



Room 1706–07, 17/F
China Insurance Group Building
141 Des Voeux Road Central
Central, Hong Kong

26 September 2025

To: The Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF SIX (6) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 26 September 2025 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 4 September 2025 (after trading hours), the Company announced its proposal to implement the Rights Issue on the basis of six (6) Rights Shares for every one (1) existing Share held on the Record Date at the Subscription Price of HK\$0.4753 per Rights Share, to raise gross proceeds of approximately HK\$273.8 million by issuing 576,000,000 Rights Shares to the Qualifying Shareholders.

LISTING RULES IMPLICATIONS

With reference to the Letter from the Board, as the Rights Issue will increase the issued Shares by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As such, the controlling shareholders of the Company, namely Mr. Liu, Ms. Qu, ZJJ Many Idea, Xiamen Dream Future, Many Idea Liu Jianhui and Many Idea Qushuo who in aggregate holding 16,257,279 Shares, representing approximately 16.93% of the issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM. The Rights Issue does not result in a theoretical dilution effect 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.

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Wang Yingbin, Ms. Zhou Yan and Mr. Tian Tao, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, and the transaction contemplated thereunder, on whether the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

We, First Global Corporate Finance Co., Limited (“**First Global**”), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. First Global is a licensed corporation licensed under the Securities and Futures Ordinance (“**SFO**”) to carry out Type 6 (advising on corporate finance) regulated activity. Ms. Wendy Liu (“**Ms. Liu**”) is the person signing off the opinion letter from First Global contained in the Circular. Ms. Liu has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2014. Ms. Liu has participated in and completed various independent financial advisory transactions in Hong Kong.

OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, save for this engagement of us as the Independent Financial Adviser, no other relationship has been formed and no direct engagement has been performed between the Group, the other party(ies) to the Right Issue, or a close associate or core connected person of any of them and us. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, the other party(ies) to the Right Issue, or a close associate or core connected person of any of them and us, or other parties that could reasonably be regarded as relevant to our independence. Apart from the normal advisory fee payable to us in connection with our engagement as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company and its subsidiaries or their respective substantial shareholders or any party acting in concert, or presumed to be acting in concert, with any of them. Accordingly, we considered that we are independent to act as the Independent Financial Adviser in respect of the Right Issue pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Circular). We have reviewed the documents including but not limited to; (i) the Circular and the Letter from the Board contained therein; (ii) the Placing Agreement; (iii) the interim report of the Company for the six months ended 30 June 2025 and 2024 (the “**2025 Interim Report**”) and annual report of the Company for the years ended 31 December 2024 and 2023 (the “**2024 Annual Report**”); and (iv) the relevant supporting documents in respect of the Right Issue provided by the Company, including but not limited to historical documents and records, use of proceeds schedule and cashflow forecast to formulate our opinion and recommendation. We have assumed that the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. The Shareholders will be informed should there be any material change of information in the Circular up to the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. Where applicable, we have also conducted independent desktop search and confirmed that there was no material difference between our search result and the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Chapters 13 and 14A of the Listing Rules.

The Directors have collectively and individually accepted full responsibility of the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We considered that we have reviewed sufficient information to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Right Issue. Our opinion is necessarily based on the market, financial, economic and other

conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Right Issue, we have considered the following principal factors and reasons:

I. Background of the Group

(i) Background information of the Group

The Group is a is an investment holding company, which is principally engaged in provision of content marketing, digital marketing, public relations event planning services, media advertising services and Software as a Service (the “SaaS”) interactive marketing services in the PRC.

(ii) Historical financial performance and position of the Group

The following table sets out key consolidated financial information of the Group for the six months ended 30 June 2025 (the “1H2025”), the six months ended 30 June 2024 (the “1H2024”), the financial years ended 31 December 2023 (the “FY2023”) and 31 December 2024 (the “FY2024”) as extracted from the 2025 Interim Report and 2024 Annual Report:

	For the 1H2025 (unaudited) RMB '000	For the 1H2024 (unaudited) RMB '000	For the FY2024 (audited) RMB '000	For the FY2023 (audited) RMB '000
Revenue	1,020,381	839,263	1,790,774	1,192,040
Gross Profit	21,772	55,643	127,689	117,846
Provision for impairment loss on trade receivables and other financial assets, net	(51,998)	(36,915)	(128,837)	(65,607)
Net Profit/(Loss)	(60,627)	7,167	(185,572)	33,055

Discussion on the Group’s financial performance for the 1H2025 as compared with that for the 1H2024

Based on the 2025 Interim Report, the Group’s revenue reached approximately RMB1,020.38 million in 1H2025, with a growth of approximately 21.58% as compared to 1H2024. During the six months ended 30 June 2025, revenue from integrated marketing services increased by approximately 21.6%, with a year-on-year growth to approximately RMB1,020.38 million, accounting for approximately 100.0% of the

Group's total revenue, mainly due to the rich experience in serving customers over the years and the Group's marketing solutions better catering to the marketing needs of customers. The gross profit rate of 1H2025 was approximately 2.13%, representing a decrease of approximately 4.50% compared with 1H2024, which was mainly due to the increase in the proportion of revenue from DouYin business, which had a lower total gross profit. For 1H2025, the Group's recorded net loss amounted to approximately RMB60.63 million (1H2024: net profit of approximately RMB7.17 million), representing a decrease of approximately 945.92% as compared to that of 1H2024, which was mainly due to the increase in provision for impairment loss on trade receivables and other financial assets.

