the potential to seek a listing on the Stock Exchange or any overseas stock exchanges.

#### (b) Financial performance of the Group

Set out below is a summary of the financial performance of the Group for the financial years ended 31 December 2023 (“FY2023”) and 31 December 2024 (“FY2024”) respectively as extracted from the Annual Report 2024 and the six months ended 30 June 2024 (“HY2024”) and 30 June 2025 (“HY2025”) respectively as extracted from Interim Report 2025:

	<b>FY2023</b> <i>HK\$'000</i> (Audited)	<b>FY2024</b> <i>HK\$'000</i> (Audited)	<b>HY2024</b> <i>HK\$'000</i> (Unaudited)	<b>HY2025</b> <i>HK\$'000</i> (Unaudited)
Revenue – dividend income from financial assets at fair value through profit or loss	220	328	165	147
Loss before taxation	(6,311)	(21,598)	(14,370)	(3,817)
Loss for the year/period attributable to owners of the Company	(6,311)	(21,598)	(14,370)	(3,817)

#### *FY2023 vs FY2024*

According to the Annual Report 2024, the revenue of the Group for FY2023 and FY2024 represented the dividend income from financial assets at fair value through profit or loss ("FVTPL"). As set out in the table above, the revenue of the Group for FY2024 increased by approximately HK\$0.11 million or 50.00% from approximately HK\$0.22 million for FY2023 to approximately HK\$0.33 million for FY2024. Such increase was mainly due to increase in dividend income received from certain investee companies for FY2024.

The Group recorded gross proceeds from disposal of financial assets at FVTPL of approximately HK\$71.53 million for FY2023 and approximately HK\$23.32 million for FY2024. As mentioned in the Annual Report 2024, the decrease in gross proceeds from disposal of financial assets at FVTPL was mainly due to the inactive trading volume of non-constituent stocks, which affected the overall trading volume of the Group.

Due to the net loss on the financial assets at FVTPL of approximately HK\$10.45 million for FY2024 as compared with a net gain on the financial assets at FVTPL of approximately HK\$13.03 million for FY2023, the loss for the year attributable to owners of the Company increased from approximately HK\$6.31 million for FY2023 to approximately HK\$21.60 million for FY2024, representing an increase of approximately HK\$15.29 million or 242.31%.

#### *HY2024 vs HY2025*

The revenue of the Group for HY2024 and HY2025 represented the dividend income from financial assets at FVTPL. The revenue of the Group for HY2025 decreased by approximately HK\$0.02 million or 11.76% from approximately HK\$0.17 million for HY2024 to approximately HK\$0.15 million for HY2025. Such decrease was mainly due to a lower payout from certain investee companies.

The gross proceeds from disposal of financial assets at FVTPL for HY2025 decreased to approximately HK\$3.32 million from approximately HK\$15.89 million for HY2024. As mentioned in the Interim Report 2025, such decrease was mainly due to the inactive trading volume of non-constituent stocks, which affected the overall trading volume of the Group.

Due to the net gain on the financial assets at FVTPL of approximately HK\$2.16 million for HY2025 as compared with a net loss on the financial assets at FVTPL of approximately HK\$8.27 million for HY2024, the loss for the year attributable to owners of the Company decreased from approximately HK\$14.37 million for HY2024 to approximately HK\$3.82 million for HY2025, representing a decrease of approximately HK\$10.55 million or 73.42%.

(c) *Financial position of the Group*

Set out below is the consolidated statement of financial position of the Group as at 31 December 2024 and 30 June 2025 respectively as extracted from the Interim Report 2025:

	As at 31 December 2024 HK\$'000 (Audited)	As at 30 June 2025 HK\$'000 (Unaudited)
<b>Non-current assets</b>		
Property, plant and equipment	7,750	7,481
Financial assets at FVTPL	8,358	8,064
Interest in an associate	—	—
	<hr/> 16,108	<hr/> 15,545
<b>Current assets</b>		
Financial assets at FVTPL	11,707	12,169
Other receivables, prepayments and deposits	1,015	752
Bank and cash balances	4,268	304
	<hr/> 16,990	<hr/> 13,225
<b>Total assets</b>	<b>33,098</b>	<b>28,770</b>
<b>Current liabilities</b>		
Accruals	1,189	725
Secured bank loan	47	—
	<hr/> 1,236	<hr/> 725
<b>Total liabilities</b>	<b>1,236</b>	<b>725</b>
<b>Net current assets</b>	<b>15,754</b>	<b>12,500</b>
<b>Net assets</b>	<b>31,862</b>	<b>28,045</b>

As set out above, the non-current assets and current assets of the Group mainly consist of property, plant and equipment and financial assets at FVTPL. The financial assets held by the Group as at 31 December 2024 and 30 June 2025 included equity securities listed in Hong Kong. The Group did not hold any unlisted securities as at 31 December 2024 and 30 June 2025. The following is the breakdown of the financial assets held by the Group as at 31 December 2024 and 30 June 2025 as extracted from the Interim Report 2025:

	As at 31 December 2024 HK\$'000 (Audited)	As at 30 June 2025 HK\$'000 (Unaudited)
Equity securities listed in Hong Kong at fair value	20,065	20,233
Analysis as:		
Non-current assets	8,358	8,064
Current assets	11,707	12,169
	20,065	20,233

The fair value of the financial assets of the Group in total remained stable in an amount of approximately HK\$20.07 million and HK\$20.23 million as at 31 December 2024 and 30 June 2025, respectively. The unaudited consolidated net asset value per Share of the Company was approximately HK\$0.19 and HK\$0.17 as at 31 December 2024 and 30 June 2025, respectively. The unaudited consolidated net asset value per share of the Company remained stable for the six months ended 31 December 2025, recording the highest of approximately HK\$0.17 per Share as at 31 July 2025 and the lowest of approximately HK\$0.13 per Share as at 31 December 2025.

The bank and cash balances decreased by approximately HK\$3.96 million from approximately HK\$4.27 million as at 31 December 2024 to approximately HK\$304,000 as at 30 June 2025. Such decrease was mainly due to the cash payment for the operating activities of the Group.

The Group had minimal liabilities as at 31 December 2024 and 30 June 2025. The current liabilities of the Group were approximately HK\$1.24 million and HK\$0.73 million as at 31 December 2024 and 30 June 2025 respectively.



## 2. Reasons for and benefits of the Rights Issue and use of proceeds

### *(a) Intended use of proceeds*

As disclosed in the Letter from the Board, the net proceeds of the Rights Issue, assuming full subscription, will be up to approximately HK\$49.24 million (assuming no change in number of Shares in issue on or before Record Date). The Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) approximately 70% (or approximately HK\$34.47 million) for investment in listed securities and unlisted securities, including but not limited to the acquisition of equity interest in the target company engaged in new energy solutions (companies that engaged in principal businesses including but not limited to photovoltaics, renewable energy, hydrogen energy, energy storage, and related innovative fields), AI and digital assets (including but not limited to cryptocurrencies and stablecoins); and
- (ii) approximately 30% (or approximately HK\$14.77 million) for the general working capital of the Group, including the payment for staff costs, professional fees, administrative expenses and other operating expenses.

