RaffAello CAPITAL LIMITED

Room 902, 9th floor
Wing Fu Building
Nos. 18-24 Wing Kut Street
Central, Hong Kong

德健融資有限公司
DAKIN CAPITAL LIMITED

Suite 3111A, 31/F
Tower 2, Lippo Centre
89 Queensway, Hong Kong

24 October 2025

To: the Independent Board Committee and the Independent Shareholders of Fire Rock Holdings Limited

Dear Sirs,

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE 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 Joint Independent Financial Advisers to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") in this circular of the Company dated 24 October 2025 (the "**Circular**") issued to the Shareholders, of which this letter forms part. Capitalised 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 5 October 2025. The Company proposed to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK$1.58 per Rights Share, to raise up to approximately HK$151.7 million before expenses (assuming no change in the issued Shares on or before the Record Date and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full), by way of the rights issuing up to 96,000,000 Rights Shares (assuming as aforesaid) to the Qualifying Shareholders. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. Qualifying Shareholders must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholders in order to qualify for the Rights Issue.

As at the Latest Practicable Date, the Company did not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Shares and no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option. The Company has no intention to issue or grant any convertible securities, warrants and/or options on or before the Record Date.

Assuming there is no change in the total 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 96,000,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 50.0% of the issued Shares as at the Latest Practicable Date; and (ii) approximately 33.3% of the issued Shares as enlarged by the allotment and issue of the Rights Shares.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue is non-fully underwritten by the Underwriter subject to the terms and conditions set out in the Underwriting Agreement. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be firstly placed by the Placing Agent, on a best-effort basis, to the placees for them to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the Placing Period. Then, the Underwriter has (other than the Rights Shares agreed to be taken up by Sulfulon, Mr. Zhang and Infinities Investment under the Irrevocable Undertakings) conditionally agreed to underwrite such number of Rights Shares not taken up under the Compensatory Arrangements, which together with the Shares already held by the Sulfulon Concert Group and the Undertaken Shares, and depending on the number of Untaken Rights Shares, up to 51.0% of the total enlarged issued Shares at completion of the Rights Issue. For the avoidance of doubt, no further Rights Share will be taken by Sulfulon under the Underwriting Agreement, when the number of Shares held by the Sulfulon Concert Group (together with the Undertaken Shares) have already reached 51.0% of the total enlarged issued Shares at completion of the Rights Issue. The remaining Rights Shares (if any) will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

On 5 October 2025, (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to placee(s) who and whose ultimate beneficial owner(s) are Independent Third Party(ies) on a best-effort basis.

On 5 October 2025 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Rights Shares (other than those Rights Shares subject to the Irrevocable Undertakings) will be non-fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement.

An application has been made by the Sulfulon Concert Group 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, would be subject to, among other things, (i) the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders at the EGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder. The Sulfulon Concert Group and those who are involved in and/or interested in the Rights Issue, the Placing Agreement, the Underwriting Agreement and/or the Whitewash Waiver are required to abstain from voting on the proposed resolutions approving the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder at the EGM. If the Whitewash Waiver is not granted by the Executive, the Rights Issue will not proceed.

TAKEOVERS CODE IMPLICATIONS

As at the Latest Practicable Date, the Sulfulon Concert Group is interested in 78,340,000 Shares in aggregate, representing approximately 40.8% of the existing issued Shares.

Assuming (i) there is no change in the number of issued Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue; (ii) none of the Qualifying Shareholders other than Mr. Zhang, Sulfulon and Infinities Investment have taken up their entitlements under the Rights Issue; and (iii) none of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent, (I) the aggregate interests in the Company held by the Sulfulon Concert Group upon the completion of the Rights Issue will increase from the current level of approximately 40.8% to approximately 51.0% of the issued Shares as enlarged by the allotment and issue of the Rights Shares; and (II) the shareholding of Sulfulon in the Company will be increased from approximately 34.1% to approximately 42.7% on stand alone basis. The Sulfulon Concert Group will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it pursuant to Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted.

If the Whitewash Waiver is granted by the Executive and approvals by the Independent Shareholders are obtained, upon completion of the Rights Issue, assuming there is no change in the issued Shares other than the allotment and issue of Rights Shares, the maximum potential holding of voting rights of the Sulfulon Concert Group in the Company will exceed 50%, the Sulfulon Concert Group may thereafter increase its shareholdings in the Company without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue, open offer and/or placing within the 12-month period immediately preceding this Circular, and the Rights Issue will neither increase the total number of issued Shares nor the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders pursuant to Rule 7.19A(1) of the Listing Rules.

The Rights Issue would not result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules of 25% or more on its own. 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, Mr. Zhang is the controlling shareholder of the Company holding approximately 40.8% of the issued Shares (through his direct interests and indirect interests through Sulfulon and Infinities Investment). As such, each of Mr. Zhang, Sulfulon and Infinities Investment is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Underwriting Agreement constitute a connected transaction for the Company under the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, Mr. Zhang, Sulfulon and Infinities Investment, who are interested in 78,340,000 Shares in aggregate (representing approximately 40.8% of the existing issued Shares), shall abstain from voting in favour of the resolutions to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests in the Shares or any material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder.

As at the Latest Practicable Date, save for the Irrevocable Undertaking from Mr. Zhang, Sulfulon and Infinities Investment, the Company has not received any other irrevocable commitments to accept or reject the Rights Shares or to vote for or against the Rights Issue.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Tam Chik Ngai Ambrose, Ms. Chow Woon San Shirley and Ms. Chiang Wing Yan (i) who have no direct or indirect interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder, has been established in accordance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders on whether the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder are on fair and reasonable, and to advise the Independent Shareholders on how to vote, taking into account the recommendation of the Joint Independent Financial Advisers; and (ii) who do not have a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, has been established in accordance with the Listing Rules to advise the Independent Shareholders on whether the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders (including the Independent Shareholders) as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendation of the Joint Independent Financial Advisers.

OUR INDEPENDENCE

We, RaffAello Capital Limited and Dakin Capital Limited, have been appointed as the Joint Independent Financial Advisers to advise the Independent Board Committee and the Independent Shareholders in this regard. Our appointments as the Joint Independent Financial Advisers have been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code and the Listing Rules respectively. We advise the Independent Board Committee and the Independent Shareholders as to (i) whether the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole; and (ii) how the Independent Shareholders should vote on the resolutions in relation to the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder at the EGM.

We did not act as financial adviser or independent financial adviser to the other transactions of the Company and Sulfulon in the past two years immediately preceding the date the Announcement and including and up to the Latest Practicable Date. Save for the appointment as the Joint Independent Financial Advisers in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder, there were no other engagements between the Company and us during the past two years immediately preceding the date of the Announcement and including and up to the Latest Practicable Date. We are independent from, and are not associated with the Company, Sulfulon, or any party acting, or presumed to be acting, in concert with any of the above, or any company controlled by any of them. Apart from normal professional fees payable to us in connection with this appointment, as the Joint Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders, no other arrangements exist whereby we will receive any fees and/or benefits from the abovementioned parties or any party acting, or presumed to be acting, in concert with any of them, any of their respective associates, close associates or core connected persons or other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are eligible to give independent advice in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder to the Independent Board Committee and the Independent Shareholders in accordance with the Listing Rules and the Takeovers Code.

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

(i) the Company's annual reports for the three years ended 31 December 2022 ("**FY2022**") (the "**2022 Annual Report**"), 31 December 2023 ("**FY2023**") (the "**2023 Annual Report**") and 31 December 2024 ("**FY2024**") (the "**2024 Annual Report**", and collectively, the "**Annual Reports**");

(ii) the Company's interim report for the six months ended 30 June 2024 ("**HY2024**") and 30 June 2025 ("**HY2025**") (the "**2025 Interim Report**");

(iii) the Announcement; and

(iv) other information as set out in this Circular.

We have also relied on the accuracy of the statements, information, opinions and representations contained or referred to in this Circular and the information and representations as provided by the Directors and the management of the Company. We have assumed that all statements, information and representations provided by the Directors and the management of the Company, for which they are solely responsible, are true, accurate and complete in all respects at the time they were made and will remain so up to the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Management in this Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in this Circular, or the reasonableness of the opinions expressed by the Directors and the management of the Company and/or its advisers, which have been provided to us. The Company will notify the Independent Shareholders of any material change to information contained in or referred to in this Circular as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders will also be informed as soon as possible when there is any material change to information contained in or referred to herein as well as any changes to our opinion, if any, after the Latest Practicable Date.

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

We consider that we have been provided with sufficient information and have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group. We have not considered the taxation implication on the Group or the Shareholders as a result of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

This letter is issued for the Independent Board Committee and the Independent Shareholders, solely in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

I. Background and financial information of the Group

As disclosed in the Letter from the Board, the Group is principally engaged in the development of browser, mobile games (including game design, programming and graphics) and computer software related to game operation, on the basis of which the Group licenses its self-developed browser and mobile games to licensed operators around the world, assists third parties in promoting game-related business and provides intellectual property rights licensing services to enterprises. The Group also self-operates its self-developed game products in overseas markets.

Set out below is a summary of the general financial information of the Group as extracted from the Annual Reports and the 2025 Interim Report:

Summary of the consolidated financial results of the Group

	FY2022 *HK$'000* *(Audited)*	FY2023 *HK$'000* *(Audited)*	FY2024 *HK$'000* *(Audited)*	HY2024 *HK$'000* *(Unaudited)*	HY2025 *HK$'000* *(Unaudited)*
Revenue					
Game and software development and publishing	160	3,022	19	22	—
Game operation and publishing	114,903	131,905	140,572	62,977	72,919
Total revenue	115,063	134,927	140,591	62,999	72,919
Direct costs	(38,470)	(27,388)	(27,826)	(10,783)	(17,521)
Gross profit	76,593	107,539	112,765	52,216	55,398
Other income	50,920	19,728	321	238	659
Surrender of promissory notes	—	574,716	—	—	—
Changes in fair values of financial assets at fair value through profit or loss	—	(2,255)	(891)	6,468	(232)
Impairment loss on intangible assets	—	—	—	—	(10,803)
Research costs	—	(19,780)	(9,037)	—	—
Distribution costs	(42,028)	(55,471)	(40,692)	(26,553)	(19,960)
Administrative expenses	(22,794)	(31,670)	(43,339)	(14,216)	(23,057)
Loss on disposals of subsidiaries	—	(2,880)	—	—	—
Finance costs	(18,505)	(9,138)	(101)	(44)	(44)
Profit before income tax	44,186	580,789	19,026	18,109	1,961
Income tax expenses	(8,699)	(8,271)	(17,173)	(4,046)	(8,634)
Profit/(Loss) for the year/period	35,487	572,518	1,853	14,063	(6,673)

(a) Annual results of the Group for FY2022 and FY2023

The total revenue for FY2023 of the Group was approximately HK$134.9 million (FY2022: approximately HK$115.1 million) which represents an increase of approximately HK$19.8 million or 17.3% as compared with FY2022. Such increase was mainly due to the increase in revenue from the game operation and publishing from approximately HK$114.9 million for FY2022 to approximately HK$131.9 million for FY2023, representing an increase of approximately 14.8%.