Discussion on the Group's financial performance for the FY2024 as compared with that for the FY2023

Based on the 2024 Annual Report, the Group's revenue reached approximately RMB1,790.77 million in FY2024, with a year-on-year growth of approximately 50.23%. The increase in total revenue was due to the abundance of experience in serving customers gleaned over the years, the introduction of schemes and products that better meet customer marketing needs, the ability to attract more investment from customers, and the impact of the DouYin projects which contributed to the substantial growth in revenue for the digital marketing services. The gross profit was increased from approximately RMB117.85 million to RMB127.69 million, representing an increase of approximately 8.35% compared with FY2023, which was mainly due to increase in the gross profit of the cooperation with TikTok as its first-tier agent. For FY2024, the Group's recorded net loss amounted to approximately RMB185.57 million (FY2023: net profit of approximately RMB33.06 million), representing a decrease of approximately 661.40% as compared to that of FY2023, which was mainly due to the provisions for impairment loss on trade receivables and provision for impairment loss on intangible assets recognized.

Discussion on the Group's financial position as at 31 December 2024 as compared with that as at 31 December 2023

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

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Total assets	811,870	838,450
Total liabilities	365,002	356,045
Net assets	446,868	482,405

The total assets of the Group were approximately RMB811.87 million and RMB838.45 million as at 30 June 2025 and 31 December 2024, respectively, representing an approximately 3.17% decrease, which is mainly attributable to the decrease in prepayments, deposits and other receivables. The total liabilities of the Group were approximately RMB365.00 million and RMB356.05 million as at 30 June 2025 and 31 December 2024, respectively, representing an approximately 2.52% increase, which is mainly attributable to the increase in other payables and accruals, amounting to approximately RMB89.13 million and RMB75.03 million at the same dates. The financial position of the Group remained healthy, with consolidated net assets decreasing slightly by approximately 7.37%, from approximately RMB482.41 million as at 31 December 2024 to approximately RMB446.87 million as at 30 June 2025.

II. Reasons for the Rights Issue and use of proceeds

AI-powered marketing is reshaping the Chinese marketing industry

In recent years, China's marketing industry has experienced significant growth in digital advertising, with innovations in social media, search engine optimisation, and video content marketing driving the sector forward. The ongoing development of 5G and artificial intelligence ("AI") technologies has further elevated advertising personalisation and audience targeting to unprecedented levels of precision. According to the "*Research Report on AI Application Development in China's Marketing Industry in 2024*" (2024年中國營銷行業AI應用發展研究報告) published by iResearch in 2025, the rapid evolution of marketing technologies has profoundly transformed the design, execution, and evaluation of marketing campaigns. AI tools now enable: (i) the analysis of customer data to better understand preferences and behaviours, allowing for personalised content generation in targeted advertising; (ii) the quick and cost-efficient creation of content, including text, visuals, and videos; (iii) 24/7

customer support and predictive customer behaviour analysis, facilitating proactive engagement and retention strategies; and (iv) enhanced data management platforms and customer data platforms, enabling more precise audience segmentation and personalised communication, thereby improving the efficiency and effectiveness of marketing efforts.

Revenue from China's AI marketing services is projected to grow from approximately RMB65.6 billion in 2023 to around RMB127.8 billion by 2030, reflecting a compound annual growth rate ("CAGR") of about 10.0%. iResearch, an independent market intelligence provider, offers market research, insights, and advisory services across various industries. Meanwhile, according to Frost & Sullivan, the market size of the integrated marketing services industry in the PRC is anticipated to grow at a CAGR of approximately 9.4%, increasing from roughly RMB1,700.5 billion in 2024 to around RMB2,666.4 billion by 2029. This growth is primarily attributed to deep penetration and ongoing innovation in digital technologies, such as AI, big data, short video platforms, and live-streaming e-commerce, which are driving more efficient, targeted, and scalable marketing models. The future trends of the Chinese marketing services industry include, among others:

