



**SBI China Capital**  
軟庫中華

The directors  
**Thing On Group Limited**  
TMF (B.V.I) LTD.  
Palm Grove House  
P.O. Box 438  
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Tortola, British Virgin Islands

18 July 2025

**PROPOSAL FOR THE PRIVATISATION OF  
THING ON ENTERPRISE LIMITED  
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT OF THE CAYMAN ISLANDS**

Dear Sirs,

Pursuant to the requirements of the Takeovers Code, you have requested us to provide you with an estimate of the value of the Holdco Shares (the “**Estimates of Value**”). Under the Proposal, Scheme Shareholders may elect to receive: (i) the Cash Alternative: cash of HK\$0.78 for every Scheme Share; or (ii) the Share Alternative: one Holdco Share for every Scheme Share held; or a combination of both the Cash Alternative and the Share Alternative. The Holdco Shares are unlisted and therefore do not have a publicly traded price.

Capitalised terms used in this letter will, unless otherwise stated, have the same meaning given to them in the document of even date jointly issued by Thing On Group Limited and Thing On Enterprise Limited (the “**Scheme Document**”) of which this letter forms part.

**PURPOSE**

The Estimates of Value have been provided to the Offeror solely for the purposes of Paragraph 30 of Schedule I to the Takeovers Code, and shall not be used or relied upon for any other purpose whatsoever, and is not made on behalf of, and shall not confer rights or remedies upon, any third party. It is to be emphasised that the Estimates of Value contained herein are an estimated value of each Holdco Share based on certain assumptions and therefore do not necessarily reflect the actual value of Holdco Shares.

This letter is not addressed to any third party and the contents of it may not be relied upon by any third party for any purpose whatsoever; and SBI China Capital expressly disclaims any duty or liability to any third party with respect to the contents of this letter. Except for its inclusion in the Scheme Document, this letter may not be quoted or referred to, in whole or in part, nor may any other public reference to SBI China Capital be made, without our prior written consent.

This letter sets out Estimates of Value of each Holdco Share assuming the Proposal has become or been declared effective and such share is in issue as at the date of this letter.

The Estimates of Value do not represent the value that a holder of a Holdco Share may realise on any future sale. The Estimates of Value are necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the Latest Practicable Date. It should be understood that subsequent development may affect the Estimates of Value expressed herein. SBI China Capital assumes no obligation to update, revise or reaffirm the Estimates of Value based upon circumstances or events occurring after the Latest Practicable Date.

Additionally, the Estimates of Value are based on the announced value of HK\$0.78 per Scheme Share under the Cash Alternative on which SBI China Capital expresses no opinion or representation. In providing the Estimates of Value, SBI China Capital makes no opinion or recommendation to any person as to whether they should accept the Proposal or whether they should make any election to choose the Cash Alternative or the Share Alternative. Further, SBI China Capital expresses no opinion as to the fairness of the financial terms of the Scheme or the Proposal.

## ASSUMPTIONS

For the purpose of our analysis, we have made the following assumptions with due care and consideration:

- (a) there exists a willing buyer and seller, neither being under any compulsion to buy or sell, dealing on an arm's length basis, each having knowledge of all relevant facts;
- (b) as at the date of this letter, the Proposal has become effective and the Offeror has already transferred 540,000,000 Shares (representing 75% of the issued and outstanding Shares) to the Holdco such that the Company becomes 100% owned by the Holdco;

- (c) allotment of 540,000,000 Holdco Shares to the Offeror following the transfer of 540,000,000 Shares to the Holdco mentioned in (b) above; and on or before the Effective Date, subdivision of the one issued share held by the Offeror into 100,000 Holdco Shares; and the issue and allotment of 179,900,000 new shares by the Holdco to the Offeror comprise the entire issued share capital of the Holdco and no person has any right to acquire or subscribe for any share or loan capital of the Holdco other than the Holdco Shares issued in connection with the Proposal. Such shares have been issued pursuant to the terms of the Proposal free from all encumbrances, credited as fully-paid, non-assessable, and ranking *pari passu* with all issued shares in the Holdco, including the right to receive in full all dividends and other distributions (if any) declared, made or paid on or after the date of their issue;
- (d) we have assumed that at the time the Proposal becomes effective and the Offeror has already transferred 540,000,000 Shares (representing 75% of the issued and outstanding Shares) to the Holdco such that the Company becomes 100% owned by the Holdco, the Holdco consolidated turnover, profits, assets and liabilities will be the same as the Company, save for any costs and expenses incurred in connection with the Proposal and any cash balance that may remain in the Holdco that was not required to finance the amount payable in cash to Scheme Shareholders under the Proposal and the liability of the Holdco owed to the Offeror, primarily representing cumulative setup and maintenance costs financially supported by the Offeror since the Holdco's incorporation;
- (e) we have assumed no dividends or other distributions are paid or payable by the Holdco;
- (f) the Offeror, the Holdco and the Company exist on a continuing basis;
- (g) The HoldCo Shares are unlisted and are valued on this basis. Whilst it is not possible to give a precise measure of the discount to reflect, among other things, the lack of marketability of unlisted securities and the rights of the shareholders of the HoldCo, but for the purpose of calculating our range of Estimates of Value, we have assumed a range of discounts of 0-30% to an equivalent listed security to reflect the lack of marketability and such shareholders' rights. We believe such range of discounts is an appropriate assumption to use for this purpose as it is consistent with the approach taken in recent market privatization precedents in Hong Kong which involves unlisted shares being offered as an alternative transaction consideration and