The Group's direct costs decreased from approximately HK$38.5 million for FY2022 to approximately HK$27.4 million for FY2023, representing a decrease of approximately 28.8%. Such decrease in the Group's direct costs was mainly due to the decrease in other tax and surcharges, outsourcing services fee for graphic design and audio production of sound effects and background music and fees for game testing from approximately HK$19.0 million for FY2022 to approximately HK$6.8 million for FY2023, representing a decrease of approximately 64.0%.

The Group's gross profit increased from approximately HK$76.6 million for FY2022 to approximately HK$107.5 million for FY2023, representing an increase of approximately 40.4%. As stated in the 2023 Annual Report, such increase was mainly due to the effective cost control on the game testing conducted by third-party service providers.

The Group's other income mainly consisted of interest income, government grants, exchange gains, net and others. Such other income decreased by approximately HK$31.2 million from approximately HK$50.9 million for FY2022 to approximately HK$19.7 million for FY2023, representing a decrease of approximately 61.3%. As stated in the 2023 Annual Report, such decrease in the Group's other income was mainly due to the decrease in exchange gain, net, which is mainly from the recognition of the exchange alignment of promissory notes from approximately HK$53.0 million for FY2022 to approximately HK$18.5 million for FY2023. After the consolidation of other exchange gains and losses, the Group recorded a decrease in exchange gain, net from approximately HK$50.5 million for FY2022 to approximately HK$19.2 million for FY2023. For the detailed information on the recognition of the Group's exchange gain, net and the recognition of the exchange alignment of promissory notes, please refer to note 7 Revenue and other income and note 24. Promissory notes of the notes to the consolidated financial statement in the Company's 2023 Annual Report respectively.

The Group recorded a gain on surrender of promissory notes of approximately HK$574.7 million for FY2023 (FY2022: nil). On 30 June 2023, the Company, Honour Soar Holdings Limited, Morning Rain Holdings Limited and Joyous Bliss Holdings Limited and their respective ultimate beneficial owners namely Mr. Zhang Zhen Hua, Ms. Zhang Xiao Juan and Ms. Wang Ye Qiong have all agreed upon negotiation to procure each of Honour Soar Holdings Limited, Morning Rain Holdings Limited and Joyous Bliss Holdings Limited to surrender the promissory notes to the Company and give up the right to the outstanding principal amount totaling to approximately RMB491.7 million and their respective interest payables totaling to approximately RMB37.4 million as at 30 June 2023. For details, please refer to the Company's announcement dated 30 June 2023.

The Group recorded a loss in fair values of financial assets at fair value through profit or loss of approximately HK$2.3 million for FY2023 (FY2022: nil). According to the 2023 Annual Report, such loss in fair values of financial assets at fair value through profit or loss mainly came from the fair value change in the valuation of Summer Mountain Limited and its subsidiaries (the "**Summer Mountain Group**") and the fair value change in a private fund. On 22 December 2023, the Group completed the acquisition of Summer Mountain Group at the consideration of RMB12.5 million and owned approximately 15.63% equity interest of Summer Mountain Group. During the year ended 31 December 2023, the set-up of an investment in a private fund was completed. For details, please refer to note 19. Deposits of the notes to the consolidated financial statement in the Company's 2023 Annual Report.

The Group incurred research costs of approximately HK$19.8 million for FY2023 (FY2022: nil). According to the management of the Company, the research costs represented the related expenses in evaluating the possibility of developing a casual game and a collectible card games.

The Group's distribution costs increased by approximately HK$13.5 million from approximately HK$42.0 million for FY2022 to approximately HK$55.5 million for FY2023, representing an increase of approximately 32.0%. As stated in the 2023 Annual Report, such increase in the Group's distribution costs was primarily due to the increase in the advertising and promotional expenses in order to further promote the Group's games to the game players.

The Group's administrative expenses increased by approximately HK$8.9 million from approximately HK$22.8 million for FY2022 to approximately HK$31.7 million for FY2023, representing an increase of approximately 39.0%. As stated in the 2023 Annual Report, such increase in the Group's administrative expenses was primarily due to the increase in professional fees paid in relation to the Group's resumption on the Stock Exchange in the second half of FY2023.

The Group recorded a loss on disposals of subsidiaries of approximately HK$2.9 million for FY2023 (FY2022: nil). Pursuant to the 2023 Annual Report, such loss on disposals of subsidiaries derived from (i) the disposal of Lord Metaverse Co., Ltd. at a consideration of approximately HK$185,000 on 6 March 2023; and (ii) the disposal of Tak Shing International Holdings Limited at a consideration of HK$10,000 on 30 November 2023. For details, please refer to note 30. Disposals of subsidiaries of the notes to the consolidated financial statement in the Company's 2023 Annual Report.

The Group's finance costs decreased from approximately HK$18.5 million for FY2022 to approximately HK$9.1 million for FY2023, representing a decrease of approximately 50.6%. According to the management of the Company, such decrease in the Group's finance costs was mainly attributable to the decrease in interest expenses on promissory notes from approximately HK$17.1 million for FY2022 to approximately HK$8.2 million for FY2023.

The Group's profit before income tax increased from approximately HK$44.2 million for FY2022 to approximately HK$580.8 million for FY2023, representing an increase of approximately 1,214.4%. According to the management of the Company, such increase in the Group's profit before income tax was mainly due to the combined effect of the gain on surrender of promissory notes of approximately HK$574.7 million for FY2023 (FY2022: nil) and partially offset by (a) the decrease in other income from approximately HK$50.9 million for FY2022 to approximately HK$19.7 million for FY2023; (b) the recognition of loss in fair values of financial assets at fair value through profit or loss of approximately HK$2.3 million for FY2023 (FY2022: nil); and (c) the recognition of loss on disposals of subsidiaries of approximately HK$2.9 million for FY2023 (FY2022: nil).

The Group's income tax expenses remained stable at approximately HK$8.7 million and HK$8.3 million for FY2022 and FY2023 respectively.

The Group's profit for the year increased from approximately HK$35.5 million for FY2022 to approximately HK$572.5 million for FY2023, representing an increase of approximately 1,513.3%. According to the management of the Company, such increase in the Group's profit for the year was mainly due to the above mentioned reason under profit before income tax and partially offset by the income tax expenses.

(b) Annual results of the Group for FY2023 and FY2024

The total revenue for FY2024 of the Group was approximately HK$140.6 million (FY2023: approximately HK$134.9 million) which represents an increase of approximately HK$5.7 million or 4.2% as compared with FY0223. Such increase was mainly due to the increase in revenue from game operation and publishing from approximately HK$131.9 million for FY2023 to approximately HK$140.6 million for FY2024 and partially offset by the decrease in revenue from game and software development and publishing from approximately HK$3.0 million for FY2023 to approximately HK$19,000 for FY2024.

As stated in the 2024 Annual Report, the Group's direct costs mainly consisted of staff costs and benefits, channel costs charged by self-operated game platforms and others. Such direct costs remained stable at approximately HK$27.4 million and HK$27.8 million for FY2023 and FY2024 respectively.

The Group's gross profit increased from approximately HK$107.5 million for FY2023 to approximately HK$112.8 million for FY2024, representing an increase of approximately 4.9%. As stated in the 2024 Annual Report, such increase was mainly due to the effective cost control on the channel costs and the increase in revenue.

The Group's other income mainly consisted of interest income, government grants, exchange gains, net, gain on modification of lease and others. Such other income decreased by approximately HK$19.4 million from approximately HK$19.7 million for

FY2023 to approximately HK$0.3 million for FY2024, representing a decrease of approximately 98.4%. As stated in the 2024 Annual Report, such decrease in the Group's other income was mainly due to no exchange gain, net was recognised during FY2024 (FY2023: approximately HK$19.2 million which is mainly from the recognition of the exchange alignment of promissory notes of approximately HK$18.5 million). For the detailed information on the recognition of the Group's exchange gain, net and the recognition of the exchange alignment of promissory notes, please refer to note 7 Revenue and other income and note 24. Promissory notes of the notes to the consolidated financial statement in the Company's 2024 Annual Report respectively.

The Group recorded a decrease in loss in fair values of financial assets at fair value through profit or loss from approximately HK$2.3 million for FY2023 to approximately HK$0.9 million for FY2024, representing a decrease of approximately 60.5%. According to the 2024 Annual Report, such loss in fair values of financial assets at fair value through profit or loss mainly came from the fair value change in the valuation of Summer Mountain Group and the fair value change in a private fund investment.

The Group's research costs decreased by approximately HK$10.8 million from approximately HK$19.8 million for FY2023 to approximately HK$9.0 million for FY2024, representing a decrease of approximately 54.5%. As stated in the 2024 Annual Report, such decrease in the Group's research costs was primarily due to less projects were under research phases during FY2024.

The Group's distribution costs decreased by approximately HK$14.8 million from approximately HK$55.5 million for FY2023 to approximately HK$40.7 million for FY2024, representing a decrease of approximately 26.7%. As stated in the 2024 Annual Report, such increase in the Group's distribution costs was primarily due to the decrease in advertising and promotional expenses during FY2024.

The Group's administrative expenses increased by approximately HK$11.6 million from approximately HK$31.7 million for FY2023 to approximately HK$43.3 million for FY2024, representing an increase of approximately 36.6%. As stated in the 2024 Annual Report, such increase in the Group's administrative expenses was primarily due to the increase in the depreciation of the property, plant and equipment, travelling expenses for exploring new business opportunities and staff costs on general and administrative functions.

The Group's finance costs decreased from approximately HK$9.1 million for FY2023 to approximately HK$0.1 million for FY2024, representing a decrease of approximately 98.9%. According to the management of the Company, such decrease in the Group's finance costs was mainly attributable to the decrease in interest expenses on promissory notes from approximately HK$8.2 million for FY2023 to nil for FY2024.

The Group's profit before income tax decreased from approximately HK$580.8 million for FY2023 to approximately HK$19.0 million for FY2024, representing a decrease of approximately 96.7%. According to the management of the Company, such decrease in the Group's profit before income tax was mainly due to the combined effect of the absence of gain on surrender of promissory notes for FY2024 (FY2023:

approximately HK$574.7 million for FY2023) and partially offset by (a) the decrease in loss in fair values of financial assets at fair value through profit or loss from approximately HK$2.3 million for FY2023 to approximately HK$0.9 million for FY2024; (b) the absence of loss on disposals of subsidiaries for FY2024 (FY2023: approximately HK$2.9 million for FY2023; and (iii) the decrease in finance costs from approximately HK$9.1 million for FY2023 to approximately HK$0.1 million for FY2024.

The Group's income tax expenses increased from approximately HK$8.3 million for FY2023 to approximately HK$17.2 million for FY2024, representing an increase of approximately 107.6%. According to the 2024 Annual Report, such increase in the Group's income tax expenses was mainly due to the increase in the assessable profit generated by the subsidiary in Thailand.

The Group's profit for the year decreased from approximately HK$572.5 million for FY2023 to approximately HK$1.9 million for FY2024, representing a decrease of approximately 99.7%. According to the management of the Company, such decrease in the Group's profit for the year was mainly due to the above mentioned reason under profit before income tax and further affected by the income tax expenses.

(c) Interim results of the Group for HY2024 and HY2025

The total revenue for HY2025 of the Group was approximately HK$72.9 million (HY2024: approximately HK$63.0 million) which represents approximately an increase of HK$9.9 million or 15.7% as compared with HY2024. As stated in the 2025 Interim Report, such increase was mainly due to increase in revenue from game operation and publishing by the Royal World mobile game and the newly launched self-developed mobile game, Mythical Odyssey (神戰 • 洪荒) during HY2025.