In the event that there is an undersubscription of the Rights Issue, the use of proceeds raised from the Rights Issue will be allocated on a pro-rata basis for the purposes disclosed above, i.e. (i) approximately 70% of the net proceeds from the Rights Issue will be used for investment in listed securities and unlisted securities, including but not limited to investment prospects in the acquisition of equity interest in the target company engaged in new energy solutions, AI and digital assets; and (ii) approximately 30% of the net proceeds from the Rights Issue will be used for the general working capital of the Group, including the payment for staff cost, professional fees, administrative expenses and other operating expenses.

As disclosed in the Letter from the Board, the Company has identified a potential investment opportunity and entered into a memorandum of understanding (the “MOU”) with the target company in relation to the possible investment of not more than HK\$5,500,000 to acquire equity interest in the target company on 1 September 2025. The target company is a company incorporated in the PRC with limited liabilities. It is mainly engaged in providing high-quality integrated new energy solutions, specializing in the investment, construction and operation of new energy sectors. As at the Latest Practicable Date, save for the MOU as mentioned above, no formal agreement has been entered into in respect of any potential investment. The Board will continue to explore other investment opportunities for the Company, seek to expand the Company’s business. In the implementation of the aforesaid intentions, the Company will ensure compliance with the requirements under Chapter 21 of the Listing Rules (including the restrictions under Rules 21.04(3)(a) and (b) of the Listing Rules).

In respect of the use of proceeds for investment the listed securities and unlisted securities, we have conducted the following researches regarding the new energy and artificial intelligence (“AI”) and digital asset. We have also obtained and reviewed the MOU and profile of the target company.

According to “Energy Transition Investment Trends 2025” published on 30 January 2025 by Bloomberg NEF, a strategic research provider covering global commodity markets and the disruptive technologies driving the transition to a low-carbon economy, global investment in energy transition exceeded US\$2 trillion in 2024, representing an 11% increase from 2023. The Asia Pacific region recorded the fastest growth at 21% year-on-year, reaching over US\$1 trillion in 2024 and accounting for half of the world’s energy transition investment. Mainland China was the primary growth driver, contributing two-thirds of the global increase with investments of US\$818 billion in 2024, more than double that of any other economy. This growth highlights the rising significance of the new energy sector globally, particularly in Mainland China. We believe that investment in the new energy sector aligns with global sustainability trend.

In addition, as discussed with the management of the Company, the Board considered that investment in AI technologies may yield strong returns as the AI industry continues to expand rapidly, driven by increasing demand for automation, efficiency enhancement, and data analysis across various industries. In this regard, we have reviewed “Technology and Innovation Report 2025” published by the United Nations Conference on Trade and Development on 7 April 2025, which indicated that the global AI market is forecasted to grow from US\$189 billion in 2023 to US\$4.8 trillion by 2033. Meanwhile, the Hong Kong Government provided a supportive environment for the market development of digital assets and stablecoin. On 6 June 2025, the Hong Kong Government published the Stablecoin Ordinance (Commencement) Notice in the Gazette, which appointed 1 August 2025 as the commencement date for the Stablecoin Ordinance (Cap. 656). This establishes a supervisory regime for stablecoin-related activities and introduces a licensing framework for regulated stablecoin activities in Hong Kong. As such, it is expected that there will be increased capital inflows into regulated platforms, tokenisation infrastructure and associated listed or unlisted securities. We believe this presents an opportunity for the Company to expand its investment portfolio in AI and digital asset-related sectors, aligning with ongoing growth trends. As at the Latest Practicable Date, the Group did not have any investments in AI and digital asset-related sectors.

In respect of the use of proceeds for the general working capital, we have also obtained and reviewed the information provided by the management of the Company, we note that the Company would allocate the proceeds from the Rights Issue of approximately HK\$14.77 million for payment for staff costs, professional fees, administrative expenses and other operating expenses for around twelve months. According to the Annual Report 2024, the total amount of the administrative expenses and other operating expense were approximately HK\$19.58 million and HK\$11.76 million for FY2023 and FY2024 respectively. Meanwhile, the bank and cash balances was only approximately HK\$304,000 as at 30 June 2025 as stated in the Interim Report 2025. We note that the Company had conducted fund raising through placing of new shares under general mandate in October 2025 and the net proceeds of approximately HK\$3.61 million has already been fully utilised as to approximately HK\$2.00 million for investment in listed securities and approximately HK\$1.61 million for general working capital. As such, we consider that the net proceeds from the Rights Issue can support its ongoing operational needs, improve the Group’s cash position and seize suitable investment opportunities. In the event that there is an undersubscription of the Rights Issue, the proceeds for the general working capital will be reduced accordingly on a pro-rata basis.

We understand that the Company, as an investment company under Chapter 21 of the Listing Rules, requires sufficient liquidity to pursue its investment strategies and support its future growth. As discussed in the section headed “1. Background and financial information of the Group – (c) Financial position of the Group” above in this letter, the Group only had bank and cash balances of approximately HK\$304,000 as at 30 June 2025. We also reviewed the working capital forecast of the Group for the next twelve months prepared by the management of the Company for the period covering at least 12 months from the date of this circular and the comfort letter in relation to working capital sufficiency from the auditor of the Company as discussed in section headed “4. Sufficiency of working capital” in Appendix I to this circular, we concur with the view of the Directors that the Group would have sufficient working capital for its present requirements and for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances, after taking into account the minimum net proceeds from the Rights Issue (assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and none of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placing Agent), the existing cash and bank balances, other internal financial resources available to the Group (including internally generated funds). In light of the Group’s limited liquidity, we consider the Rights Issue can strengthen the capital base of the Company, ensuring sufficient funds are readily available to seize investment opportunities and execute its investment strategy, and replenish its working capital for its operation.

After considering (i) the business nature and investment objective of the Company; (ii) the Group’s latest cash level; (iii) loss-making performance of the Group for FY2023, FY2024, HY2024 and HY2025; and (iv) the funding needs for the investment in listed and unlisted companies to seize suitable investment opportunities; and (iv) the use of proceeds for the general working capital of the Group, we consider that the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole.

***(b) Alternative sources of financing***

We have discussed with the management of the Company that the Board has considered the pros and cons of alternative fund-raising methods, including but not limited to the disposal of the Group’s existing listed securities investments, debt financing and equity financing such as the placing of new Shares and open offer, before resolving to the Rights Issue, which are summarized as follows:

In respect of the disposal of the Group’s existing listed securities investments, as per our discussion with the management of the Company, the Company has, as and when necessary, disposed of certain listed securities during the year according to its investment policies and when the realisation would be in the best interests of the Group. The Board considers that certain investments have growth potential to achieve higher capital appreciation, and are capable of generating interest and dividends income, and therefore should be retained until they reach their targeted value. The Group’s investment portfolio had a fair value of approximately HK\$20.23 million as at 30 June 2025, even if the Company sells the entire investment portfolio of the Company, it would not be sufficient to meet the targeted net proceeds of the Rights Issue (approximately HK\$49.24 million) and might lead to a loss for the Group at present. Therefore, we agree with the Directors’ view that divestment of all existing investments to meet the proposed funding needs is not in the best interests of the Company and its Shareholders.