- (i) **Intelligent Technology-Driven Marketing:** Technological advancements are set to continue reshaping the core capabilities of the integrated marketing services industry. AI-generated content is expected to become a standard tool for creating text, images, and videos, significantly accelerating content production while enhancing personalisation. Additionally, intelligent recommendation systems, programmatic advertising, and predictive analytics will enable automation and closed-loop control throughout the marketing chain, allowing brands to reduce labour costs and improve targeting precision. Looking ahead, integrated marketing services are expected to transition from multi-platform coordination to full-chain intelligent collaboration. With technology at its core, this evolution will establish a more scientific, efficient, and measurable marketing ecosystem.
- (ii) **Content Format Innovation:** As the digital content ecosystem continues to evolve, new formats such as AI-generated content (AIGC), 3D advertising, interactive videos, and immersive environments are transforming how brands engage with users and deliver value. This shift places increasing pressure on digital advertising service providers to develop full-stack capabilities that combine creative ideation, advanced technical execution, and continuous data-driven content iteration. Providers with expertise in both storytelling and cutting-edge production technologies — such as generative AI engines, virtual human modeling, and real-time rendering infrastructure — are better positioned to deliver differentiated creative value. Looking ahead, the Directors believe that marketing service providers will need to evolve from solely acting as media intermediaries to becoming integrated

marketing architects. This transformation will involve offering end-to-end services, from brand design to delivering cohesive, technology-enabled digital narratives across diverse formats and platforms, addressing the challenges of an increasingly fragmented content landscape.

- (iii) **Enhancing Productivity Empowered by AI:** The integration of AI is enabling service providers to manage a larger client base simultaneously while maintaining the delivery of personalised experiences and achieving high campaign performance. Real-time data feedback loops further support continuous optimisation, reducing marginal service costs and improving overall efficiency. This transformation enhances return on investment and enables greater operational scalability, allowing marketing service providers to achieve more with fewer resources while maintaining quality and effectiveness.

According to the prospectus of the Company dated 28 October 2022, China's marketing services market was highly fragmented, with the number of offline and online marketing service providers exceeding 100,000. In light of the competitive landscape and the transformative impact of AI technology on the PRC marketing industry, there is a clear trend among marketing service providers to develop unique AI-empowered marketing products. These products aim to deliver tailor-made solutions for clients, enhancing competitiveness and differentiation. For example, BlueFocus Intelligent Communications Group Co., Ltd., a leading Chinese marketing service provider, introduced its "All in AI" strategy in 2023 to pioneer AI applications in the marketing industry. As part of this strategy, the company developed *Blue AI*, a marketing-specific application engine for large language models. In 2024, the company's AI-driven business generated gross billing of approximately RMB1.2 billion, demonstrating the commercial potential of AI-driven solutions in the marketing space.

Investment and development in AI is essential for maintaining the Group's competitiveness and enhancing the Group's operational scalability

As AI technology continues to mature and further integrate into the marketing services value chain, the Group believes that AI-driven marketing services will play a crucial role in complementing its content and digital marketing business while supporting its future business development. To this end, the Group plans to develop its in-house AI marketing large language model platform (the "**AI Model**"), which will support key functions such as digital human live streaming, AI-assisted content generation, AI performance optimisation, and automated advertisement delivery.

The Group's commercial rationale and purpose for building the AI Model is to (i) align with industry trends, The Group believes that the AI Model will enable the Group to stay competitive and up-to-date with market trends by aligning with the industry's ongoing shift towards intelligent technology-driven marketing,

content format innovation, and AI-enabled productivity enhancements, as previously discussed; and (ii) leverage the market drivers for growth. As the platform is designed to take advantage of the key drivers of the Chinese marketing services industry, which can position the Group for sustained business growth.

The rapid evolution of marketing technologies has fundamentally transformed how campaigns are designed, executed, and evaluated. Generative AI tools now facilitate the quick and cost-effective creation of text, visuals, and videos, while the convergence of advanced technologies and diversified platforms drives integrated marketing services toward greater precision, automation, and real-time responsiveness.

By developing the AI Model, the Group aims to equip itself with technical and creative adaptation capabilities that will create significant competitive barriers for both existing and future competitors. Automation tools, for instance, require long-term expertise to optimise, and leading industry players leverage proprietary AI-driven consumer insights systems to maintain dominance.

Furthermore, the Group recognises that significant cultural differences across global markets make it challenging for standardised advertisement content to resonate with local audiences. To address this, the AI Model will incorporate adaptive content systems powered by emerging technologies, such as AI-generated content (AIGC), to generate personalised creative assets at scale. These capabilities will enable the Group to deliver cost-effective and scalable advertising solutions tailored to the nuanced expectations of diverse target audiences, driving greater impact and value across its marketing services.

As the Group is principally engaged in provision of content marketing, digital marketing, public relations event planning services, media advertising services and SaaS interactive marketing services in the PRC, such AI Model will align with the Group's principal business (i.e. the marketing services) to allow the Group to (i) fulfil the requirements of different platforms (e.g. Douyin, Kuaishou, Shipinhao and Xiaohongshu) as each platform has its own audience demographics, content formats and engagement mechanics; and (ii) serve a greater number of clients simultaneously while still delivering personalised experiences and maintaining high campaign performance.