The Group's direct costs increased from approximately HK$10.8 million for HY2024 to approximately HK$17.5 million for HY2025, representing an increase of approximately 62.5%. As stated in the 2025 Interim Report, such increase in the Group's direct costs was mainly due to the launch of the Mythical Odyssey (神戰 • 洪荒) game during HY2025.

The Group's gross profit increased from approximately HK$52.2 million for HY2024 to approximately HK$55.4 million for HY2025, representing an increase of approximately 6.1%. According to the 2025 Interim Report and the management of the Company, such increase in the Group's gross profit was attributable to the increase in revenue amounted to approximately HK$9.9 million as mentioned above and partially offset by (a) the increase in direct staff costs and benefits from approximately HK$0.6 million for HY2024 to approximately HK$4.6 million for HY2025, which was primarily due to the launch of the Mythical Odyssey (神戰 • 洪荒) game; (b) the recognition of direct cost of amortization of intangible assets of approximately HK$2.7 million for HY2025 (HY2024: Nil) mainly attributable to the launch of the Mythical Odyssey (神戰 • 洪荒) game; and (c) increase in direct cost of self-operated channel cost from approximately HK$3.8 million for HY2024 to approximately HK$7.2 million for HY2025, which was primarily due to the launch of the Mythical Odyssey (神戰 • 洪荒) game.

As stated in the 2025 Interim Report, the Group's other income mainly consisted of interest income, government grants, exchange gains, net and others. Such other income increased by approximately HK$0.4 million from approximately HK$0.2 million for HY2024 to approximately HK$0.6 million for HY2025, representing an increase of approximately 176.9%. As advised by the management of the Company, such increase in the Group's other income was mainly due to the recognition of exchange gain, net of approximately HK$0.3 million for HY2025 (HY2024: exchange loss, net of approximately HK$65,000).

The Group recorded a loss in fair values of financial assets at fair value through profit or loss of approximately HK$0.2 million for HY2025 (HY2024: a gain in fair values of financial assets at fair value through profit or loss of approximately HK$6.5 million). According to the management of the Company, such loss in fair values of financial assets at fair value through profit or loss mainly came from the fair value change in the valuation of Summer Mountain Group and the fair value change in a private fund investment.

The Group recorded an impairment loss on intangible assets of approximately HK$10.8 million for HY2025 (HY2024: nil). As advised by the management of the Company, such recognition of impairment loss on intangible assets represented the operating income from the Group's existing games in several markets cannot recover the operating costs in the foreseeable future.

The Group's distribution costs decreased by approximately HK$6.6 million from approximately HK$26.6 million for HY2024 to approximately HK$20.0 million for HY2025, representing a decrease of approximately 24.8%. As stated in the 2025 Interim Report, such decrease in the Group's distribution costs was primarily due to the decrease in advertising and promotional expenses during HY2025.

The Group's administrative expenses increased by approximately HK$8.9 million from approximately HK$14.2 million for HY2024 to approximately HK$23.1 million for HY2025, representing an increase of approximately 62.7%. As stated in the 2025 Interim Report, such increase in the Group's administrative expenses was primarily due to the increase in staff costs and other office expenses during HY2025.

The Group's finance costs remained stable at approximately HK$44,000 and HK$44,000 for HY2024 and HY2025 respectively.

The Group's profit before income tax decreased from approximately HK$18.1 million for HY2024 to approximately HK$2.0 million for HY2025, representing a decrease of approximately 89.2%. According to the management of the Company, such decrease in the Group's profit before income tax was mainly due to the combined effect of the increase in the gross profit from approximately HK$52.2 million for HY2024 to approximately HK$55.4 million for HY2025; and partially offset by (a) the recognition of impairment loss on intangible assets of approximately HK$10.8 million for HY2025 (HY2024: nil); and (b) the increase in administrative expenses from approximately HK$14.2 million for HY2024 to approximately HK$23.0 million for HY2025.

The Group's income tax expenses increased from approximately HK$4.0 million for HY2024 to approximately HK$8.6 million for HY2025, representing an increase of approximately 115.0%. According to the 2025 Interim Report, such increase in the Group's income tax expenses was mainly due to the increase in revenue and profit for the Group's subsidiary in Thailand.

The Group recorded a loss for the year of approximately HK$6.7 million for HY2025 (HY2024: profit for the year of approximately HK$14.1 million). According to the management of the Company, such loss for the year was mainly due to the above mentioned reason under profit before income tax and further affected by the income tax expenses.

Summary of the consolidated financial positions of the Group

	As at 31 December 2022 (audited) *HK$'000*	As at 31 December 2023 (audited) *HK$'000*	As at 31 December 2024 (audited) *HK$'000*	As at 30 June 2025 (unaudited) *HK$'000*
Property, plant and equipment	3,200	5,077	3,549	3,319
Intangible assets	3,218	15,350	23,538	14,697
Right-of-use assets	1,779	1,172	2,022	2,566
Financial assets at fair value through profit or loss	—	27,511	26,333	26,101
Deposits	49,759	84	138	137
Deferred tax assets	—	2,170	2,107	2,259
Non-current assets	**57,956**	**51,364**	**57,687**	**49,079**
Trade receivables	9,832	20,645	18,218	12,823
Prepayment, deposits and other receivables	2,380	3,372	5,127	8,273
Cash and cash equivalents	119,544	85,492	53,644	49,922
Current assets	**131,756**	**109,509**	**76,989**	**71,018**
Total assets	**189,712**	**160,873**	**134,676**	**120,097**
Lease liabilities	762	507	622	499
Promissory notes	168,041	—	—	—
Deferred tax liabilities	3,437	1,740	195	195
Non-current liabilities	**172,240**	**2,247**	**817**	**694**

	As at 31 December 2022 (audited) *HK$'000*	As at 31 December 2023 (audited) *HK$'000*	As at 31 December 2024 (audited) *HK$'000*	As at 30 June 2025 (unaudited) *HK$'000*
Lease liabilities	987	708	1,372	2,059
Other payables and accruals	17,881	12,663	10,323	6,182
Deferred revenue	7	11	334	1,132
Promissory notes	416,126	—	—	—
Tax payables	3,725	4,923	7,836	7,453
Current liabilities	**438,726**	**18,305**	**19,865**	**16,826**
Total liabilities	**610,966**	**20,552**	**20,682**	**17,520**
Net current (liabilities)/assets	**(306,970)**	**91,204**	**57,124**	**54,192**
Net (liabilities)/assets	**(421,254)**	**140,321**	**113,994**	**102,577**

(d) Financial position as at 31 December 2023

As at 31 December 2023, the Group's total assets mainly comprised cash and cash equivalents of approximately HK$85.5 million, financial assets at fair value through profit or loss of approximately HK$27.5 million and trade receivables of approximately HK$20.6 million. The total assets of the Group decreased by approximately 15.2% from approximately HK$189.7 million as at 31 December 2022 to approximately HK$160.9 million as at 31 December 2023. As advised by the management of the Company, such decrease was mainly due to (i) the decrease in deposits from approximately HK$49.8 million as at December 2022 to HK$84,000 as at 31 December 2023; (ii) the decrease in cash and cash equivalents from approximately HK$119.5 million as at 31 December 2022 to approximately HK$85.5 million as at 31 December 2023; and partially offset by (a) the existence of financial assets at fair value through profit or loss of approximately HK$27.5 million as at 31 December 2023 (as at 31 December 2022: nil); (b) the increase in intangible assets from approximately HK$3.2 million as at 31 December 2022 to approximately HK$15.4 million as at 31 December 2023; and (c) the increase in trade receivables from approximately HK$9.8 million as at 31 December 2022 to approximately HK$20.6 million as at 31 December 2023.

As at 31 December 2023, the Group's total liabilities mainly comprised other payables and accruals of approximately HK$12.7 million and tax payables of approximately HK$4.9 million. Total liabilities of the Group decreased by approximately 96.6% from approximately HK$611.0 million as at 31 December 2022 to approximately HK$20.6 million as at 31 December 2023. As advised by the management of the Company, such decrease was mainly due to the decrease in promissory notes amounted to approximately HK$584.2 million as at 31 December 2022 (as at 31 December 2023: nil), mainly caused by the surrender of promissory notes on 30 June 2023.

The Group recorded a turnaround of financial position from net liabilities of approximately HK$421.3 million as at 31 December 2022 to net assets of approximately HK$140.3 million as at 31 December 2023. According to the management of the Company, such improvement in the Group's financial position was mainly due to the profit-making position during FY2023 mainly caused by the surrender of promissory notes on 30 June 2023.

(e) Financial position as at 31 December 2024

As at 31 December 2024, the Group's total assets mainly comprised cash and cash equivalents of approximately HK$53.6 million, financial assets at fair value through profit or loss of approximately HK$26.3 million, intangible assets of approximately HK$23.5 million and trade receivables of approximately HK$18.2 million. The total assets of the Group decreased by approximately 16.3% from approximately HK$160.9 million as at 31 December 2023 to approximately HK$134.7 million as at 31 December 2024. As advised by the management of the Company, such decrease was mainly due to (i) the decrease in cash and cash equivalents from approximately HK$85.5 million as at 31 December 2023 to approximately HK$53.6 million as at 31 December 2024, mainly caused by the dividend paid to the non-controlling interests of a subsidiary in Thailand; (ii) the decrease in trade receivables from approximately HK$20.6 million as at 31 December 2023 to approximately HK$18.2 million as at 31 December 2024; and partially offset by the increase in intangible assets from approximately HK$15.4 million as at 31 December 2023 to approximately HK$23.5 million as at 31 December 2024.

As at 31 December 2024, the Group's total liabilities mainly comprised other payables and accruals of approximately HK$10.3 million and tax payables of approximately HK$7.8 million. Total liabilities of the Group remained stable at approximately HK$20.6 million and HK$20.7 million as at 31 December 2023 and 31 December 2024 respectively.

The Group's net assets decreased by approximately HK$26.3 million from approximately HK$140.3 million as at 31 December 2023 to approximately HK$114.0 million as at 31 December 2024. According to the management of the Company, such decrease in net assets was mainly due to the dividend paid to the non-controlling interests of a subsidiary in Thailand.

(f) Financial position as at 30 June 2025

As at 30 June 2025, the Group's total assets mainly comprised cash and cash equivalents of approximately HK$49.9 million, financial assets at fair value through profit or loss of approximately HK$26.1 million, intangible assets of approximately HK$14.7 million and trade receivables of approximately HK$12.8 million. The total assets of the Group decreased by approximately 10.8% from approximately HK$134.7 million as at 31 December 2024 to approximately HK$120.1 million as at 30 June 2025. As advised by the management of the Company, such decrease was mainly due to (i) the decrease in intangible assets of approximately HK$23.5 million as at 31 December 2024 to approximately HK$14.7 million as at 30 June 2025; (ii) decrease in trade receivables from approximately HK$18.2 million as at 31 December 2024 to approximately HK$12.8

million as at 30 June 2025; (iii) the decrease in cash and cash equivalents from approximately HK$53.6 million as at 31 December 2024 to approximately HK$49.9 million as at 30 June 2025; and partially offset by the increase in prepayments, deposits and other receivables from approximately HK$5.1 million as at 31 December 2024 to approximately HK$8.3 million as at 30 June 2025.