In respect of debt financing, the Board considered that debt financing will result in additional interest burden, higher gearing ratio of the Group and may not be achievable on favourable terms in a timely manner. We consider that debt financing from financial institutions is not in the interests of the Company as it will increase the gearing of the Group and result in additional interest burden. Based on our analysis on the financial information of the Group as discussed in the section headed “1. Background and financial information of the Group” above, the Group has recorded losses for FY2023, FY2024, HY2024 and HY2025, additional requirements with asset pledging may be required by financial institutions. However, majority of the Company’s assets consists of securities, which are revenue-generating assets of the Company and the Company will not consider to pledge its investment securities as collateral. As per our discussion with the management of the Company, the Company considers it is prudent to support the Group’s long-term growth through long-term financing, preferably in the form of equity, as this would not result in an increase in the Group’s financing costs.

In respect of equity financing, we note that the Group had conducted fund raising through placing of new shares under general mandate in October 2025 and the proceeds has already been fully utilised for investment in listed securities and general working capital. Placing of new Shares would be less favourable as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. As for open offer, although it is similar to the Rights Issue, it does not allow the trading of rights entitlements. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). The Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market. Therefore, the Board considered that the Rights Issue would be more preferable to an open offer as it offers the Qualifying Shareholders an option to sell their entitlement rights. Accordingly, after discussing with the management of the Company and after considering the advantages of flexibility of the Rights Issue, we concur with the Directors’ view that fund-raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

In light of the above, we consider that the Rights Issue is most appropriate fund raising method available to the Company and it is in the interests of the Company and the Independent Shareholders as a whole to proceed with the Rights Issue.

### 3. Principal terms of the Rights Issue

#### (a) *Terms of the Rights Issue*

Set out below is the summary of the principal terms of the Rights Issue, further details of which are set out in the Letter from the Board:

##### *Rights Issue statistics*

Basis of the Rights Issue	: Five (5) Rights Shares for every two (2) Shares held on the Record Date
Subscription Price	: HK\$0.102 per Rights Share
Number of Existing Shares in issue at the Latest Practicable Date	: 203,643,187 Shares
Number of Rights Shares:	: up to 509,107,967 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Nominal value of the Rights Shares	: Up to HK\$5,091,079.67 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	: 712,751,154 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue	: approximately HK\$51.93 million before expenses (assuming full subscription under the Rights Issue and assuming no change in number of Shares in issue on or before the Record Date)
Net proceeds from the Rights Issue	: approximately HK\$49.24 million after expenses (assuming full subscription under the Rights Issue and assuming no change in number of Shares in issue on or before the Record Date)

Net price (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	: approximately HK\$0.0967 per Rights Share (assuming full subscription under the Rights Issue and no change in the number of Shares)
Rights of excess application	: There will be no excess application arrangements in relation to the Rights Issue
Compensatory arrangements	: Any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) will be placed to the Independent Placess on a best effort basis under the Compensatory Arrangements.  Any Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) which are not placed under the Compensatory Arrangements will be underwritten by Goodchamp up to 381,000,000 Rights Shares.
Number of Underwritten Shares	: Up to 381,000,000 Rights Shares, representing approximately 74.84% of the total Rights Shares, to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

As at the Latest Practicable Date, the Group has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible into or giving rights to subscribe for, convert or exchange into any Shares.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 509,107,967 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) 250% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) 71.43% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

**(b) Terms of the Placing Agreement**

Set out below is the summary of the principal terms of the Placing Agreement:

Date	: 19 December 2025 (after trading hours of the Stock Exchange)
Issuer	: The Company

- Placing Agent : Kingston Securities Limited, a corporation licensed to engage in Type 1 (dealing in securities) regulated activity under the SFO, was appointed as the Placing Agent to procure, on a best effort basis, placees to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares during the Placing Period.
- The Placing Agent has confirmed that it is the Independent Third Party, and not acting in concert with, Goodchamp (being the Underwriter, and/or Dr. Lam and parties acting in concert with either of them.
- Placing Period : The period commencing from Tuesday, 10 March 2026 and ending at 4:00 p.m. on Monday, 16 March 2026
- Commission and expenses : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong Dollars, of 2.5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and ES Unsold Rights Shares (if any) that have been successfully placed by the Placing Agent and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement. Assuming none of the Qualifying Shareholders has taken up their entitled Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and all Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placed Agent, the total placing commission will be approximately HK\$1.07 million in cash to be deducted from the gross proceeds of the Rights Issue.
- Placing price of the Unsubscribed Rights Shares and the ES Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) shall be not less than the Subscription Price.

The final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) during the process of placement.

Placees : The Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) are expected to be placed to the Independent Placee(s).

The Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing. The Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Rights Issue. The Placing Agent shall also ensure the Placing will not result in the Company incapable of complying with the Public Float Requirements immediately following the Placing.

Ranking of the placed Unsubscribed Rights Shares and ES Unsold Rights Shares : The placed Unsubscribed Rights Shares and ES Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank pari passu in all respects among themselves and with the Shares in issue as at the date of completion of the Rights Issue.

For details of the terms and conditions of the Placing Agreement, please refer to the section headed “Placing Agreement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares” in the Letter from the Board.

As stated in the Letter from the Board, the terms of the Placing Agreement (including the placing commission thereof) were determined after arm’s length negotiation between the Company and the Placing Agent with reference to the size of the Rights Issue and the prevailing market rate of commission and are on normal commercial terms. The Board consider that the terms of the Placing Agreement are fair and reasonable. In order to assess the fairness and reasonableness of the placing commission rate in the Placing Agreement, we have compared the placing commission rate in the Placing Agreement with the placing commission rates provided by the placing agents of recent rights issue transactions, which the details are set out in the sub-section headed “(i) Placing commission rate in the Placing Agreement” below in this letter.



(c) *Terms of the Underwriting Agreement*

Set out below is the summary of the principal terms of the Underwriting Agreement:

Date	:	19 December 2025 (after trading hours of the Stock Exchange)
Parties	:	(i) the Company; and (ii) Goodchamp as the Underwriter
Underwriter	:	Goodchamp, which is a substantial Shareholder interested in 35,305,770 Shares, representing approximately 17.34% of the issued share capital of the Company as at the Latest Practicable Date, and is ultimately owned by Dr. Lam (who is the chairman of the Board and a non-executive Director as at the Latest Practicable Date). Therefore, the Underwriter and Dr. Lam are connected persons of the Company according to Chapter 14A of the Listing Rules.  The Underwriter is not in the ordinary course of business to underwrite securities and confirms that it has complied with Rule 7.19(1)(b) of the Listing Rules.  The Underwriter shall ensure the underwriting will not result in the Company incapable of complying with the Public Float Requirements immediately following the Placing and the underwriting.
Number of Rights Shares to be underwritten by the Underwriter	:	Up to 381,000,000 Rights Shares (being all the Underwritten Shares excluding the 88,264,425 Shares under the Irrevocable Undertaking), being approximately 74.84% of the total Rights Shares.
Underwriting commission	:	The Underwriter will not receive any underwriting commission.

For details of the terms and conditions of the Underwriting Agreement, please refer to the section headed “The Underwriting Agreement” in the Letter from the Board.

As stated in the Letter from the Board, the terms of the Underwriting Agreement were determined after arm's length negotiations between the parties, taking into account the financial position of the Group, the size of the Rights Issue, the current and expected market conditions and the prevailing market rates of underwriting commission.