The Group's current management team possesses relevant experience in information technology, which forms a strong foundation for its future focus on AI-driven marketing services. Mr. Huang Xihuang ("**Mr. Huang**"), the Group's Director for Research and Development, has a solid academic background, having earned a bachelor's degree in Communication Engineering in June 2003 and a master's degree in Information and Communication Engineering in March 2006 from Zhejiang University, PRC. Additionally, he obtained a qualification certificate as a senior engineer specialist in Electronic Engineering from the Fujian Human Resources and Social Security Bureau* (福建省人力資源和社會保障廳) in October 2017.

Mr. Huang has extensive professional experience, having served as a research and development engineer at Xiamen Yaxon Networks Co., Ltd.* (廈門雅迅網絡股份有限公司) from April 2006 to March 2011. Subsequently, he worked as a research and development engineer at Lenovo Mobile Internet Technology (Xiamen) Co., Ltd.* (摩托羅拉移動互聯科技(廈門)有限公司) (formerly known as Lenovo Mobile Internet Technology (Xiamen) Co., Ltd.* (聯想移動互聯科技(廈門)有限公司)) from June 2011 to March 2018.

Although the Group currently does not have staff with direct qualifications or experience in AI-related fields, it recognizes the importance of expertise in this area for its future development. To address this, the Group plans to recruit technical personnel and senior experts with in-depth experience in areas such as AI algorithms. This strategic hiring initiative aims to strengthen the Group's research and development capabilities and enhance its project management teams, enabling the successful implementation and growth of its AI-driven marketing initiatives.

The Group expects to apply the AI Model across every stage of the key service flow:

- (i) Client briefing and engagement: the Group intends to leverage the AI Model to assist in capturing and analysing client needs, organising key inputs such as brand positioning, product and service attributes, marketing goals, and budgeting. This could facilitate the capturing and retention of clients, generation of structured client profiles and support more targeted campaign planning and budget optimisation;
- (ii) Campaign planning: the Group intends to leverage the AI Model to (a) facilitate the selection of appropriate media channels and platforms through performance modeling; (b) design campaign formats and content based on platform preferences and past outcomes; (c) determine campaign timing and scheduling through predictive analytics; and (d) facilitate media resource procurement via automated allocation recommendations;
- (iii) Campaign content generation: the Group intends to leverage the AI Model to support content generation through image recognition, image generation, voice recognition and augmented reality to develop intelligent face and voice changing, virtual reality actors, intelligent editing and intelligent special effects, enabling efficient, scalable, and personalised advertising content generation;

- (iv) Campaign execution and management: the Group intends to leverage the AI Model to support real-time data analysis to track key performance indicators. By continuously analysing performance data across media platforms, the AI Model could support intelligent audience retargeting, budget reallocation and bid adjustment, ensuring that campaigns remain aligned with defined goals and perform efficiently across channels; and
- (v) Campaign evaluation: the Group intends to leverage the AI Model to assist in extracting actionable insights related to audience engagement, channel effectiveness and content impact, supporting clients in evaluating campaign outcomes and planning future strategies.

Unlike traditional project-based marketing services that rely heavily on manual execution, such AI Model could utilise advanced algorithms and data engines to automate large portions of the planning, content selection and creation, and creative adaptation processes, enabling the Group to effectively serve a great number of clients simultaneously while still delivering personalised experiences and maintaining high campaign performance. In addition, real-time data feedback loops allow for continuous optimisation and lower marginal service costs, thereby enhancing return on investment and operational scalability.

In particular, focusing on the two core elements of “intelligent generation” and “automated operation”, the AI Model is expected to be applied in four aspects to support the Company’s marketing services:

- (i) AI digital human live streaming: the AI Model is able to create virtual characters without the need for real-life actors and support flexible switch among multiple languages, multiple images and multiple scenes, thus providing 24/7 and uninterrupted live streaming services to brand owners. The intelligent interactive system developed through the AI Model could analyse audience comments in real time, dynamically adjust the language and emotions, engage hundreds or thousands of viewers simultaneously, and respond to real-time comments and provide product recommendations. Such application of the AI Model could significantly improve live streaming conversion rates, reduce labour, studio and operational costs, and break down geographic and language barriers;
- (ii) AI-assisted content generation: in respect of images and text, the AI Model is able to automatically generate crafted high-quality marketing copy, scripts, press release, posters and other content by simply entering keywords or a description of needs. In respect of videos, the AI Model is able to automatically generate video scripts based on specific needs of brand owners and then transform text or images into marketing videos with visuals, special effects and subtitles. The Company can then put the AI-generated marketing content, in particular short videos, on different

advertising agencies media platforms and e-commerce media platforms such as Douyin, Kuaishou, Shipinhao and Xiaohongshu to promote the brand owners' products;