which adopts an illiquidity discount methodology to assess the value of the unlisted shares. In evaluating the level of discount applied, we have identified the following exhaustive general offer/privatisation cases since 2013 which involved valuation of unlisted shares, and noted that a lack of marketability/shareholders' rights discount of 30% was applied to derive the low-end value of the unlisted shares under the share alternative in the respective case:

<b>Date of scheme/ composite document</b>	<b>Company (stock code)</b>	<b>Discount applied</b>
22 May 2025	ESR Group Limited (1821)	30%
31 March 2025	Vesync Co., Ltd (2148)	30%
23 December 2024	Shanghai Henlius Biotech, Inc. (2696)	30%
2 July 2024	L'Occitane Holding S.A. (973)	30%
22 September 2023	Trigiant Group Limited (1300)	30%
4 May 2022	Suchuang Gas Corporation Limited (1430)	30%
10 November 2021	Lee Hing Development Limited (68)	30%
3 August 2021	Clear Media Limited (100)	30%
27 January 2021	Huifu Payment Limited (1806)	30%
20 June 2019	China Power Clean Energy Development Company Limited (735)	30%
5 September 2016	Nirvana Asia Ltd (1438)	30%
23 July 2013	Yashili International Holdings Ltd (1230)	30%

- (h) we have relied on and assumed, without conducting independent verification on, the accuracy and completeness of the information which was furnished or made available to us or otherwise reviewed by us (including but not limited to the management accounts of the Holdco as of 30 April 2025, which specify the amount of cash, assets, indebtedness and liabilities that are expected to remain in the Holdco, immediately following the Proposal becoming effective) for the purposes of the Estimates of Value; and we have not assumed and do not assume any responsibility or liability in relation thereto. Apart from the property valuation report in Appendix III of this Scheme Document, we have not conducted any independent valuation or appraisal of the assets and liabilities of the Company, nor have we sought or been provided with any such valuation or appraisal. We have not evaluated the solvency of the Company under any applicable laws relating to bankruptcy, insolvency or similar matters. The Estimates of Value is necessarily based on financial, economic, market, regulatory and other conditions in effect, and the information made available to us, as at the date of this letter. It should be understood that subsequent developments may affect the Estimates of Value contained in this letter;
- (i) an exchange rate of US\$1.00 to HK\$7.7565, which was the exchange rate as at the Last Trading Date;
- (j) the taxation of individual shareholders will vary and we have not taken account of the effects of any taxation exemptions, allowances or reliefs available for the purposes of income, capital gains, inheritance or any other applicable tax, duty or levy, notwithstanding these may be significant in the case of some shareholders; and
- (k) the Company and its subsidiaries will continue to operate in the ordinary course as a going concern and are not subject to any material adverse event; the assets and liabilities of the Company on consolidated basis are fairly reflected in the its audited accounts for the year ended 31 December 2024; neither the Company nor any of its subsidiaries will dispose any asset for less than its fair value as reflected in the Company's consolidated audited accounts for the year ended 31 December 2024 nor suffers or incurs any liabilities other than in the ordinary course of business.

## METHODOLOGY

In our Estimates of Value, we derive ranges of value for Holdco Shares which reflect the estimated value of such shares hypothetically assuming for the purpose of calculating the top end of the range that they are listed and freely tradable, and for the purpose of calculating the bottom end of the range we have assumed a discount of 30% to reflect, among other things, the lack of marketability and shareholders' rights of an unlisted share.

The estimated value of the Holdco Shares is equal to the total estimated value of the Shares (including any cash balance, indebtedness and liabilities that may remain in the Holdco). As such, at the top end of our range, the total value of the Holdco Shares is assumed to be calculated as:

$$(a)-(b)+(c)$$

Where (a), (b) and (c) are defined as follows:

- (a) the estimated value of 720,000,000 Shares which represents the value of the Shares that the Holdco will own;
- (b) the liability of the Holdco owed to the Offeror, primarily representing cumulative setup and maintenance costs financially supported by the Offeror since the Holdco's incorporation; and
- (c) any cash that may remain in the Holdco immediately following implementation of the Proposal.