In order to assess the fairness and reasonableness of the underwriting commission rate in the Underwriting Agreement, we have compared the underwriting commission rate in the Underwriting Agreement with the underwriting commission rates provided by the underwriters of recent rights issue transactions, which the details are set out in the sub-section headed "(j) Underwriting commission rate in the Underwriting Agreement" below in this letter.

***(d) Analysis on the Subscription Price***

The Subscription Price is HK\$0.102 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 25.00% to the closing price of HK\$0.1360 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 26.62% to the closing price of HK\$0.1390 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 30.80% to the average closing price of approximately HK\$0.1474 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 31.08% to the average closing price of approximately HK\$0.1480 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 9.41% to the theoretical ex-rights price of approximately HK\$0.1126 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.1390 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 22.73% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.1156 per Share and the benchmarked price of approximately HK\$0.1496 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.1390 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.1496 per Share);

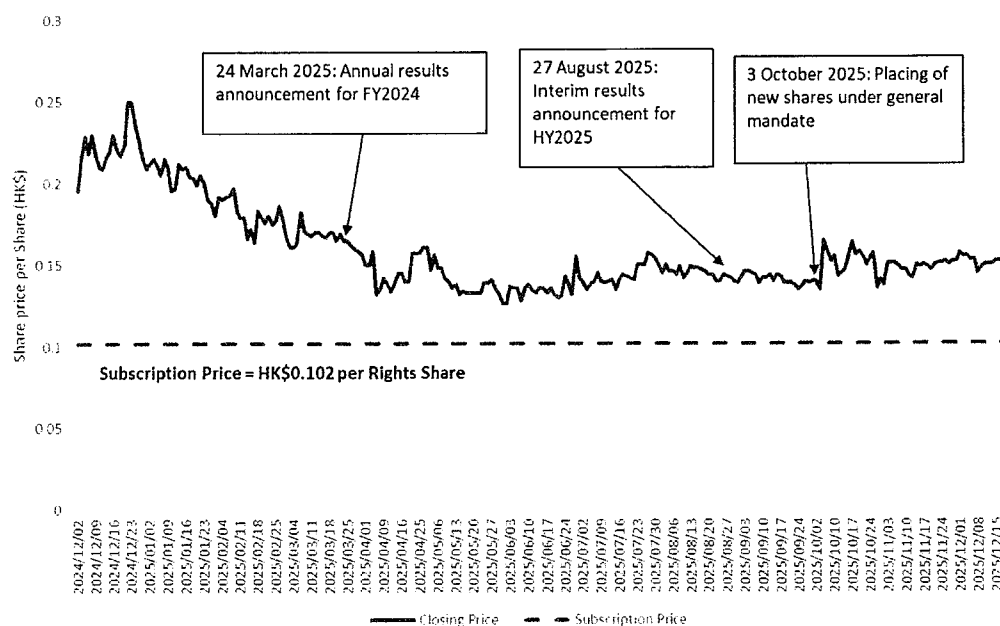
- (vii) a discount of approximately 46.32% to the Group's audited consolidated net assets attributable to the Shareholders per Share of approximately HK\$0.19 as at 31 December 2024 (based on a total of 169,707,187 Shares as at the 31 December 2024 and the Group's audited consolidated total equity attributable to owners of the Company of approximately HK\$31,862,000 as at 31 December 2024);
- (viii) a discount of approximately 21.54% to the unaudited consolidated net asset value per Share of approximately HK\$0.13 as at 31 December 2025 as disclosed in the Company's announcement dated 15 January 2026 as required under the Listing Rules, calculated based on the Group's unaudited consolidated net assets value attributable to owners of the Company of approximately HK\$27,156,000 and 203,643,187 Shares in issue as at 31 December 2025); and
- (ix) a discount of approximately 27.14% to the unaudited adjusted consolidated net asset value per Share of approximately HK\$0.14 (calculated based on the Company's unaudited adjusted consolidated net asset value attributable to owners of the Company of approximately HK\$27,743,000 as at 31 December 2025 (the "**Adjusted NAV**") and 203,643,187 Shares in issue as at 31 December 2025. The Adjusted NAV is calculated based on the Group's unaudited consolidated net assets value attributable to owners of the Company of approximately HK\$27,156,000 as at 31 December 2025, plus the net difference (i.e. approximately HK\$587,000) between the unaudited book value of the properties of the Group as at 31 December 2025 (i.e. approximately HK\$7,203,000) and market value (i.e. approximately HK\$7,790,000) of the properties of the Group as at 30 November 2025 as set out in the valuation report under Appendix III of this circular).

The Subscription Price was determined by the Company with reference to, among others, (i) recent closing prices of the Shares under prevailing market conditions; (ii) recent liquidity of the Shares; (iii) current business performance and financial position of the Group; and (vi) the reasons as discussed in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" in the Circular.

**(e) Comparison with adjusted historical closing prices of the Shares**

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the closing prices of the Shares from 1 December 2024 to the Last Trading Day (the "**Share Price Review Period**") (being a period of approximately 12 months prior to and including the Last Trading Day) and compared with the Subscription Price. We consider that the Share Price Review Period is a reasonably long period covering the annual operating cycle of the Company for analysis purpose to illustrate the general trend and level of movement of the adjusted closing price of the Shares and thus the Share Price Review Period is fair and representative to reflect the market assessment on the financial performance of the Group and the general market sentiment.

Chart 1: Historical closing prices of the Shares



Source: website of the Stock Exchange

As shown in Chart 1, the closing price of the Shares fluctuated during the Share Price Review Period from the highest closing price of HK\$0.250 per Share on 20 December 2024 and 23 December 2024 to the lowest closing price of HK\$0.126 per Share on 30 May 2025 and 2 June 2025, which represents a decrease of approximately 49.6% from the highest closing price of the Shares. The average closing price over the Share Price Review Period is approximately HK\$0.159 per Share.

The Subscription Price of HK\$0.102 represents (i) a discount of approximately 59.2% to the highest closing price of HK\$0.250 per Share; (ii) a discount of approximately 19.0% to the lowest closing price of HK\$0.126 per Share; and (iii) a discount of approximately 35.8% to the average closing price of HK\$0.159 per Share over the Share Price Review Period. Although the Subscription Price is out of range of the closing price of the Shares during the Share Price Review Period as mentioned above, after considering that (i) the closing price of the Shares fluctuated during the Share Price Review Period; (ii) the low liquidity of the Shares as discussed in sub-section headed “(f) Historical trading liquidity of the Shares” below; (iii) the funding needs as discussed in the section headed “2. Reasons for and benefits of the Rights Issue and use of proceeds” above; and (iv) the Subscription Price is within the range in the comparable analysis as discussed in the sub-section headed “(g) Comparison with recent rights issue exercises” below; and (v) it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant shares to attract the shareholders to participate in the rights issue, we consider that the discount of the Subscription Price is fair and reasonable and the Rights Issue is in the interests of the Company and the Shareholders as a whole.