- (iii) AI-powered video editing: the AI Model is able to intelligently analyse massive amounts of video footage, use machine learning to automate and enhance video production and offer features such as automatic transcription, subtitle generation, filter word removal and content repurposing. The AI Model could also support real-time editing and updating, enabling rapid optimisation based on user feedback and the latest requirements of brand owners; and
- (iv) AI intelligent advertisement delivery: the AI Model could deeply integrate mainstream advertising channels (i.e. search engines, social media platforms, short video platforms, etc.) to achieve unified management and automated delivery of advertisements across platforms. Based on AI intelligent analysis of massive historical data, user portraits and market dynamics, the AI Model could accurately predict the best delivery strategy of advertisements and automatically complete advertisements creation, budget allocation, bidding optimisation and material rotation testing. At the same time, the AI Model could monitor advertisement performance in real time, perform millisecond-level dynamic optimisation, automatically target to high-potential groups, block inefficient traffic, and adjust bids to maximise conversion rate and return on investment.

The Group will first build a comprehensive and dynamically updated marketing database through collecting and integrating data from in-house data, third-party service providers, open sources and media platforms. Such database will serve as the core asset for model training and optimisation. The Group will establish a professional team of senior algorithm experts and AI engineers and procure and equip with necessary computing infrastructure. Technically, the Group will use advanced open-source large models such as DeepSeek and Llama as the base to design and optimise an exclusive model architecture that is suitable for marketing scenarios. On this basis, such AI Model will then be deeply trained by inputting the constructed marketing database into the AI Model and using techniques such as fine-tuning to optimise the model parameters, so that it can accurately understand the professional knowledge and business logic in the marketing field. The Group will then use the validation dataset to assess the performance of the AI Model, identify areas for improvement and fine-tune the AI Model's hyperparameters to iterate and improve its performance. At last, the AI Model can only be officially deployed after it has passed the comprehensive testing through using the test dataset and proved its generalisation ability and stability in real business scenarios.

Specifically, the Group intends to develop the AI Model in phases, with the first phase to be completed in 2025 which involved developing the prototype of the AI Model and establishing the marketing knowledge and insight database with all kind of media elements including texts, images, videos and logs. Using the advanced data integration and analysis technologies, the multi-source and fragmented data in the database could be efficiently streamlined and analysed to generate high quality and meaningful data for model training. With the prototype of the AI Model completed, the Group will further train the AI Model on writing content and creations that are “human-like” and “profitable”, with focuses on improving key performance indicators such as click-through rate, conversion rate, and return on investment, and strengthening the AI Model’s professional capabilities in attribution and evaluation on marketing effectiveness. The Group intends to develop the AI-powered automated generation capabilities (from keywords to marketing copy, scripts, press release, posters and other content), establish basic data connectivity for AI intelligent advertisement delivery and launch the image and voice prototype recording for AI digital human live streaming. To create a powerful infrastructure for efficient AI training and inference, the Group intend to build its own GPU cluster and integrate it with cloud elastic computing power by leveraging on dedicated hardware for consistent performance and the cloud’s scalability for fluctuating needs.

In the second phase which is expected to be completed in 2026, the Group intends to optimise the AI Model on certain industries that are the main target customers of the Group, including apparel and footwear, food and beverage, and education, by incorporating in-depth industry data into the AI Model. The Group aims to develop a number of category specific Low-Rank Adaptation (LoRA) models for these industries that could tailor for the specific needs of the clients in these industries. The Group also intends to further develop the multi-modal functions of the AI Model, such as (i) achieving serial output of “scripts — shot lists — subtitle and spherical effect suggestions” in AI-assisted content generation function; (ii) realising batch production and one-click revision and integrating with templates of brand owners in AI-powered video editing function; (iii) supporting unified cross-platform modelling, online carousel testing, and automated budget allocation in AI intelligent advertisement delivery function; and (iv) enabling virtual characters supporting flexible switch among multiple languages, multiple images and multiple scenes in AI digital human live streaming function.

In the third phase which is expected to be completed in 2027, the Group intends to introduce the function of content generation based on individual profiling of crowd in the AI Model and further improve the multi-modal functions of the AI Model to include real-time bidding and delivery. It is targeted that with these functions, the AI Model could further promote click-through rate by over 30% and reduce the edge delay. To achieve synergy among different functions of the AI Model, the Group intends to integrate AI-assisted content generation function and AI-powered video editing function to generate personalised content including individual portrait analysis, differentiated scripts and content creation

and instant feedback for revision. In respect of AI digital human live streaming function, the Group intends to use customer feedback analysis and sentiment analysis to understand crowd-level speech and emotional curves and then translate these insights into concrete product marketing strategies to improve retention and conversion rates. The Group also intends to incorporate automated budget management, real-time strategy adjustments, and dynamic creative testing across different channels to optimise advertisement delivery in the AI intelligent advertisement delivery function.