As at 30 June 2025, the Group's total liabilities mainly comprised tax payables of approximately HK$7.5 million and other payables and accruals of approximately HK$6.2 million. Total liabilities of the Group decreased by approximately 15.3% from approximately HK$20.7 million as at 31 December 2024 to approximately HK$17.5 million as at 30 June 2025. As advised by the management of the Company, such decrease was mainly due to the decrease in other payables and accruals from approximately HK$10.3 million as at 31 December 2024 to approximately HK$6.2 million as at 30 June 2025.

The Group's net assets decreased by approximately HK$11.4 million from approximately HK$114.0 million as at 31 December 2024 to approximately HK$102.6 million as at 30 June 2025. According to the management of the Company, such decrease in net assets was mainly due to (i) the loss-making position during HY2025; and (ii) the dividend paid to the non-controlling interests of a subsidiary in Thailand.

(g) Our view

After considering that, (i) by excluding the one-off gain on surrender of promissory notes to the Company during FY2023, the Group's financial performance suffered from a loss for the year of approximately HK$2.2 million for FY2023 as compared to a profit for the year of approximately HK$35.5 million for FY2022 and remained unstable at a slight profit for the year of approximately HK$1.9 million for FY2024 and a loss for the period of approximately HK$6.7 million for HY2025; (ii) the Group's net assets decreased from approximately HK$140.3 million as at 31 December 2023 to approximately HK$114.0 million as at 31 December 2024, and further decreased to approximately HK$102.6 million as at 30 June 2025; and (iii) the additional funding needs to support the Group's business expansion and development as detailed under the paragraph headed "II. Reasons for and benefits of the Rights Issue and intended use of proceeds" below in this letter, we are of the view that the Rights Issue is in the interest of the Company and the Shareholders (including the Independent Shareholders) as a whole.

II. Reasons for and benefits of the Rights Issue and intended use of proceeds

As stated in the Letter from the Board, the net proceeds from the Rights Issue (the "**Net Proceeds**"), if fully subscribed, (after deducting the related expenses) are estimated to be up to approximately HK$150.9 million (assuming no change in the number of Shares in issue on or before the Record Date), of which the Company intends to apply the Net Proceeds as to:

(i) approximately HK$12.7 million (representing 8.4% of the Net Proceeds) for building up a new development team in the PRC including the recruitment of approximately 8–10 professional staff members and the purchase of necessary office equipment, IT software and hardware;

(ii) approximately HK$11.6 million (representing 7.7% of the Net Proceeds) for setting up a development base in Indonesia including the rental of a new office in Indonesia, the recruitment of 15–20 local professional and support staff members and the purchase of necessary office equipment, IT software and hardware;

(iii) approximately HK$42.1 million (representing 27.9% of the Net Proceeds) for acquisition of new simulation games (3–4 games) including purchase of the patents, trademarks, intellectual properties and licenses (if any);

(iv) approximately HK$56.9 million (representing 37.7% of the Net Proceeds) for marketing for existing games and new games in Indonesia and other markets in Southeast Asia including advertising campaigns, promotion events and purchase of promotional materials; and

(v) approximately HK$27.6 million (representing 18.3% of the Net Proceeds) for general working capital for the Group including but not limited to staff salary, Directors' remuneration, office rent and rates, professional fees (including but not limited to legal advisers and auditors), listing annual fee, and other administrative overheads.

As stated in the Letter from the Board, as at the Latest Practicable Date, the Group expects to utilise the Net Proceeds by 31 December 2026. For the expected timeline on the utilisation of the Net Proceeds, please refer to the section headed "Reasons for and benefits of the Rights Issue and intended use of proceeds — Timeline for intended use of proceeds" in the Letter from the Board. According to the Letter from the Board, in respect of utilising the item (iv) above of the Net Proceeds, the management of the Company plans to expand the Group's business into Indonesia, Vietnam, and Malaysia markets (following Singapore and Thailand). Since these markets have unique business environments, each with distinct languages, cultures, and game style preferences, the management of the Company believes that adequate resources to launch marketing campaigns is key to break into those competitive markets. The management of the Company intends to allocate approximately HK$56.9 million (approximately 37.7% of the Net Proceeds) in the following manner:

(a) approximately HK$3.0 million (approximately 1.96% of the Net Proceeds) will be used for advertisements on social media such as Google, Facebook, game forums, YouTube, gaming magazines and the online game payment gateways;

(b) approximately HK$21.5 million (approximately 14.28% of the Net Proceeds) will be used for organizing offline PR/KOL events (such as player gathering) with souvenirs, gifts and other marketing materials on a regular basis for loyalty or high-payment game players;

(c) approximately HK$17.7 million (approximately 11.72% of the Net Proceeds) will be used for sponsoring events and game shows such as game exhibitions, offline game shows in each market, game competitions and industry conferences to promote our game; and

(d) approximately HK$14.7 million (approximately 9.74% of the Net Proceeds) will be used for sponsoring KOL live game show on a monthly basis. The Company plans to engage at least 8–10 local KOLs to promote new and existing games in Indonesia, Vietnam and Malaysia.

As discussed in the paragraph headed "1. Background and financial information of the Group" above in this letter, we noted that there was a decreasing trend of the Group's cash and cash equivalents from approximately HK$85.5 million as at 31 December 2023 to approximately HK$49.9 million as at 30 June 2025, in tandem with the decreasing trend of the Group's net assets from approximately HK$140.3 million as at 31 December 2023 to approximately HK$102.6 million as at 30 June 2025. As stated in the Letter from the Board, the Group intends to use such existing cash and cash equivalents (subject to future changes depending on the Group's actual needs) for (i) payroll expenses to the Group's existing employees; (ii) the enhancement of corporate image in Southeast Asia; (iii) legal and professional fees; and (iv) general working capital for the Group. Since the Group's existing cash and cash equivalents has been earmarked for the Group's business operations, representing a tight in the Group's existing cash and cash equivalents for the business expansion and development, the management of the Company considers that it is necessary for the Company to conduct the Rights Issue for funding the use of proceeds from the Rights Issue set out above.

According to the 2025 Interim Report, in order to support the development and expansion of the Group's business, the Group intends to set up a research and development team, and publish games in Indonesia. The Group will also prudently consider acquiring or investing in games and other internet projects that align with its business interests should there be suitable opportunities. In this regard, we have discussed with the Directors and be advised that

(i) the usage of the Net Proceeds for acquiring new simulation games (3–4 games) including purchase of the patents, trademarks, intellectual properties and licenses (if any) aligns with the Group's strategy to devote more resources on game development and game publishing business; and

(ii) the usage of the Net Proceeds for (a) setting up a development base in Indonesia including the rental of a new office in Indonesia, the recruitment of 15–20 local professional and support staff members and the purchase of necessary office equipment, IT software and hardware; and (b) marketing for existing games and new games in Indonesia and other markets in Southeast Asia including advertising campaigns, promotion events and purchase of promotional materials can expand the Group's business development in Southeast Asia.

We concur with the Directors' view that the Rights Issue would provide an opportunity to raise capital for the Group to accommodate the funding needs for the operation and expansion of the Group, as well as whilst broadening the capital base of the Group.

To assess the market outlook of the gaming industry in Indonesia, we have researched and reviewed the following data and information. Based on our research on the gaming industry and esports sector in Indonesia, according to PricewaterhouseCoopers' s Global Entertainment & Media Outlook 2025–2029[1], after contracting by 3.1% in 2023, the market's revenue bounced back to US$1.6 billion in 2024 — reflecting a robust 9.7% year-on-year recovery. Growth is expected to peak at 12.5% in 2025, before stabilising between 5.5% and 9.2% through 2029, when revenues are forecast to reach US$2.4 billion. It is further mentioned that such strong momentum shall position Indonesia as one of the world's most dynamic gaming markets, fuelled by rising consumer engagement, mobile-first behaviour, and ongoing improvements in digital infrastructure.

According to the Ministry of Communication and Information of Indonesia[2], Indonesia's gaming population was 174.1 million gamers in 2021 and projected to increase to 192.1 million gamers by 2025, representing a compound annual growth rate of approximately 2.5% and that Indonesia has the largest number of gamers in Southeast Asia, reaching 43% in 2022. We also note that the government of Indonesia has initiatives to promote its gaming industry, by enacting the Presidential Regulation No. 19 of 2024 on the Acceleration of National Game Industry Development (PR 19/2024)[2] on 12 February 2024, through skills training, opening access to financing and capital for the national game industry, increasing promotion and tax incentives.

On the basis that the uptrend in gaming industry in terms of revenue coupled with the government initiative led by Indonesia government, we consider that the market outlook of the gaming industry in Indonesia will remain positive.

To assess the market outlook of the gaming industry in Vietnam and Malaysia, we have researched and reviewed the following data from the government agencies in Vietnam and Malaysia.

According to the report titled "Strategy for Management and Development of the Online Gaming Industry in Vietnam (2025–2030)" finalized by the Department of Broadcasting, Television, and Electronic Information under the Ministry of Information and Communications (MIC) of Vietnam[3], the Vietnam gaming industry is expected to generate US$1.66 billion by 2025 with a compound annual growth rate of 9.77%, reaching US$2.42 billion by 2029. It is expected that the strong momentum in Vietnam's digital economy, where online entertainment is becoming a key component of economic and technological development.

According to an article issued by the Malaysian Investment Development Authority (MIDA)[4], the Malaysian Government's leading and forward-thinking agency, the Malaysia gaming industry generated an estimated US$802 million revenue in 2023 and expected to grow at a compound annual growth rate of 8.7% through 2027.

1 https://www.pwc.com/id/en/media-centre/press-release/2025/english/pwc-forecasts-steady-growth-indonesia-entertainment-media-industry-global-outlook-2025-2029.html

2 Annex of the Government of the Republic of Indonesia issued Presidential Regulation Number 19 of 2024 on the Acceleration of National Game Industry Development: https://peraturan.bpk.go.id/Details/277601/perpres-no-19-tahun-2024

3 https://vietnamnews.vn/economy/1716994/viet-nam-targets-us-2-4-billion-in-gaming-industry-revenue-by-2029.html
Viet Nam News is published by the Vietnam News Agency, the official state-run news agency of the Vietnam

4 https://www.mida.gov.my/kuala-lumpur-levels-up-powering-the-future-of-global-gaming-ecosystem/

On the basis that the gaming industry demonstrated an increasing trend in terms of revenue projected by the government agencies in Vietnam and Malaysia, we consider that the market outlook of the gaming industry in Vietnam and Malaysia will remain positive.

Having considered (i) the Group's existing cash and cash equivalents is in tight and has earmarked for the stable liquidity on the existing business operations; (ii) the Group's business expansion to the gaming markets in Southeast Asia, including Indonesia, Vietnam and Malaysia aligns with the Group's intention to set up a research and development team, and publish games in Indonesia and devote more resources on game development and game publishing business; (iii) the prospect of gaming markets in Southeast Asia, including Indonesia, Vietnam and Malaysia will remain positive; and (iv) the Rights Issue would broaden the capital base of the Group, we concur with the Directors' view that the Rights Issue is fair and reasonable and in the interest of the Company and the Shareholders (including the Independent Shareholders) as a whole.

III. Other financing alternatives

We have also made enquiry to the Directors, other financing alternatives, including debt financing, and other forms of equity financing such as open offer, placing have been considered.