(f) *Historical trading liquidity of the Shares*

Month	Number of trading days (days)	Average daily trading volume of Shares during the months/periods	% of average daily turnover over total number of Shares in issue (Note 1)	% of average daily trading volume to total issued Shares held by public Shareholders (Note 2)
<b>2024</b>				
December	20	2,341,505	1.380%	1.742%
<b>2025</b>				
January	19	6,177,041	3.640%	4.596%
February	20	10,456,335	6.161%	7.780%
March	21	4,052,063	2.388%	3.015%
April	19	235,558	0.139%	0.175%
May	20	2,217,161	1.306%	1.650%
June	21	1,263,638	0.745%	0.940%
July	22	503,727	0.297%	0.375%
August	21	323,798	0.191%	0.241%
September	22	165,000	0.097%	0.123%
October	20	1,811,555	0.890%	1.076%
November	20	295,159	0.145%	0.175%
1 December to Last Trading Day	15	204,920	0.101%	0.122%
<b>Total</b>	<b>260</b>			

Source: website of the Stock Exchange

Note 1: Calculated based on the total number of the Shares at the end of each month/period.

Note 2: Calculated based on the total number of the Shares in public hands at the end of each month/period.

As demonstrated in the table above, the average daily trading volume of the Shares during the Share Price Review Period ranged from approximately 0.097% to 6.161% of the number of Shares in issue as at the end of relevant month. The average daily trading volume of the Shares during the Share Price Review Period ranged from approximately 0.122% to 7.780% of the number of Shares held by public Shareholders.

We note that as compared to the second half of 2025, there were relatively high average daily trading volumes of Shares in December 2024, January, February, March and May 2025. On 13 December 2024, the Company announced that the Company has completed a placing of new shares under general mandate. On 22 January 2025, the Company announced that the Company has disposed listed securities which constitutes a major transaction of the Company. On 28 February 2025 and 24 March 2025, the Company announced a profit warning announcement in relation to estimated increase in net loss for FY2024 and an annual results announcement for FY2024, respectively. Save for disclosed as above, we are advised that the Directors were not aware of the

reasons for the relatively high trading volumes in December 2024, January, February, March and May 2025.

Although the average daily trading volumes of the Shares were relatively high in the first half of 2025, we note that the average daily trading volume of the Shares in the second half of 2025 declined and fell to below 0.9% (except for October 2025 which might have been affected by, among others, the announcement in relation to the placing of new shares under general mandate announced by the Company on 3 October 2025) and reached to the lowest point of approximately 0.097% in September 2025.

Given the decreasing trading volume and the fluctuated closing price of the Shares during the Share Price Review Period, we consider that it is reasonable for the Subscription Price to be set at a discount to the historical closing prices of the Shares in order to attract the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholdings in the Company.

*(g) Comparison with recent rights issue exercises*

In order to further assess the fairness and reasonableness of the terms of the Rights Issue, we have identified an exhaustive list of 27 rights issue transactions (including but not limited to a transaction involving an application for whitewash waiver) (the “**Comparables**”) announced by other companies listed on the Stock Exchange during the period from 1 September 2025 to the Last Trading Day (the “**Comparable Review Period**”), excluding those rights issue transactions that have been terminated as at the Latest Practicable Date or were proposed by companies, which the shares were in prolonged suspension on the date of the relevant announcement. Although the Comparables include rights issue in different basis, engaged in different business or have different financial performance and funding needs from the Company, having considered that (i) all of the Comparables and the Company are listed on the Stock Exchange; (ii) our analysis is mainly focus on the principal terms of the rights issue and we are not aware of any established evidence showing any correlation between the entitlement basis of the rights issue and its underlying principal terms; (iii) including transactions conducted by the Comparables with different funding needs and business represent a more comprehensive overall market sentiment in our comparable analysis; (iv) an approximately three months period for the selection of the Comparables has generated a reasonable samples size to reflect the market practice regarding rights issue in the recent period; and (v) the Comparables were included without any artificial selection or filtering on our part so the Comparables represent a true and fair view of the recent market trends for similar rights issue transactions conducted by other issuers listed on the Stock Exchange, we consider that the list of Comparables are fair and representative samples. Although only one comparable (Fire Rock Holdings Limited) involved an application for a whitewash waiver, we consider that the terms of the rights issue depend on various factors, including funding needs and use of proceeds, the discounts to share price and the recent market condition, regardless of whether or not such rights issue transaction has involved any application for whitewash waiver. We are of the view that the Comparables as selected by the above criteria can provide a general reference to the pricing trend of recent rights issue transactions under the current market conditions. In addition, we consider that the Comparable Review Period is adequate and fair and representative given that (a) such period would provide us with the recent and relevant information in relation to the rights issue to demonstrate the prevailing market practices prior to the Last Trading Day under the prevailing market conditions; and (b) we are able to identify sufficient number of samples of 27 representative Comparables that meet the aforesaid criteria for comparison analysis in such period.

Date of announcement	Stock code	Company name	Basis of entitlement	Premium/ (discount) of the subscription price over/to the closing price on the last trading day as stated in the relevant announcement	Premium/ (discount) of the subscription price to the theoretical ex-rights price	Premium/ (discount) of the subscription price over/to the consolidated net asset value per share (Note 1)	Theoretical dilution effect (Note 2)	Excess application (Yes/No)	Placing commission	Underwriting arrangement	Underwriting commission	Maximum dilution on the shareholding (Approx. %)	Whitewash waiver application (Yes/No)
12 December 2025	1591	Shun Wo Group Holdings Limited	1 for 3	(6.70)%	(5.08)%	(54.80)%	1.67%	Yes	N/A	No	N/A	25.00%	No
11 December 2025	1894	Hang Yick Holdings Company Limited	4 for 1	(28.13)%	(7.26)%	(84.67)%	22.50%	No	1.00%	No	N/A	80.00%	No
21 November 2025	727	Crown International Corporation Limited	3 for 1	(19.75)%	(5.80)%	(44.85)%	19.53%	Yes	N/A	No	N/A	75.00%	No
19 November 2025	471	SILKWAVE INC	3 for 1	(31.06)%	(10.13)%	(62.81)%	24.51%	Yes	N/A	No	N/A	75.00%	No
12 November 2025	442	Domaine Power Holdings Limited	1 for 2	(17.44)%	(12.35)%	65.12%	5.81%	Yes	N/A	No	N/A	33.33%	No
6 November 2025	8238	Winto Group (Holdings) Limited	3 for 1	(6.98)%	(1.96)%	(52.23)%	5.12%	No	3.00%	No	N/A	75.00%	No
4 November 2025	8283	Zhongshi Minan Holdings Limited	5 for 1	(23.91)%	(4.89)%	(64.68)%	21.67%	No	2.50%	No	N/A	83.33%	No
2 November 2025	1025	KNT Holdings Limited	1 for 1	(9.09)%	(4.76)%	48.15%	9.39%	No	3.00%	No	N/A	50.00%	No
24 October 2025	1029	IRC Limited	1 for 2	(16.39)%	(12.17)%	(61.10)%	9.76%	No	HK\$85,000 or 1.25%, with a minimum fee HK\$15,000	No	N/A	33.33%	No
24 October 2025	482	Sandmartin International Holdings Limited	1 for 1	2.70%	(6.37)%	N/A (Note 3)	5.99%	Yes	N/A	No	N/A	50.00%	No