In the fourth phase which is expected to be commenced in 2028 and continue onward, the Group intends to develop the AI Model into an autonomous marketing model that can cater for any industry and channel, and with the self-feedback function for continuous improvement, achieving the self-closed loop of content production, live broadcast and short videos, cross-platform advertisement delivery, data feedback and strategy update. It is targeted that with these functions, the AI Model could significantly improve the return on investment and lower the Group's management cost on the AI Model.

Strategic cooperation with leading media platforms requires substantial cash payments

As one of the leading one-stop marketing service providers in the PRC, the Group has established long-standing strategic partnerships with prominent media platforms. Notably, in March 2023, the Group entered into a strategic partnership with Douyin to launch the Douyin Distribution Channel, becoming a first-tier agent of Douyin. Recognizing the differing content distribution strategies and user characteristics of various media platforms, the Group is committed to strengthening collaborations with other leading platforms, including information content and tools platforms, advertising agencies, and e-commerce media platforms such as Kuaishou, Shipinhao, and Xiaohongshu. In May 2025, the Group further expanded its partnerships by entering into a cooperation agreement with Kuaishou, securing first-tier agent status. These platforms are widely recognized as market leaders in their respective industries.

Given the operational models of these platforms, which typically require deposits based on a percentage of the estimated annual marketing budget, prepayment for user traffic acquisition, or shorter credit periods, the Group anticipates substantial cash requirements to support future transactions. To address these demands, the Group completed a share subscription on 24 March 2025, raising net proceeds of approximately HK\$37.1 million, and another on 21 July 2025, raising HK\$9.5 million. Both tranches were allocated for use on the Douyin Distribution Channel. As of the Latest Practicable Date, all net proceeds from these share subscriptions have been fully utilized as intended.

To further support the procurement of media resources on leading platforms, additional fundraising will be required.

The Rights Issue is critical to replenish the Group's working capital and business development

According to the 2024 Annual Report, the Group's total revenue increased by approximately 50.2%, from approximately RMB1,192.0 million in FY2023 to approximately RMB1,790.8 million in FY2024. This significant growth was primarily driven by the Group's extensive experience in customer service, the introduction of schemes and products better aligned with customer marketing needs, an enhanced ability to attract greater customer investment, and the substantial contributions of Douyin projects, which bolstered the Group's digital marketing services.

Despite the strong revenue growth, the Group reported a shift from a net profit of approximately RMB33.1 million in FY2023 to a net loss of approximately RMB185.6 million in FY2024. This loss was mainly attributable to the following factors: (i) increased selling and marketing expenses: selling and marketing expenses rose by approximately RMB46.8 million, primarily due to higher advertising and promotional costs incurred by the Company; (ii) provision for impairment loss on trade receivables: The Group recorded an increase of approximately RMB63.2 million in impairment provisions on trade receivables and other financial assets. This was largely due to the significant revenue growth in FY2024, which was accompanied by a rise in trade receivables, resulting in higher bad debt provisions; and (iii) impairment loss on intangible assets: a provision of approximately RMB107.8 million was recorded for impairment of intangible assets, mainly resulting from the unexpected revenue decline and loss-making performance of the Group's SaaS business during FY2024.

Additionally, the Group's collaboration with Douyin, which required substantial deposits or prepayments, contributed to net cash outflows from operating activities of approximately RMB218.6 million in FY2023 and RMB103.8 million in FY2024.

Given this backdrop, the Group recognizes the need for external equity financing to support its business expansion plans while ensuring sufficient working capital to sustain operations.

The gross proceeds from the Rights Issue are expected to be approximately HK\$273.8 million. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$272.2 million. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) approximately HK\$251.9 million, representing approximately 92.5% of the net proceeds, for the development of the AI Model. In particular:
 - (a) approximately HK\$31.5 million, representing approximately 11.6% of the net proceeds, will be used for hiring technical personnel and senior experts with deep experience in areas such as AI algorithms to strengthen the research and development and project

management teams as well as purchasing necessary outsourcing services. With the expansion of the AI Model business, the Group expects to hire increasing number of personnel during the initial three years and spend a total of approximately HK\$3.5 million on hiring AI engineers, HK\$8.2 million on hiring data and algorithms engineers, HK\$10.2 million on hiring front-end, back-end, testing and security engineers, HK\$2.5 million on hiring project and product managers, and HK\$7.1 million for outsourcing specific tasks such as model evaluation and grayscale testing. The Group expects to fully utilised the net proceeds in this regard by the end of 2028;