The Directors advised us that debt financing would result in additional interest burden of the Group and create pressure to the liquidity of the Group. The Group's net current assets decreased from approximately HK$91.2 million as at 31 December 2023 to approximately HK$57.1 million as at 31 December 2024 and further dropped to approximately HK$54.2 million as at 30 June 2025. According to the Directors, such decrease in the Group's net current assets was mainly due to the decrease of cash and cash equivalents from approximately HK$85.5 million as at 31 December 2023 to approximately HK$53.6 million as at 31 December 2024 and further dropped to approximately HK$49.9 million as at 30 June 2025. The Directors also advised that debt financing may require lengthy due-diligence and negotiation process. Based on the current financial position of the Company, the Directors consider that it is not beneficial to raise fund by debt financing.

In addition to debt financing, we understand that the Directors had considered to conduct equity financing such as open offer. According to the Directors, open offer while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. According to the Directors, the Company has considered to placing of up to 38,400,000 new shares under the general mandate in June 2025, but the placing has been lapsed and terminated on 11 July 2025 as further extension of the long stop date has not been negotiated. For details, please refer to the Company's announcements dated 24 June 2025, 2 July 2025 and 11 July 2025.

In view of the above, the Directors considered that the Rights Issue is the most suitable equity financing method available to the Group as:

(i) the Qualifying Shareholders have the option to subscribe for the Rights Shares at their sole discretion;

(ii) the Qualifying Shareholders who do not take up their entitlements can sell the nil-paid Rights Shares in the market; and

(iii) the Rights Issue offers all the Qualifying Shareholders equal opportunities to participate in the enlargement of the Group's capital base and enables the Shareholders to maintain their proportionate interests in the Company and continue to participate in development of the Company in the future should they wish to do so.

After considering that (i) debt financing would increase the Group's interest burden and create pressure to the liquidity of the Group; (ii) open offer does not offer the Qualifying Shareholders the option to sell the nil-paid Rights Shares in the market; (iii) the recent placing of new shares under general mandate was lapsed and terminated on 11 July 2025; and (iv) the Rights Issue will enable the Shareholders to maintain their proportionate interests in the Company should they so wish, we concur with the Directors' view that the Rights Issue is fair and reasonable and in the interest of the Company and the Shareholders (including the Independent Shareholders) as a whole.

IV. Principal terms of the Rights Issue and the Placing Agreement

(a) Rights Issue

Issue statistics

Set out below are the principal terms of the Rights Issue:

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares held on the Record Date
Subscription Price	:	HK$1.58 per Rights Share
Number of existing Shares in issue as at the Latest Practicable Date	:	192,000,000 Shares
Number of Rights Shares	:	Up to 96,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), representing 50.0% of the Company's total issued number of Shares as at the Latest Practicable Date and approximately 33.3% of the enlarged issued Shares upon completion of the Rights Issue.

Gross proceeds and net proceeds	:	Assuming no change in the issued Shares on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full: Gross proceeds: up to approximately HK$151.7 million Net proceeds (after deducting the estimated expenses): up to approximately HK$150.9 million
Aggregate nominal value of the Rights Shares	:	Up to approximately HK$1,600,000

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Subscription Price

The Subscription Price is HK$1.58 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil- paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 25.12% to the closing price of HK$2.11 per Share as at the Latest Practicable Date;

(ii) a discount of approximately 20.20% to the closing price of HK$1.98 per Share as quoted on the Stock Exchange on the Last Trading Day (the "**LTD Discount**");

(iii) a discount of approximately 27.85% to the average closing price per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day of approximately HK$2.19 per Share (the "**5 Days Discount**");

(iv) a discount of approximately 24.40% to the average closing price per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK$2.09 per Share;

(v) a discount of approximately 14.59% to the theoretical ex-rights price of approximately HK$1.85 per Share based on the closing price of HK$1.98 per Share as quoted on the Stock Exchange on the Last Trading Day and number of Shares in issue as at the date of the Announcement (the "**TERP Discount**");

(vi) a premium of approximately 166.12% to the latest published audited consolidated net asset value per Share as at 31 December 2024 of approximately HK$0.59 (based on the annual report for the year ended 31 December 2024 of the Company);

(vii) a premium of approximately 195.74% to the latest published unaudited consolidated net asset value per Share as at 30 June 2025 of approximately HK$0.53 (based on the interim report for the six months ended 30 June 2025 of the Company); and

(viii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 9.13%, represented by the theoretical diluted price of approximately HK$1.99 per Share to the benchmarked price (as defined under 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK$1.98 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Announcement of approximately HK$2.19 per Share) of approximately HK$2.19 per Share.

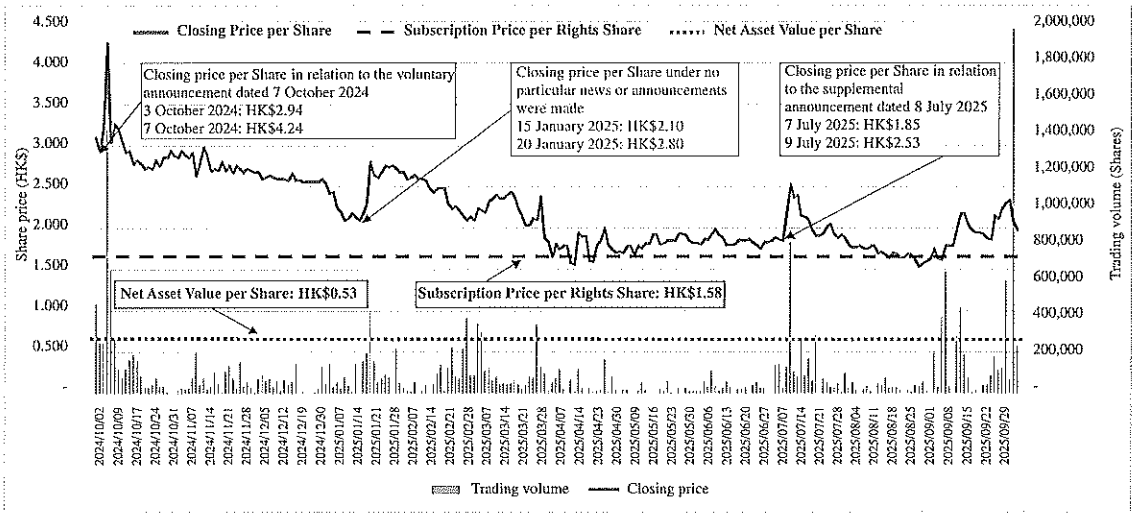
For details of the terms of the Rights Issue, please refer to the section headed "Proposed Rights Issue" in the Letter from the Board.

(b) Historical Share price performance

According to the Letter from the Board, the net price per Rights Share (i.e. Subscription Price with cost and expenses incurred in the Rights Issue deducted) upon full acceptance of the provisional allotment of Rights Shares is estimated to be approximately HK$1.57. The Subscription Price was determined with reference to, among others, (i) the market price of the Shares under the prevailing market conditions taking into consideration the relatively cautious investment sentiment of the general public investors in Hong Kong amid economic uncertainties; (ii) the low trading volume of the Shares for the three months immediately preceding and up to the Last Trading Day, the Company's average daily trading volume of approximately 145,539 Shares represented merely approximately 0.08% of the total number of issued Shares as at the Last Trading Day; (iii) the latest business performance and financial position of the Group as discussed in the paragraph headed "(V) Financial and trading prospects of the Group" under the section headed "Appendix I Financial information of the Group" in this Circular; and (iv) the reasons for and benefits of proposed Rights Issue as discussed in the section headed "Reasons for and benefits of the Rights Issue and intended use of proceeds" in the Letter from the Board. Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date.

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the daily closing price of the Shares (the "**Closing Prices**") during the period from 2 October 2024 to 3 October 2025 (being 12 months immediately preceding the Last Trading Day) (the "**Review Period**"). We consider the Review Period is adequate to illustrate the recent price movement of the Shares which reflect prevailing market sentiments and the comparison between the Closing Prices and the Subscription Price. The chart below illustrates the historical Closing Prices during the Review Period:

Historical daily closing price of the Share during the Review Period



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

During the Review Period, the highest and the lowest Closing Prices were HK$4.24 on 7 October 2024 and HK$1.54 on 27 August 2025, with an average closing price of approximately HK$2.22.

The closing prices of the Shares demonstrated a first surge from HK$2.94 per Share on 3 October 2024 to HK$4.24 per Share on 7 October 2024, representing an increase of approximately 44.2%. Save for the publication of voluntary announcement on unusual price and trading volume movements on 7 October 2024, no particular news or announcement were made by the Company on that period and the Directors are not aware of any reason for such increase of the Share price. After that, the closing prices of the Shares demonstrated a generally decreasing trend from HK$4.24 per Share on 7 October 2024 to HK$2.10 on 15 January 2025. Then, the closing price of the Share suddenly rose again from HK$2.10 on 15 January 2025 to HK$2.80 on 20 January 2025, representing an increase of approximately 33.3%. No particular news or announcement were made by the Company on that period and the Directors are not aware of any reason for such increase of the Share price.

After 20 January 2025, the closing prices of Shares was on a generally decreasing trend from HK$2.80 on 20 January 2025 to HK$1.85 on 7 July 2025. Then, there was a sudden rise again in the closing price from HK$1.85 per Share on 7 July 2025 to HK$2.53 per Share on 9 July 2025, representing an increase of approximately 36.8%. Save for the publication of supplemental announcement on placing of new Shares under general mandate on 8 July 2025, no particular news or announcement were made by the Company on that period and the Directors are not aware of any reason for such increase of the Share price. After that, the closing prices of the Shares demonstrated a generally decreasing trend from HK$2.53 per Share on 9 July 2025 to HK$1.98 on the Last Trading Day.

We noted that the Subscription Price of HK$1.58 per Rights Share is below the majority of the Closing Prices during the Review Period. The Subscription Price represents (i) a discount of approximately 62.74% to the highest Closing Price of HK$4.24 on 7 October 2024; (ii) a slight premium of approximately 2.60% to the lowest Closing Price of HK$1.54 on 27 August 2025; and (iii) a discount of approximately 28.83% to the average Closing Price of approximately HK$2.22 during the Review Period.

After the publication of the Announcement, the closing prices of Shares demonstrated a generally sideway trend from HK$1.98 per Share on the Last Trading Day to HK$2.11 per Share on the Latest Practicable Date.

With reference to the sub-paragraph headed "(d) Market comparables analysis" below in this paragraph, we noted that it is a common market practice that the subscription price of a rights issue is set at a discount to the prevailing market prices of the relevant shares to encourage the existing shareholders to participate in a rights issue as to meet the need of equity fund raising. We concur with the Directors' view that the Subscription Price, which is set at a discount to the prevailing market prices of the Shares by the LTD Discount, the 5 Days Discount and the TERP Discount, is in line with the general market practice and thus acceptable.

(c) Trading liquidity of the Shares

We also considered the trading liquidity of the Shares from the average daily trading volume as a percentage to (i) the total number of issued Shares as at the end of the corresponding months/periods; and (ii) the total number of issued Shares held by public Shareholders as at the end of the corresponding months/periods.