Date of announcement	Stock code	Company name	Basis of entitlement	Premium/ (discount) of the subscription price over/to the closing price on the last trading day as stated in the relevant announcement	Premium/ (discount) of the subscription price to the theoretical ex-rights price	Premium/ (discount) of the subscription price over/to the consolidated net asset value per share (Note 1)	Theoretical dilution effect (Note 2)	Excess application (Yes/No)	Placing commission	Underwriting arrangement	Underwriting commission	Maximum dilution on the shareholding (Approx. %)	Whitewash waiver application (Yes/No)
24 October 2025	8153	Jiading International Group Holdings Limited	1 for 2	(38.78)%	(29.69)%	(78.26)%	12.93%	No	2.00%	No	N/A	33.33%	No
22 October 2025	122	Crocodile Garments Limited	1 for 2	(22.68)%	(16.34)%	(92.46)%	7.56%	Yes	N/A	No	N/A	33.33%	No
17 October 2025	8612	World Super Holdings Limited	3 for 1	23.46%	5.26%	669.23% (Note 4)	0.00%	No	2.50%	No	N/A	75.00%	No
15 October 2025	1613	Synterone Communication Corporation	2 for 1	(35.71)%	(15.63)%	(43.75)%	23.81%	No	1.00%	No	N/A	66.67%	No
15 October 2025	209	Winshine Science Company Limited	7 for 1	(23.50)%	(4.10)%	N/A (Note 3)	21.10%	Yes	N/A	Fully underwritten	2.50%	87.50%	No
9 October 2025	8431	Hao Bai International (Cayman) Limited	4 for 1	(19.23)%	(4.55)%	59.09%	23.24%	No	1.50%	No	N/A	80.00%	No
9 October 2025	145	CCIAM Future Energy Limited	1 for 2	(18.62)%	(13.07)%	(6.13)%	6.63%	No	HK\$100,000	No	N/A	33.33%	No
5 October 2025	1909	Fire Rock Holdings Limited	1 for 2	(20.20)%	(14.59)%	195.74% (Note 4)	9.13%	No	HK\$100,000	Non-fully	0.00%	33.33%	Yes
3 October 2025	1680	Macau Legend Development Limited	1 for 2	(45.45)%	(36.17)%	(88.46)%	15.79%	Yes	N/A	Fully underwritten	3.00%	33.33%	No
2 October 2025	80	China New Economy Fund Limited	1 for 2	(29.29)%	(21.70)%	775.00% (Note 4)	9.70%	Yes	N/A	No	N/A	33.33%	No



Date of announcement	Stock code	Company name	Basis of entitlement	Premium/ (discount) of the subscription price over/to the closing price on the last trading day as stated in the relevant announcement	Premium/ (discount) of the subscription price to the theoretical ex-rights price	Premium/ (discount) of the subscription price over/to the consolidated net asset value per share (Note 1)	Theoretical dilution effect (Note 2)	Excess application (Yes/No)	Placing commission	Underwriting arrangement	Underwriting commission	Maximum dilution on the shareholding (Approx. %)	Whitewash waiver application (Yes/No)
26 September 2025	765	Perfectech International Holdings Limited	1 for 2	(18.06)%	(12.72)%	152.14% (Note 4)	6.99%	Yes	N/A	No	N/A	33.33%	No
22 September 2025	8282	Gameone Holdings Limited	1 for 2	1.69%	1.12%	(3.23)%	0.55%	Yes	N/A	Non-fully	0.50%	33.33%	No
19 September 2025	6978	Immunotech Biopharm Ltd	1 for 5	(47.70)%	(43.18)%	N/A (Note 3)	8.05%	Yes	N/A	Non-fully	1.45%	16.67%	No
15 September 2025	899	Zhong Jia Guo Xin Holdings Company Limited	2 for 1	(33.64)%	(14.45)%	(97.87)%	24.78%	No	5.00%	No	N/A	66.67%	No
10 September 2025	48	China Automotive Interior Decoration Holdings Limited	3 for 2	(29.73)%	(14.47)%	(88.13)%	17.84%	No	1.50%	Fully underwritten	4.50%	60.00%	No
4 September 2025	8341	Aeso Holding Limited	2 for 1	(25.70)%	(10.35)%	(83.00)%	17.12%	No	2.50%	No	N/A	66.67%	No
4 September 2025	6696	Many Idea Cloud Holdings Limited	6 for 1	(22.08)%	(4.94)%	(90.53)%	20.63%	No	0.20%	No	N/A	85.71%	No
			Maximum	23.46%	5.26%	65.12%	24.78%				4.50%	87.50%	
			Minimum	(47.70)%	(43.18)%	(97.87)%	0.00%				0.00%	16.67%	
			Average	(20.81)%	(11.86)%	(46.23)%	13.03%				1.99%	53.76%	
			Median	(22.08)%	(10.35)%	(61.96)%	9.76%				1.98%	50.00%	
19 December 2025	810	The Company	5 for 2	(26.62)%	(9.41)%	(27.14)%	22.73%	No	2.50%	Non-fully	0.00%	71.43%	Yes

Source: website of the Stock Exchange

- Note 1: The net asset value per share was extracted from the relevant announcement or circular of the Comparables, where such information is not available from the above published sources, computed based on the reported net asset value as shown in the latest interim results or annual results of the Comparables divided by the number of issued shares as at the date of the relevant announcement of the Comparables.*
- Note 2: The theoretical dilution effect is calculated in according to Rule 10.44A of the Rules Governing of the Listing of Securities on GEM or Rule 7.27B of the Listing Rules.*
- Note 3: It is not applicable due to the net liabilities position in the relevant public financial results.*
- Note 4: The premium of the subscription price over the net asset value per share of this comparable is exceptionally high and considered an outlier.*

There are 24 out of 27 Comparables that the pricing of a rights issue represents a discount to the closing share prices on the last trading day and 25 out of 27 Comparables that the pricing of a rights issue represents a discount to the theoretical ex-entitlement prices of the shares. Except for three Comparables that were in net liabilities position, there are 17 out of 24 Comparables that the pricing of a rights issue represents a discount to the consolidated net asset value per share. It is a common market practice to set the subscription price of a rights issue at a discount to the closing share prices on the last trading day and the theoretical ex-entitlement prices in order to enhance the attractiveness of the rights issue for encouraging qualifying shareholders to participate in the rights issue.

The subscription prices of the Comparables:

- (i) ranged from a discount of approximately 47.70% to a premium of approximately 23.46% (the “**Last Trading Day Range**”), with a median of a discount of approximately 22.08% and an average of a discount of approximately 20.81% (the “**Last Trading Day Average Discount**”) to their respective closing prices per share on the last trading day as stated in the relevant announcements of the Comparables;
- (ii) ranged from a discount of approximately 43.18% to a premium of approximately 5.26% (the “**Theoretical Ex-Rights Price Range**”), with a median of a discount of approximately 10.35% and an average of a discount of approximately 11.86% (the “**Theoretical Ex-Rights Price Average Discount**”) for their respective average theoretical ex-rights prices per share based on the closing prices on the last trading day as stated in the relevant announcements of the Comparables; and
- (iii) ranged from a discount of approximately 97.87% to a premium of approximately 65.12% (together, the “**NAV Range**”), with a median of a discount of approximately 61.96% and an average of a discount of approximately 46.23% (the “**NAV Average Discount**”) for their respective subscription price to the net asset value per share of the Comparables.