- (b) approximately HK\$173.6 million, representing approximately 63.5% of the net proceeds, will be used for building an internal computing power platform with high efficiency and scalability by acquiring advanced AI-specific computing hardware, including high-performance GPU server clusters and ancillary network storage devices. Advanced AI-specific computing hardware is essential for AI models as it provides the raw processing power to handle vast datasets, execute complex algorithms and perform real-time decision making, enabling advancements in fields like natural language processing and autonomous systems. Specialised hardware, including GPUs, is crucial for parallel processing, while high-performance servers with ample memory and high-bandwidth networking support these intensive workloads. GPUs are specialised hardware designed for efficiently processing large blocks of data simultaneously, making them ideal for graphics rendering, video processing, and accelerating complex computations in AI and machine learning applications. Without this hardware infrastructure, the training and deployment of sophisticated AI models would be severely limited. The Group is currently under negotiations with NVIDIA certified distributors such as Dell, Hewlett Packard, Lenovo and Supermicro to purchase NVIDIA certified system, Deep GPU Xceleration or Hyper-scale GPU Accelerator and has obtained the relevant quotations. The Group expects to spend approximately HK\$125.1 million on purchasing high-performance GPU server clusters, approximately HK\$26.1 million on purchasing ancillary network storage devices, approximately HK\$15.6 million on installing, deploying and maintaining generator room and power distribution and approximately HK\$6.4 million on relevant warranty and support services. The Group expects to fully utilised the net proceeds in this regard by the end of 2026;

- (c) approximately HK\$31.5 million, representing approximately 11.6% of the net proceeds, will be used for developing and upgrading the cloud elastic computing power through the purchase of high-performance GPU-based instances, advanced software systems and other necessary hardware equipment. The Group is currently under negotiations with cloud elastic computing power providers such as Amazon and Google and has obtained the relevant quotations and cloud services information. The Group expects to fully utilised the net proceeds in this regard by the end of 2026;
- (d) approximately HK\$12.6 million, representing approximately 4.6% of the net proceeds, will be used for purchasing third-party data services to support data collection, cleansing, rendering, and annotation, with a view to building high-quality and domain-specific datasets to be used by the AI Model. The Group expects to fully utilised the net proceeds in this regard by the end of 2028; and
- (e) approximately HK\$3.1 million, representing approximately 1.1% of the net proceeds, will be used for recruiting personnel to maintain the data security and compliance of the AI Model. The Group expects to fully utilised the net proceeds in this regard by the end of 2028; and
- (ii) approximately HK\$20.3 million, representing approximately 7.5% of the net proceeds, for purchasing media resources, in particular, the online traffic from Kuaishou, Shipinhao and Xiaohongshu for the Group's customers to place advertisements on these online media platforms. The Group expects to fully utilised the net proceeds in this regard by the end of 2026.

In the event that there are an under-subscription of the Rights Issue and the Placing (as the case may be), the net proceeds of the Rights Issue and the Placing (as the case may be) will be allocated and utilised in proportion to the above uses. As at the date of the Latest Practicable Date, the Company currently (i) has no other specific acquisition plan or acquisition target; and (ii) does not have any agreement, arrangement, undertaking or negotiation to pursue new business or dispose the existing business.

Based on our review of the breakdown of use of proceeds provided by the management of the Group, we noted that majority of the net proceeds from the Rights Issue would be applied as for the development of the AI Model. In this regard, we have obtained from the Company estimated detailed investment plans and cost breakdowns, with timeline on each of the proposed steps to be implement in respect of the development of AI Model. Based on the detailed cost breakdowns provided by the Company, we have further validated the estimated costs by

cross-checking them against quotations obtained from services providers/suppliers which are Independent Third Parties. We noted that the costs estimated in the breakdown of the use of proceeds is fair and reasonable. Align with the Group's principal business (i.e. the marketing services), to fulfil the requirements of different platforms and to serve a greater number of clients, the Group has to provide marketing services with unique AI-empowered marketing products to provide tailor-made solutions to clients so as to enhance their competitiveness.

Given the competitive environment and the impact of AI technology on the PRC marketing industry, it is essential for the Group to start the development of the AI Model at soon as practicable, therefore, we are of the view that the allocation of the net proceeds (with over 90%) being allocated to the development of AI Model is fair and reasonable and in line with the business development of the Group. The Company has imminent funding needs from the Rights Issues.

Fundraising alternatives

As stated in the Letter from the Board and confirmed by the Directors, various fundraising alternatives were considered before deciding on the Rights Issue, including debt financing and equity financing options such as an open offer and the placement of new shares.

The Board determined that debt financing was not favorable, as it would increase the Group's gearing ratio. Given the current high-interest rate environment, debt financing would also result in higher ongoing interest expenses, which could negatively impact the Group's profitability.