Months/Periods	Number of trading days	Average daily trading volume of Shares during the months/ periods	Percentage of average daily trading volume to the issued Shares % *(Note 1)*	Percentage of average daily trading volume to the issued Shares held by public Shareholders % *(Note 2)*
2024				
October	21	239,471	0.125	0.211
November	21	68,210	0.036	0.060
December	20	52,245	0.027	0.046
2025				
January	19	105,487	0.055	0.093
February	20	102,170	0.053	0.090
March	21	120,950	0.063	0.106
April	19	50,174	0.026	0.044
May	20	16,890	0.009	0.015
June	21	34,010	0.018	0.030
July	22	132,409	0.069	0.116
August	21	32,086	0.017	0.028
September	22	172,986	0.090	0.152
From 2 October 2025 to 3 October 2025	2	1,108,050	0.577	0.975
		Maximum	0.577	0.975
		Minimum	0.009	0.015
		Mean	0.090	0.151
The Review Period	249	103,244	0.054	0.091
From 6 October 2025 to the Latest Practicable Date	11	219,636	0.114	0.193

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

Notes:

1. It is calculated by dividing the average daily trading volume of Shares for the month/period by the total number of Shares in issue at the end of month/period; and

2. It is calculated by dividing the average daily trading volume of Shares for the month/period by the total number of Shares in issue held by the public Shareholders at the end of month/period.

As illustrated in the above table, the average daily trading volume of the Shares during the Review Period ranged from approximately 16,890 Shares to approximately 1,108,050 Shares, representing (i) from approximately 0.009% to approximately 0.577% of the total number of the Shares in issue; or (ii) from approximately 0.015% to approximately 0.975% of the total number of the Shares held by public Shareholders, with an average of approximately 103,244 Shares, representing (i) approximately 0.054% of the total number of the Shares in issue; or (ii) approximately 0.091% of the total number of the Shares held by public Shareholders. We noted from the above table that the liquidity of the Shares was generally thin during the Review Period. During the period from 6 October 2025 to the Latest Practicable Date, the average daily trading volume of the Share remained generally thin at approximately 219,636 Shares, representing (i) approximately 0.114% of the total number of the Shares in issue; or (ii) approximately 0.193% of the total number of the Shares held by public Shareholders.

As aforementioned, the Subscription Price of HK$1.58 is below the majority of the Closing Prices throughout the Review Period. Given that (i) the generally thin liquidity of the Shares during the Review Period; and (ii) the general decreasing trend of the Closing Prices from HK$3.10 per Share on 2 October 2024 to HK$1.98 on the Last Trading Day, we consider that it is reasonable to offer a discount for the Subscription Price to encourage the Qualifying Shareholders to subscribe for the Rights Shares; or the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the placee(s) pursuant to the Placing Agreement.

(d) Market comparables analysis

We have further performed an analysis on the comparison between the Rights Issue and other rights issues conducted by other listed companies on the Stock Exchange which were announced from 1 January 2025 to the Last Trading Day. We identified an exhaustive list of 15 comparables (the "**Rights Issue Comparables**") based on the selection criteria that (i) the shares of the company are listed on the Stock Exchange; (ii) the market capitalisation of the company ranges from HK$50 million to HK$500 million as at the respective last trading day; and (iii) the rights issue is conducted on a non-underwritten basis, best-effort underwritten basis or non-fully underwritten basis. We consider that the aforementioned selection criteria of the Rights Issue Comparables from 1 January 2025 to the Last Trading Day (3 October 2025) allows us to (i) capture the Rights Issue Comparables, which could provide a general reference for the recent market practice in relation to the principal terms of rights issue; and (ii) generate a sufficient sample size for the purpose of our comparable analysis. Shall the Rights Issue Comparables be different in their principal activities, business nature, market capitalisations, financial performance and financial positions as compared to the Company, having considered that our analysis is mainly concerned of the principal terms of the rights issues under the prevailing market condition and sentiment, we consider that the Rights Issue Comparables can provide a general reference in relation to the terms of rights issue under recent market condition and sentiment. In view of the above, we are of the view that the Rights Issue Comparables are fair and representative. Details of the Rights Issue Comparables are set out below:

No	Name of company (stock code)	Date of initial announcement (market capitalisation as at the respective last trading day)	Basis of entitlement	Discount of the subscription price to the closing price on the last trading day (%)	Discount of the subscription price to the average closing price for the last five consecutive trading days up to and including the last trading day (%)	Discount of the subscription price to the ex-rights price based on the closing price on the last trading day (%)	Premium/ (Discount) of the subscription price over/(to) the net asset value based on the respective latest annual report/interim report (%)	Theoretical dilution effect (%)	Excess application/ Placing	Fixed placing fee HK$	Placing commission (%)	Underwriting arrangement	Identity of underwriter	Underwriting commission (%)	Maximum dilution on shareholding (%) (Note 1)
1	Colour Life Services Group Co., Limited (1778)	27/1/2025 (HK$245 million)	1 for 4	0.00	(2.14)	0.00	(94.98)	0.43	Excess application	N	N	Non-underwritten	N	N	20.00
2	Timeless Resources Holdings Limited (8028)	27/2/2025 (HK$66 million)	1 for 2	(9.64)	(8.72)	(6.81)	(23.28)	3.21	Excess application	N	N	Non-underwritten	N	N	33.33
3	ISP Holdings Limited (2340)	11/4/2025 (HK$85 million)	1 for 2	(74.50)	(73.38)	(66.07)	(85.59)	24.85	Excess application	N	N	Non-underwritten	N	N	33.33
4	C Cheng Holdings Limited (1486)	29/4/2025 (HK$88 million)	1 for 2	(67.21)	(66.44)	(57.75)	(92.75)	22.40	Placing	N	3.00	Non-underwritten	N	N	33.33
5.	SEEC Media Group Limited (205)	7/5/2025 (HK$106 million)	1 for 2	(23.61)	(26.17)	(17.29)	(53.78)	10.74	Placing	100,000	3.00	Non-underwritten	N	N	33.33
6	Greenheart Group Limited (94)	10/6/2025 (HK$74 million)	1 for 2	(9.25)	(4.97)	(6.44)	(88.80)	3.00	Placing	150,000	2.00	Non-underwritten	N	N	33.33
7	Pinestone Capital Limited (804)	10/6/2025 (HK$68 million)	3 for 2	(40.71)	(41.55)	(22.14)	(70.77)	24.93	Placing	N	5.00	Non-underwritten	N	N	60.00
8	Sanergy Group Limited (2459)	7/7/2025 (HK$205 million)	1 for 2	(55.60)	(56.30)	(45.50)	(89.00)	18.80	Placing	N	3.50 *(Note 2)*	Non-underwritten	N	N	33.33
9	Shin Hwa World Limited (582)	25/7/2025 (HK$277 million)	1 for 1	(34.21)	(33.07)	(17.11)	(97.12)	17.11	Excess application	N	N	Best-effort underwritten	Independent Third Party	1.00	50.00
10	Da Yu Financial Holdings Limited (1073)	30/7/2025 (HK$328 million)	1 for 2	(16.67)	(18.92)	(11.76)	(45.45)	6.67	Excess application	N	N	Non-underwritten	N	N	33.33
11	Tomo Holdings Limited (6928)	4/8/2025 (HK$214 million)	1 for 2	(62.10)	(63.20)	(52.20)	25.00	21.30	Placing	N	1.00	Non-underwritten	N	N	33.33
12	Value Convergence Holdings Limited (821)	6/8/2025 (HK$116 million)	2 for 1	(4.26)	(5.86)	(1.53)	(71.06)	3.11	Excess application	N	2.50	Non-underwritten	N	N	66.67

No	Name of company (stock code)	Date of initial announcement (market capitalisation as at the respective last trading day)	Basis of entitlement	Discount of the subscription price to the closing price on the last trading day (%)	Discount of the subscription price to the average closing price for the last five consecutive trading days up to and including the last trading day (%)	Discount of the subscription price to the ex-rights price based on the closing price on the last trading day (%)	Premium/(Discount) of the subscription price over/(to) the net asset value based on the respective latest annual report/interim report (%)	Theoretical dilution effect (%)	Excess application/ Placing	Fixed placing fee HK$	Placing commission (%)	Underwriting arrangement	Identity of underwriter	Underwriting commission (%)	Maximum dilution on shareholding (%) (Note 1)
13	Capital VC Limited (2324)	13/8/2025 (HK$74 million)	1 for 1	(27.30)	(24.80)	(15.79)	(82.00)	13.60	Placing	100,000	3.00	Non-underwritten	N	N	50.00
14	Many Idea Cloud Holdings Limited (6696)	4/9/2025 (HK$58 million)	6 for 1	(22.08)	(24.56)	(4.94)	(90.53)	20.63	Placing	N	0.20	Non-underwritten	N	N	85.71
15	Perfectech International Holdings Limited (765)	26/9/2025 (HK$118 million)	1 for 2	(18.06)	(20.70)	(12.72)	152.14	6.99	Excess application	N	N	Non-underwritten	N	N	33.33
			Maximum	0.00	(2.14)	0.00	152.14	24.93		150,000	5.00			1.00	85.71
			Minimum	(74.50)	(73.38)	(66.07)	(97.12)	0.43		50,000	0.20			1.00	20.00
			Mean	(31.01)	(31.39)	(22.54)	(53.86)	13.18		116,667	2.58			1.00	42.16
	The Company (1909)	5/10/2025 (HK$380 million)	1 for 2	(20.20)	(27.85)	(14.59)	195.74	9.13	Placing	100,000	N	Non-fully underwritten	Connected person	0.00	33.33

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

Notes:

1 Calculation formula of maximum dilution effect of shareholding: (number of new shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the new shares under the basis of entitlement + number of new shares to be issued under the basis of entitlement) x 100%.

2 The placing agents may receive a discretionary commission up to HK$1.0 million.

As shown in the above table, we noted that 14 out of 15 Rights Issue Comparables set the subscription price at a discount to their respective last trading days. It demonstrates that it is common to set the subscription price of a rights issue at a discount to its prevailing market price in order to encourage the existing shareholders to participate the rights issue.

Based on the above Rights Issue Comparables, we can also summarise our findings:

(i) the subscription price to the closing price on the respective last trading day of the Rights Issue Comparables ranged from no discount to a discount of approximately 74.50%, with an average discount of approximately 31.01%. The Subscription Price represents a discount of approximately 20.20% to the closing price per Share on the Last Trading Day, which is lower than the average discount of the Rights Issue Comparables;

(ii) the subscription price to the average closing price for the last five consecutive trading days immediately prior to and including the respective last trading day of the Rights Issue Comparables ranged from a discount of approximately 2.14% to a discount of approximately 73.38%, with an average discount of approximately 31.39%. The Subscription Price represents a discount of approximately 27.85% to the average closing price per Share for the last five consecutive trading days immediately prior to and including the Last Trading Day, which is also lower than the average discount of the Rights Issue Comparables;

(iii) the subscription price to the theoretical ex-rights price on the respective last trading day of the Rights Issue Comparables ranged from no discount to a discount of approximately 66.07%, with an average discount of approximately 22.54%. The Subscription Price represents a discount of approximately 14.59% to the ex-rights price per Share on the Last Trading Day, which is also lower than the average discount of the Rights Issue Comparables;

(iv) the subscription price to the net asset value per share of the Rights Issue Comparables ranged from a premium of approximately 152.14% to a discount of approximately 97.12%, with an average discount of approximately 53.86%. The Subscription Price represents a premium of approximately 195.74% to the unaudited consolidated net asset value per Share as at 30 June 2025, which is higher than all the Rights Issue Comparables; and

(v) the theoretical dilution effect of the Rights Issue Comparables ranged from approximately 0.43% to 24.93%, with an average of approximately 13.18%. The theoretical dilution effect of the Rights Issue of approximately 9.13% is lower than the average theoretical dilution effect the Rights Issue Comparables.