As stated in the Letter from the Board, the Subscription Price of HK\$0.102 per Rights Share represents (i) a discount of approximately 26.62% to the closing price on the Last Trading Day (the “**Last Trading Day Discount**”); (ii) a discount of approximately 9.41% to the theoretical ex-rights price (the “**Theoretical Ex-Rights Price Discount**”); and (iii) a discount of approximately 27.14% to the unaudited adjusted consolidated net asset value per Share (the “**NAV Discount**”).

We note that, each of the Last Trading Day Discount, Theoretical Ex-Rights Price Discount and NAV Discount is within the Last Trading Day Range, the Theoretical Ex-Rights Price Range and the NAV Range respectively. The Theoretical Ex-Rights Price Discount and the NAV Discount are lower than the Theoretical Ex-Rights Price Range and the NAV Range. The theoretical dilution effect of the Comparables ranged from discount of approximately 24.78% to nil, which the theoretical dilution effect of the Rights Issue is within the range of the Comparables.

Having considered that (i) a discount to the prevailing historical closing prices of the Shares may attract the Qualifying Shareholders to participate in the Rights Issue; (ii) the Last Trading Day Discount, Theoretical Ex-Rights Price Discount and the NAV Discount is within the Last Trading Day Range, Theoretical Ex-Rights Price Range and NAV Range, respectively; and (iii) the theoretical dilution effect of the Rights Issue is within range of the Comparables and does not result in a theoretical dilution effect of 25% or more, which is in compliance with Rule 7.27B of the Listing Rules, we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Shareholders as a whole.

***(h) Excess application and Compensatory Arrangements***

As set out in table under the sub-section headed “(g) Comparison with recent rights issue exercises” above, 15 out of 27 of the Comparables do not have the arrangement for excess application for the qualifying shareholders and had the placing and compensatory arrangements. Since there is no excess application arrangement for the Rights Issue, the Company has arranged the Compensatory Arrangements for the Unsubscribed Rights Shares and the ES Unsold Rights Shares, which are in full compliance with Rule 7.21(1)(b) of the Listing Rules.

***(i) Placing commission rate in the Placing Agreement***

With reference to the Letter from the Board, the terms of the Placing Agreement, including the commission payable, were determined after arm’s length negotiation between the Company and the Placing Agent with reference to the size of the Rights Issue and the prevailing market rate of commission and are on normal commercial terms.

As set out in table under the sub-section headed “(g) Comparison with recent rights issue exercises” above, we note that the placing commission rate of 2.5% under the Placing Agreement is within the range of the placing commission rates provided by the placing agents of the Comparables, which was ranged from 0.20% to 5.00% of the fund raised. We also note that some of the placing agents of the Comparables would require a minimum fixed fee ranged from HK\$15,000 to HK\$100,000, which was not required in the Placing Agreement. Accordingly, we consider that the placing commission rate in the Placing Agreement is fair and reasonable.

Taking into account the above principal terms of the Rights Issue and the Placing Agreement, we consider that the terms of the Rights Issue and the Placing Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

**(j) Underwriting commission rate in the Underwriting Agreement**

With reference to the Letter from the Board, the terms of the Underwriting Agreement, including the underwriting commission were determined after arm's length negotiations between the parties, taking into account the financial position of the Group, the size of the Rights Issue, the current and expected market conditions and the prevailing market rates of underwriting commission.

Pursuant to the Underwriting Agreement, the Underwriter will not receive any underwriting commission. From the comparison with recent rights issue exercises, where the selection criteria were set as the same under the comparable analysis under the sub-section headed "(f) Comparison with recent rights issue exercises" above, we note that the underwriting commission received by the underwriters of the Comparables ranged from nil to 4.50%. Among these comparables, one underwriter is a connected person and did not receive underwriting commission, which is common for connected transaction under the underwriting agreement. We consider that zero-commission arrangement under the Underwriting Agreement can save transaction cost and is in the interest of the Company.

Pursuant to the Irrevocable Undertaking, each of Goodchamp and its ultimate beneficial owner, Dr. Lam has given an irrevocable undertaking in favour of the Company, among other things, that (i) Goodchamp will, and Dr. Lam will procure Goodchamp to, subscribe for 88,264,425 Rights Shares which comprise the full acceptance of Goodchamp's provisional entitlement in respect of the 35,305,770 Shares held by it; (ii) Goodchamp will not, and Dr. Lam will procure Goodchamp not to, dispose of any of the 35,305,770 Shares comprising the current shareholding in the Company owned by them and such Shares will remain wholly and beneficially owned by them up to and including the Record Date; and (iii) Goodchamp will, and Dr. Lam will procure Goodchamp to, lodge the acceptance of the 88,264,425 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents. We consider that Irrevocable Undertaking indicate Goodchamp's support for the Rights Issue and the Group's business development.

Taking into account the above principal terms of the Underwriting Agreement, we consider that the terms of the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

**4. Dilution effect of the Rights Issue on the shareholding of the Company**

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance by all Shareholders; (iii) immediately upon completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and all the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placing Agent; and (iv) immediately upon completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and none of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placing Agent, all the Unsubscribed Rights Shares and the ES Unsold Rights Shares were subscribed for through the Underwriter up to the Underwritten Shares:

	(i) As at the Latest Practicable Date		(ii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		(iii) Immediately upon completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and all the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placing Agent		(iv) Immediately upon completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any of their entitlements under the Rights Issue (other than those subscriptions pursuant to the Irrevocable Undertaking and none of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placing Agent), all the Unsubscribed Rights Shares were subscribed for through the Underwriter up to the Underwritten Shares	
	No. of Shares	Approximate % of total no. of Shares in issue	No. of Shares	Approximate % of total no. of Shares in issue	No. of Shares	Approximate % of total no. of Shares in issue	No. of Shares	Approximate % of total no. of Shares in issue
<b>Shareholders</b>								
Goodchamp, Dr. Lam and parties acting in concert with either of them (Note 1)	35,305,770	17.34	123,570,195	17.34	123,570,195	17.34	504,570,195 (Note 2)	74.98
The Independent Placees	-	-	-	-	420,843,542	59.04	-	-
Other public shareholders	168,337,417	82.66	589,180,959	82.66	168,337,417	23.62	168,337,417	25.02
<b>Total</b>	<b>203,643,187</b>	<b>100.00</b>	<b>712,751,154</b>	<b>100.00</b>	<b>712,751,154</b>	<b>100.00</b>	<b>672,907,612</b>	<b>100.00</b>

- Note 1: The issued share capital of Goodchamp is wholly and beneficially owned by Dr. Lam, a chairman of the Board and a non-executive Director.*
- Note 2: As at the Latest Practicable Date, Goodchamp has provided the Irrevocable Undertaking to the Company, irrevocable undertaking to subscribe for the Rights Shares to be provisionally allotted to it (i.e., 88,264,425 Rights Shares); and Goodchamp, as the Underwriter, has conditionally agreed to subscribe for up to 381,000,000 Rights Shares (i.e., the Underwritten Shares). Immediately upon completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any of their entitlement under the Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking), and none of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placing Agent, all the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) were subscribed for through the Underwriter up to the Underwritten Shares, Goodchamp will hold 504,570,195 Shares, representing approximately 74.98% of the total issued Shares of the Company as enlarged by the allotment and issue of the Rights Shares. Goodchamp will apply for the Whitewash Waiver to the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. An application has been made by Goodchamp to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.*
- Note 3: Save for Dr. Lam (through Goodchamp), no Director holds any relevant securities of the Company as at the Latest Practicable Date.*
- Note 4: The percentage of shareholding in the above table is for illustrative purpose only. The Company will take all appropriate steps to ensure that sufficient public float be maintained in compliance with Public Float Requirement.*
- Note 5: Certain percentage figures included 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.*

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their provisional allotments in full under the Rights Issue, their shareholding interests in the Company will remain unchanged upon completion of the Rights Issue (assuming full acceptance of the Rights Issue). Qualifying Shareholders who do not accept the Rights Issue entitlements can, subject to the then prevailing market conditions, consider selling their nil-paid Rights Shares in the market. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum of approximately 71.43%.