Following the implementation of the Proposal, the Holdco will not own any other assets or any other liabilities except for the Shares and the liability of the Holdco owed to the Offeror mentioned above. As a result, the estimated value of the Holdco Shares is equal to (a)-(b)+(c).

In deriving a value for (a) at the top end of the range, we have used a value of HK\$0.78 per Share which is equivalent to the value per Share under the Cash Alternative. Based on the management accounts of the Holdco provided by the Offeror, as at 30 April 2025, the Holdco had an insignificant amount of cash of HK\$74,650.07 in the bank accounts, being the value for (c); and the only liabilities of the Holdco consisted of HK\$157,402.20 due to the Offeror, being the value for (b) which primarily represents the aggregate amount of set up costs and maintenance costs financially supported by the Offeror since the date of incorporation of the Holdco on 7 September 2018.

As stated above, we have derived the lower end of the range for the Estimates of Value, by assuming a 30% discount to the value calculated above to reflect the lack of marketability and shareholders' rights on an unlisted share.

The valuation of non-publicly traded securities is inherently imprecise and is subject to certain uncertainties and contingencies, including, but not limited to, the above qualitative factors, the effects of which are difficult to predict. Consequently, the view expressed in this letter is not necessarily indicative of: (i) the price at which the Holdco Shares might actually trade as at the date hereof or at any future date; (ii) the amount which might be realised upon a sale of a Holdco Share to a third party; or (iii) the amount that might be realized by a holder of a Holdco Share on liquidation of the Holdco. Our Estimates of Value may differ substantially from estimates available from other sources. In addition, our view would be expected to fluctuate with changes in prevailing market conditions, the financial conditions and prospects of the Holdco and other factors which generally influence the valuation of companies and securities. As a result, there can be no assurance that the actual price of a Holdco Share will not be higher or lower than the Estimates of Value.

At the top end of the range, we derive our value of the Holdco Shares as follows:

- (a) is equal to approximately HK\$561,600,000 which is calculated by multiplying 720,000,000 Shares in issue immediately following implementation of the Proposal with top end value per Share of HK\$0.78
- (b) is equal to HK\$157,402.20, being the amount of liabilities of the Holdco due to the Offeror as at 30 April 2025, and
- (c) is equal to HK\$74,650.07, being the amount of cash in the bank accounts of the Holdco at 30 April 2025.

Based on the above, the top end value per Holdco Share calculated as (a)-(b)+(c) divided by 720,000,000 Holdco Shares) would be HK\$0.78. At the bottom end of the range, we derive our value of the Holdco Shares by assuming a 30% discount of non-marketability of the Holdco Shares, this implies a value per Holdco Share of HK\$0.546 at the bottom end of the range.

In determining the Estimates of Value, we have not taken into account, among other things, any financial projections of the Company.

No account has been taken of any potential transaction costs that a holder of the Shares may incur in regard to accepting the Proposal, or in any attempted or actual sale of Holdco Shares.

No account has been taken of any potential transaction costs that a holder of Holdco Shares may incur, or any potential costs that might be associated with a sale of the Holdco to a third party or a liquidation of the Holdco, which might be expected to reduce any return to a holder of a Holdco Share upon the occurrence of such an event.

#### ESTIMATES OF VALUE

We have produced the Estimates of Value using these methodologies and taken into account the information, factors, assumptions and limitations set out above. The Estimates of Value as defined in this letter are within a range of between HK\$0.546 and HK\$0.78 for each Holdco Share. Under the Share Alternative, each Shareholder is entitled to receive one Holdco Share for every Scheme Share held. This Estimates of Value does not represent a formal opinion of the value of a Holdco Share or a Share by SBI China Capital.



## GENERAL

SBI China Capital is acting as the financial adviser to the Offeror in connection with the Proposal. SBI China Capital will not be responsible to anyone other than the Offeror for providing advice in relation to the Proposal, the contents of the Scheme Document or any other matter referred to in the Scheme Document. Further, in providing the Estimates of Value, SBI China Capital expresses no opinion or recommendation to any person as to whether they should vote in favour of the Proposal or whether they should make any election to choose the Cash Alternative or the Share Alternative or a combination of both the Cash Alternative and the Share Alternative. Shareholders are urged to read carefully all the information contained in the Scheme Document and recommended to seek their own independent financial advice. Further, SBI China Capital expresses no opinion as to the fairness of the amount of the Cash Alternative and/or the number and nature of shares comprised in the Share Alternative as referenced in the Proposal.

Yours faithfully,

For and on behalf of

**SBI China Capital Hong Kong Securities Limited**



**Ringo Kwan**  
*Managing Director*



**Evelyn Fan**  
*Executive Director*