(e) Our view on the Subscription Price

Having considered that:

(i) it is a common market practice for the companies listed on the Stock Exchange to set the subscription price of a rights issue at a discount to the market price in order to encourage the existing shareholders to participate the rights issue;

(ii) the discounts represented by the Subscription Price to the closing price on the Last Trading Day, the average closing price per Share for the last five consecutive trading days immediately prior to and including the Last Trading Day and the theoretical ex-rights price per Share are lower than the average discounts of the Rights Issue Comparables;

(iii) the premium represented by the Subscription Price to the net asset value per Share as at 30 June 2025 is higher than all the Rights Issue Comparables;

(iv) the theoretical dilution effect of the Rights Issue is lower than the average theoretical dilution effect of the Rights Issue Comparable;

(v) the closing price of the Shares was on a generally downward trend during the Review Period;

(vi) the trading volume of the Shares was generally thin during the Review Period;

(vii) the Rights Issue would strengthen the capital base and financial position of the Group;

(viii) other financing alternatives may not be feasible as discussed in the paragraph headed "III. Other financing alternatives" above in this letter; and

(ix) all the Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue and to take up their entitlements in full at the same price to maintain their respective shareholdings in the Company,

we are of the view that the Subscription Price is on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned.

(f) The Placing Agreement and the Compensatory Arrangements

On 5 October 2025, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to placee(s) who and whose ultimate beneficial owner(s) are Independent Third Party(ies) on a best-effort basis.

Set out below are the principal terms of the Placing Agreement:

Date	:	5 October 2025
Issuer	:	The Company
Placing Agent	:	SBI China Capital Financial Services Limited was appointed as the Placing Agent to procure, on a best-effort basis, placees to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the Placing Period. The Placing Agent is a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. The Placing Agent and its ultimate beneficial owner(s) are not interested in any Shares and are Independent Third Parties.
Placing Period	:	The period commencing from Wednesday, 10 December 2025 and ending on 4:00 p.m. on Tuesday, 16 December 2025, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.
Commission and expenses		Subject to the fulfilment of the conditions set out in the Placing Agreement and the completion of the Placing, the Company shall pay to the Placing Agent in respect of the Placing, a Placing Commission, in Hong Kong dollars, HK$100,000, pursuant to the terms of the Placing Agreement.
Placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares	:	The placing price of the Unsubscribed Rights Shares and/or NQS Unsold Rights Shares (as the case may be) shall be not less than the Subscription Price and the final price determination will be dependent on the demand for and the market conditions of the Unsubscribed Rights Shares and/or NQS Unsold Rights Shares during the process of placement.
Placees	:	The Unsubscribed Rights Shares and NQS Unsold Rights Shares shall only to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).

Ranking of the placed Unsubscribed Rights Shares and NQS Unsold Rights Shares	: The Unsubscribed Rights Shares and NQS Unsold Rights Shares (when placed, allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares then in issue.
Conditions precedent	: The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:

(i) the Independent Shareholders passing (a) the ordinary resolutions at the EGM to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder; and (b) the special resolution at the EGM to approve the Whitewash Waiver;

(ii) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Underwriting Termination;

(iii) the SFC having granted the Whitewash Waiver;

(iv) the Company's warranties contained in the Placing Agreement remain true and accurate and not misleading in all material respects at all time prior to the date of completion of the Rights Issue; and

(v) the Stock Exchange granting the listing of, and permission to deal in, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares with or without conditions.

None of the above conditions precedent are capable of being waived by the parties to the Placing Agreement. As at the Latest Practicable Date, none of the above conditions precedent has been fulfilled.

In the event that the above condition precedents have not been fulfilled on or before the completion of the Rights Issue, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof prior to such termination).

Termination	: The obligations of the Placing Agent under the Placing Agreement will be terminated if all of the Rights Shares have been accepted by the Qualifying Shareholders on or before the Latest Time for Acceptance.

Sulfulon, 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 NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares only to independent placees who and whose ultimate beneficial owner(s) are Independent Third Party(ies), for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

For details of the terms of the Placing Agreement and the Compensatory Arrangements, please refer to the section headed "Proposed Rights Issue — Placing Agreement" and "Proposed Rights Issue — Procedures in respect of the Unsubscribed Rights Shares, the NQS Unsold Rights Shares and the Compensatory Arrangements" in the Letter from the Board respectively.

(g) The Placing and the Compensatory Arrangements

Pursuant to the Placing Agreement, the placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) shall be not less than the Subscription Price. The final price will be determined based on the demand for and the market conditions of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares during the process of placement. Given that (i) the placing price shall be not less than the Subscription Price, which is not prejudicial to the interests of the Qualifying Shareholders; and (ii) the Subscription Price is fair and reasonable as discussed above in this paragraph, we consider that the placing price, which shall be not less than the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

Regarding the Placing and the Compensatory Arrangements, we also note that among the Rights Issue Comparables, 8 out of 15 Rights Issue Comparables had the placing and compensatory arrangements, which suggests that it is a common market practice for such arrangement. Given that the Placing and the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares; (ii) a compensatory mechanism for No Action Shareholders and the Non-Qualifying Shareholders; and (iii) it is a common market practice for the placing and compensatory arrangements, we consider that the Placing and the Compensatory Arrangements are on normal commercial terms so far as the Independent Shareholders are concerned.

(h) The Placing Commission

Pursuant to the terms of the Placing Agreement, subject to fulfilment of the conditions set out in the Placing Agreement and the completion of the Placing, the Company shall pay to the Placing Agent in respect of the Placing, a Placing Commission in Hong Kong dollars, of HK$100,000.

As stated in the Letter from the Board, the engagement between the Company and the Placing Agent of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions.

According to the Rights Issue Comparables above in this paragraph, we noted that the fixed placing fee of the Rights Issue Comparables ranged from HK$100,000 to HK$150,000, with an average of HK$116,667. The Placing Commission of HK$100,000 is lower than the average fixed placing fee of the Rights Issue Comparables. Furthermore, according to the Placing Agreement, there is no placing commission rate to be payable by the Company. We are of the view that the Placing Commission is fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders (including the Independent Shareholders) as a whole.

V. Principal terms of the Underwriting Agreement

On 5 October 2025, the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Rights Shares (other than those Rights Shares subject to the Irrevocable Undertakings) will be non-fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement as described below.

Set out below are the principal terms of the Underwriting Agreement:

Date	:	5 October 2025
Issuer	:	The Company
Underwriter	:	Sulfulon

		Sulfulon is a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding and does not engage in securities underwriting as part of its ordinary course of business. As at the Latest Practicable Date, Sulfulon is beneficially interested in 65,500,000 Shares, representing approximately 34.1% of the total issued Shares and is a controlling shareholder of the Company. As such, the Underwriter complies with Rule 7.19(1)(b) of the Listing Rules. The ultimate beneficial owner of Sulfulon is Mr. Zhang.
Number of Rights Shares underwritten by the Underwriter	:	Sulfulon has (other than the Rights Shares agreed to be taken up by Sulfulon, Mr. Zhang and Infinities Investment under the Irrevocable Undertakings) conditionally agreed to underwrite such number of Rights Shares not taken up under the Compensatory Arrangements, which together with the Shares already held by the Sulfulon Concert Group and the Undertaken Shares, and depending on the number of Untaken Rights Shares, up to 51.0% of the total enlarged issued Shares at completion of the Rights Issue. For the avoidance of doubt, no further Rights Share will be taken by Sulfulon under the Underwriting Agreement, when the number of Shares held by Sulfulon Concert Group (together with the Undertaken Shares) have already reached 51.0% of the total enlarged issued Shares at completion of the Rights Issue. The remaining Rights Shares (if any) will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.
Commission	:	The Underwriter will not receive any underwriting commission
Public Float Requirement	:	The Company and the Underwriter shall ensure the Company complies with the Public Float Requirement upon completion of the Underwriting Agreement.

For details of the terms 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 (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to the financial position of the Group, the size of the Rights Issue, the current and expected market condition and the prevailing market rate.

Pursuant to the Irrevocable Undertakings, each of Mr. Zhang, Sulfulon and Infinities Investment has unconditionally and irrevocably undertaken to the Company, among other things, that (i) he/it will not sell or transfer such Shares before the Latest Time for Acceptance or the termination of the Rights Issue; and (ii) he/it will accept and pay for the full entitlements to the provisional allotment under the Rights Issue, being 1,920,000 Rights Shares for Mr. Zhang, 32,750,000 Rights Shares for Sulfulon, and 4,500,000 Rights Shares for Infinities Investment. Pursuant to the Underwriting Agreement, Sulfulon has (other than the Rights Shares agreed to be taken up by Sulfulon, Mr. Zhang and Infinities Investment under the Irrevocable Undertakings) conditionally agreed to underwrite such number of Rights Shares not taken up under the Compensatory Arrangements, which together with the Shares already held by the Sulfulon Concert Group and the Undertaken Shares, and depending on the number of Untaken Rights Shares, up to 51.0% of the total enlarged issued Shares at completion of the Rights Issue. We consider that the aforesaid Irrevocable Undertakings and the underwriting arrangement would secure the Company's fund-raising through the Rights Issue to a certain extent. Furthermore, the Irrevocable Undertakings given by Mr. Zhang, Sulfulon and Infinities Investment, together with the underwriting arrangement indicate the Sulfulon Concert Group's support for the Rights Issue and the Group's business expansion and development.

Pursuant to the Underwriting Agreement, the Underwriter will not receive any underwriting commission. We consider that this is beneficial to the Company as it can avoid any additional transaction cost to be incurred should the Company appoint a willing independent underwriter for the Rights Issue.

Having considered that (i) the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will firstly be placed to the independent place(s) by the Placing Agent before underwritten by Sulfulon; (ii) the underwriting arrangement will enable the Group to secure fund-raising through the Rights Issue to a certain extent; (iii) the Irrevocable Undertakings given by Mr. Zhang, Sulfulon and Infinities Investment, together with the underwriting arrangement indicate the continuous support from Sulfulon Concert Group to the Group's business expansion and development; (iv) the underwriting arrangement made by Sulfulon is in compliance with Rule 7.21(1)(b) of the Listing Rules; (v) there is no cost incurred to the Company for the underwriting arrangement which is favourable to the Company; (vi) the Rights Issue would strengthen the capital base and financial position of the Group; (vii) the Subscription Price is on normal commercial terms, fair and reasonable as discussed in the paragraph headed "IV. Principal terms of the Rights Issue and the Placing Agreement" above in this letter; and (viii) the Placing, the Compensatory Arrangements and the Placing Commission are on normal commercial terms, fair and reasonable as discussed in the paragraph headed "IV. Principal terms of the Rights Issue and the Placing Agreement" above in this letter, we are of the view that although the entering of the Underwriting Agreement is not in the ordinary and usual course of the Group's business, the Underwriting Agreement is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders (including the Independent Shareholders) as a whole.