We note that, assuming no subscription by the Qualifying Shareholders under the Rights Issue, the shareholding interests of the existing public Shareholders would be diluted from approximately 82.66% to 25.02% of the total number of issued Shares immediately before and after the Rights Issue respectively. However, such dilution effect may only arise when Qualifying Shareholders do not subscribe for their pro-rata Rights Shares. Those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company and have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market. Furthermore, the Rights Issue is subject to Independent Shareholder's approval at the SGM. The Independent Shareholders have the opportunity to express their views on the terms of the Rights Issue through their votes at the SGM. We also note that as stated in the table of Comparables in the sub-section headed "(g) Comparison with recent rights issue exercises" above, the Theoretical Ex-Rights Price Discount is within the Theoretical Ex-Rights Price Range and lower than the Theoretical Ex-Rights Price Average Discount. The maximum dilution effect of the Rights Issue was approximately 71.43%, which fall within the range of the Comparables, ranging from approximately 16.67% to 87.50%.

Having considered that (i) the Rights Issue offers the Qualifying Shareholders an opportunity to subscribe for the Rights Shares for maintaining their respective existing shareholding interests in the Company; (ii) the Qualifying Shareholders have the opportunity to sell their nil-paid Rights Shares in the market if they do not wish to take up the Rights Issue entitlements; (iii) the reasons for and benefits of the Rights Issue and the funding needs in particular for the general working capital as stated in the section headed "2. Reason for and benefits of the Rights Issue and use of proceeds" above; (iv) the principal terms of the Rights Issue, the Placing Agreement and the Underwriting Agreement are consistent with prevailing market practices; and (v) the positive impact on the financial position of the Group as stated in the section headed "5. Possible financial effects of the Rights Issue" below, we are of the view that the potential dilution effect on the shareholding interest of the Shareholders (who decide not to take up their assured entitlements in full) as a result of the Rights Shares is acceptable.

## **5. Possible financial effects of the Rights Issue**

It should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group will become upon completion of the Rights Issue.

Upon completion of the Rights Issue in full and before the utilization of net proceeds as intended by the Company, the estimated net proceeds from the Rights Issue are expected to enhance the Group's cash and bank balance, from approximately HK\$304,000 as at 30 June 2025 to HK\$49.54 million and the Rights Issue is expected to improve the Group's liquidity position immediately after its completion.

Considering that upon completion of the Rights Issue, the capital base of the Company will be strengthened, enabling it to readily seize investment opportunities, execute its investment strategy, and replenish its working capital to support its operations, we are of the view that the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole.

## **6. Whitewash Waiver**

As at the Latest Practicable Date, Goodchamp (being the Underwriter) and the parties acting in concert with it are interested in 35,305,770 Shares, representing approximately 17.34% of the issued share capital of the Company. Assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and none of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) have been placed by the Placing Agent, all the Unsubscribed Rights Shares and the ES Unsold Rights Shares (if any) were subscribed for through the Underwriter up to the Underwritten Shares. Goodchamp, Dr. Lam and parties acting in concert with either of them will be interested in approximately 74.98% of the issued share capital of the Company as enlarged by the issue of the Rights Shares.

Accordingly, Goodchamp would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares and other securities not already owned or agreed to be acquired by it and parties acting in concert with it, unless the Whitewash Waiver is granted.

An application has been made by Goodchamp to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the approval by at least 75% of the votes casted by the Independent Shareholders either in person or by proxy at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the votes casted by the Independent Shareholders either in person or by proxy at the SGM by way of poll in respect of the Rights Issue (including the Underwriting Agreement) and the respective transactions contemplated thereunder.

In view that (i) it is in the interests of the Company and the Independent Shareholders as a whole to raise capital through the Rights Issue for the Group's business expansion to capture the suitable investment opportunities as an investment company under Chapter 21 of the Listing Rules and replenish the working capital of the Group as discussed in the section headed "2. Reasons for and benefits of the Rights Issue and use of proceeds" above in this letter; (ii) the principal terms of the Rights Issue, the Placing Agreement and the Underwriting Agreement are on normal commercial terms, fair and reasonable as discussed in the section headed "3. Principal terms of the Rights Issue" above in this letter; and (iii) the approval of the Whitewash Waiver by the Independent Shareholders and the granting of the Whitewash Waiver by the Executive is a non-waivable condition precedent to the Rights Issue, we are of the view that the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Independent Shareholders as a whole.

## **RECOMMENDATION**

Having taken into account the principal factors and reasons as discussed above, in particular,

- (i) the Group's current bank and cash balance is limited and there is an immediate funding needs to capitalise the investment opportunities and replenish its working capital;
- (ii) the Group seeks to expand its investment exposure in new energy, AI and digital assets sectors, taking advantage of favourable market conditions as discussed in the section headed "2. Reasons for and benefits of the Rights Issue and use of proceeds";

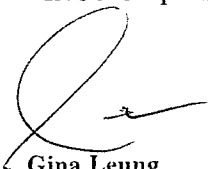


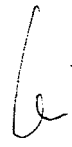
- (iii) the Rights Issue is the most appropriate fund-raising method over the other financing alternatives as discussed in the sub-section headed “(b) Alternative sources of financing”;
- (iv) the principal terms of the Rights Issue, the Placing Agreement and the Underwriting Agreement are consistent with prevailing market practices as discussed in sub-section headed “(g) Comparison with recent rights issue exercises”;
- (v) Irrevocable Undertaking provided by Goodchamp demonstrate Goodchamp’s confidence and support for the Group’s business development and zero-commission arrangement under the Underwriting Agreement is favourable to the Group;
- (vi) the approval of the Whitewash Waiver by the Independent Shareholders and the granting of the Whitewash Waiver by the Executive is a non-waivable condition precedent to the Rights Issue. If the Whitewash Waiver is not granted by the Executive, or if granted, is not approved by the Independent Shareholders, the Rights Issue will not proceed.

we are of the opinion that the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver are on normal commercial terms, and fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the upcoming SGM to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

Yours faithfully,  
For and on behalf of  
**INCU Corporate Finance Limited**

  
**Gina Leung**  
*Managing Director*

  
**Psyche So**  
*Associate Director*

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

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