VI. Potential dilution effect of the Rights Issue on the shareholding structure of the Group

All the Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the completion of the Rights Issue. Those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Non-Qualifying 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 33.33%. It should be noted that the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, such as the results of acceptance of the Rights Issue. Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately upon completion of the Rights Issue:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming full acceptance of the Rights Shares by all the Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders, except for Sulfulon, Infinities Investment and Mr. Zhang have taken up on the Rights Shares pursuant to the Irrevocable Undertakings and all of the Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent)		Immediately after completion of the Rights Issue (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders, except for Sulfulon, Infinities Investment and Mr. Zhang have taken up on the Rights Shares pursuant to the Irrevocable Undertakings and the Underwriting Agreement and none of the Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent)	
	Number of shares	*Approximate %*	*Number of shares*	*Approximate %*	*Number of shares*	*Approximate %*	*Number of shares*	*Approximate %*
Shareholders								
Sulfulon and parties acting in concert								
Sulfulon *(Note 1)*	65,500,000	34.1	98,250,000	34.1	98,250,000	34.1	99,039,184	42.7
Infinities Investment *(Note 1)*	9,000,000	4.7	13,500,000	4.7	13,500,000	4.7	13,500,000	5.8
Mr. Zhang *(Note 1)*	3,840,000	2.0	5,760,000	2.0	5,760,000	2.0	5,760,000	2.5
The Sulfulon Concert Group	**78,340,000**	**40.8**	**117,510,000**	**40.8**	**117,510,000**	**40.8**	**118,299,184**	**51.0** *(Note 2)*
Independent placees	—	—	—	—	56,830,000	19.7	—	—
Public Shareholders	113,660,000	59.2	170,490,000	59.2	113,660,000	39.5	113,660,000	49.0
	192,000,000	**100.0**	**288,000,000**	**100.0**	**288,000,000**	**100.0**	**231,959,184**	**100.0**

Notes:

1 As at the Latest Practicable Date, Mr. Zhang is interested in approximately 40.8% of the total issued Shares, i.e. 78,340,000 Shares, comprising of:

(i) 65,500,000 Shares (representing approximately 34.1% of the issued Shares) held by Sulfulon, where Mr. Zhang is interested in the entire issued shares of Sulfulon and he is therefore deemed to be interested in the Shares held by Sulfulon by virtue of the SFO;

(ii) 9,000,000 Shares (representing approximately 4.7% of the issued Shares) held by Infinities Investment, where Mr. Zhang is interested in the entire issued shares of Infinities Investment, which is wholly owned by Infinities Super Holding Limited. Infinities Super Holding Limited is a company incorporated in the Cayman Islands with limited liability and is wholly-owned by Mr. Zhang. Therefore, Mr. Zhang is deemed to be interested in the Shares held by Infinities Investment by virtue of the SFO; and

(iii) 3,840,000 Shares owned by him directly, representing approximately 2.0% of the issued Shares.

2 As at the Latest Practicable Date, each of Sulfulon, Infinities Investment and Mr. Zhang, has provided the Irrevocable Undertakings to the Company; and Sulfulon, acting as the Underwriter, has entered into the Underwriting Agreement with the Company on 5 October 2025. For details, please refer to the section headed "Proposed Rights Issue — Irrevocable Undertakings" and the section headed "Proposed Rights Issue — The Underwriting Agreement" in this Circular.

3 As at the Latest Practicable Date, none of the Directors and/or their respective connected persons was directly or indirectly interested in any Shares.

4 As confirmed by the Directors, the Company will take all appropriate steps to ensure the sufficient public float being maintained for the purpose of complying with the Public Float Requirement.

We are aware of the potential dilution effects of the Rights Issue. Nonetheless, we consider that the foregoing should be balanced by the following factors:

(i) it is in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole to raise capital through the Rights Issue for the Group's business expansions as discussed in the paragraph headed "II. Reasons for and benefits of the Rights Issue and intended use of proceeds" above in this letter;

(ii) the Rights Issue would broaden the capital base of the Group;

(iii) the Qualifying Shareholders have their choices of whether to accept the Rights Issue or not;

(iv) the Qualifying Shareholders are provided an equal opportunity to subscribe for their assured entitlements under the Rights Issue for the purpose of maintaining their respective existing shareholding interests in the Company;

(v) 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;

(vi) the Qualifying Shareholders who wish to increase their shareholding interests in the Company through the Rights Issue, may, subject to availability, acquire additional nil-paid Rights Shares in the market;

(vii) the Compensatory Arrangements will provide a compensatory mechanism for the No Action Shareholders and the Non-Qualifying Shareholders;

(viii) the maximum dilution effect of shareholding of the Rights Issue of approximately 33.33% is lower than the average maximum dilution of approximately 42.16% of the Rights Issue Comparables;

(ix) the theoretical dilution effect of the Rights Issue of approximately 9.13% is lower than the average theoretical dilution effect of approximately 13.18% of the Rights Issue Comparables, and complies with the dilution limit under the Listing Rules;

(x) the positive impact on the financial position of the Group as a result of the Rights Issue as mentioned in the paragraph headed "VII. Possible financial effect of the Rights Issue" below in this letter; and

(xi) the Independent Shareholders are offered a chance to express their views on the terms of the Rights Issue through their votes at the EGM.

Having considered the above, we are of the view that the potential dilution effect on the shareholding is acceptable.

VII. Possible financial effect of the Rights Issue

Shareholders should consider the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as stated in the section headed "Appendix II Unaudited pro forma financial information of the Group" (the "**Pro Forma Information**") in this Circular.

According to the Pro Forma Information, as at 30 June 2025, the Group had unaudited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK$82.2 million. As stated in the Pro Forma Information, assuming completion of the Rights Issue took place on 30 June 2025, the unaudited consolidated net tangible assets of the Group attributable to owners of the Company would increase from approximately HK$82.2 million to HK$233.1 million. The unaudited consolidated net tangible assets per Share before completion of the Rights Issue was approximately HK$0.43, upon completion of the Rights issue, the unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Rights issue would increase from approximately HK$0.43 to HK$0.81.

According to the 2025 Interim Report, as at 30 June 2025, the Group had unaudited consolidated net asset value of the Group attributable to owners of the Company of approximately HK$96.9 million. Assuming completion of the Rights Issue took place on 30 June 2025, the unaudited consolidated net asset value of the Group attributable to owners of the Company would increase from approximately HK$96.9 million to approximately HK$247.8 million. The unaudited consolidated net asset value per Share before completion of the Rights Issue was approximately HK$0.50, upon completion of the Rights Issue, the unaudited pro forma adjusted consolidated net asset value per Share immediately after completion of the Rights issue would increase from approximately HK$0.50 to HK$0.86.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Rights Issue.

VIII. The Whitewash Waiver

As at the Latest Practicable Date, the Sulfulon Concert Group is interested in 78,340,000 Shares in aggregate, representing approximately 40.8% of the existing issued Shares.

Assuming (i) there is no change in the number of issued Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue; (ii) none of the Qualifying Shareholders other than Mr. Zhang, Sulfulon and Infinities Investment have taken up their entitlements under the Rights Issue; and (iii) none of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent, (I) the aggregate interests in the Company held by the Sulfulon Concert Group upon the completion of the Rights Issue will increase from the current level of approximately 40.8% to approximately 51.0% of the issued Shares as enlarged by the allotment and issue of the Rights Shares; and (II) the shareholding of Sulfulon in the Company will be increased from approximately 34.1% to approximately 42.7% of the issued Shares on a stand-alone basis. The Sulfulon Concert Group will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it pursuant to Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted.

If the Whitewash Waiver is granted by the Executive and approvals by the Independent Shareholders are obtained, upon completion of the Rights Issue, assuming there is no change in the issued Shares other than the allotment and issue of Rights Shares, the maximum potential holding of voting rights of the Sulfulon Concert Group in the Company will exceed 50%, the Sulfulon Concert Group may thereafter increase its shareholdings in the Company without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.

The Sulfulon Concert Group has made an application 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, would be subject to, among other things, (i) the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders at the EGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder. The Sulfulon Concert Group and those who are involved in and/or interested in the Rights Issue, the Placing Agreement, the Underwriting Agreement or the Whitewash Waiver are required to abstain from voting on the proposed resolutions approving the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder at the EGM. If the Whitewash Waiver is not granted by the Executive, the Rights Issue will not proceed.

In view that (i) it is in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole to raise capital through the Rights Issue for the Group's business expansions as discussed in the paragraph headed "II. Reasons for and benefits of the

Rights Issue and intended use of proceeds" above in this letter; (ii) the Rights Issue would strengthen the capital base and financial position of the Group; (iii) the principal terms of the Rights Issue and the Placing Agreement are on normal commercial terms, fair and reasonable as discussed in the paragraph headed "IV. Principal terms of the Rights Issue and the Placing Agreement" above in this letter; (iv) the principal terms of the Underwriting Agreement are on normal commercial terms, fair and reasonable as discussed in the paragraph headed "V. Principal terms of the Underwriting Agreement" above in this letter; and (v) 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 Shareholders (including the Independent Shareholders) as a whole.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular,

(i) the Group's existing cash and cash equivalents is in tight and has been earmarked for the Group's existing business operations which represents that the Group's has immediate funding needs to raise fund for business expansion and development;

(ii) the prospect of gaming markets in Southeast Asia, including Indonesia, Vietnam and Malaysia will remain positive as discussed in the paragraph headed "Reasons for and benefits of the Rights Issue and intended use of proceeds";

(iii) the Rights Issue would strengthen the capital base and financial position of the Group;

(iv) the Rights Issue is the most preferable option over the other financing alternatives such as debt financing, placing of new Shares and open offer, as it will not increase the Group's interest burden, not create pressure to the Group's liquidity and allow all the Qualifying Shareholders to participate in the Rights Issue for the business expansion and development of the Group with the flexibility of trading of nil-paid Rights Shares in the market;

(v) the principal terms of the Rights Issue and the Placing Agreement are consistent with prevailing market practices as discussed in paragraph headed "IV. Principal terms of the Rights Issue and the Placing Agreement";

(vi) the principal terms of the Underwriting Agreement are consistent with prevailing market practices as discussed in paragraph headed "V. Principal terms of the Underwriting Agreement";

(vii) the Irrevocable Undertakings as provided by Mr. Zhang, Sulfulon and Infinities Investment and the underwriting commitment demonstrate the Sulfulon Concert Group's confidence in the Group's future development, and there is no underwriting commission will be charged by Sulfulon for its commitment under the Underwriting Agreement;

(viii) the maximum dilution on the shareholding interests of public Shareholders, which will be potentially diluted by up to a maximum of approximately 33.33% following the completion of the Rights Issue, is considered to be acceptable given the financial position of the Group, and that the principal terms of the Rights Issue, the Placing Agreement and the Underwriting Agreement are on normal commercial terms, fair and reasonable; and

(ix) 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 consider that although the entering of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder are not in the ordinary and usual course of the Group's business, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders (including the Independent Shareholders) as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
RaffAello Capital Limited

Tsang Kin Hung
Managing Director
(Note 1)

Yours faithfully,
For and on behalf of
Dakin Capital Limited

Tam Kin Fong
Managing Director
(Note 2)

Notes:

1. Mr. Tsang Kin Hung is a responsible officer of RaffAello Capital Limited, which is licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has been active in the field of corporate finance advisory for over 20 years, and has been involved in and completed various corporate finance advisory transactions.

2. Mr. Tam Kin Fong is a responsible officer of Dakin Capital Limited, which is licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has been active in the field of corporate finance advisory for over 20 years, and has been involved in and completed various corporate finance advisory transactions.