In evaluating equity financing alternatives, the Board considered the placement of new shares sub-optimal, as it would lead to immediate dilution of existing shareholders' interests without offering them the opportunity to participate in the Company's capital base enlargement. While an open offer similarly allows qualifying shareholders to participate, it does not permit the trading of rights entitlements in the open market, making it less flexible than a rights issue.

The Directors believe that the Rights Issue provides greater financial flexibility for the Company. It strengthens the Company's capital base, enhances overall working capital to support the Group's development plans, and avoids increasing the Group's interest burden. Furthermore, the Rights Issue offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interest in the Company, thereby preventing dilution for those who fully take up their entitlements.

Based on the above considerations, the Directors are of the opinion that the terms of the Rights Issue are on normal commercial terms, fair and reasonable, and in the best interests of the Company and its Shareholders as a whole.

Our View

We have conducted desktop research on the development of AI and its applications in the marketing industry. China's share of the AI marketing market is expected to account for 25–30% by 2025, up from 20% in 2023, making it the largest regional player in this field. According to Statista's "Artificial Intelligence in China" report (2023), China's overall AI market is projected to exceed US\$130 billion by 2025, with marketing applications expected to contribute 15–20% of that total. In light of this, the global market revenues of AI usage in marketing are anticipated to reach approximately US\$47 billion in 2025 and are projected to exceed US\$107 billion by 2028, according to Statista.

The Group's proposed AI Model is designed to enhance operational scalability, improve campaign efficiency, and deliver highly personalized marketing solutions. The detailed execution plan, which includes the recruitment of technical experts, investment in advanced computing infrastructure, and the development of proprietary datasets, demonstrates a clear strategic direction and feasibility. We find that the AI application initiative is fair, reasonable, and necessary for the Group's long-term competitiveness and growth.

We have also reviewed the proposed use of proceeds from the Rights Issue. The Group has outlined a detailed and reasonable allocation plan, with approximately 92.3% of the net proceeds earmarked for the development of the AI Model and 7.7% for purchasing media resources. The breakdown of expenses, including recruitment, computing infrastructure, data services, and media resource procurement, is comprehensive and supports the Group's stated objectives.

The proposed allocation reflects the Group's strategic focus on AI-driven marketing services and its commitment to enhancing its capabilities across all stages of the marketing value chain. The investments in high-performance GPU clusters, cloud computing, and data security measures further demonstrate a disciplined and forward-looking approach to capital utilization. Given the specificity and clarity of the plans, we view the proposed use of proceeds as reasonable and necessary to support the Group's development goals.

In evaluating the Group's financial position, we reviewed the 2024 Annual Report and 2025 Interim Report. While the Group achieved a significant revenue increase of approximately 50.2% in FY2024, rising from approximately RMB1,192.04 million in FY2023 to approximately RMB1,790.77 million in FY2024, it recorded a net loss of approximately RMB185.57 million in FY2024 compared to a net profit of approximately RMB33.06 million in FY2023. Similarly, in the 1H2025, the Group reported a net loss of approximately RMB60.63 million, compared to a net profit of approximately RMB7.17 million in 1H2024.

Additionally, the Group's cash and cash equivalents decreased significantly, with a balance of only approximately RMB4.15 million as at 30 June 2025, compared to approximately RMB21.28 million at 31 December 2024. The decline in cash reserves highlights the Group's substantial cash requirements, particularly for prepayments and deposits associated with its strategic partnerships with leading media platforms such as Douyin and Kuaishou.

In light of the Group's current liquidity position, we believe that the proceeds from the Rights Issue are critical to replenishing working capital and supporting the Group's AI development and media resource procurement plans. Without this fundraising initiative, the Group may face challenges in sustaining its operations and executing its business strategy.

We have also reviewed the working capital forecast of the Group for at least the next twelve months from the date of the publication of this Circular and the comfort letter from the Company's auditors in relation to working capital sufficiency and we are of the view that the Company would have sufficient working capital after the completion of the Rights Issue.

We also note that the Company has considered other fundraising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing of new Shares and open offer. As per our discussion with the Directors, it was noted that debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group. As stated above, despite the increase in revenue for FY2024 and 1H2025, the Group has recorded net losses, primarily attributable to the increase in provision for impairment loss on trade receivables and other financial assets and provision for impairment loss on intangible assets recognized. As at 30 June 2025, the Group had borrowings of approximately RMB78.53 million. The Group's gearing ratio (which equals to total debt divided by total capital plus total debt, where total debt includes borrowings, lease liabilities, amounts due to Directors and amounts due to related parties, and capital includes equity attributable to owners of the Company) was 16.6% as at 30 June 2025. On the other hand, the Group only had bank and cash balances of approximately HK\$4.15 million as at 30 June 2025, which were insufficient to cover the total borrowings of approximately HK\$78.53 million which is due within one year.

We further noted that as at the close of business on 31 July 2025, being the latest practicable date for the purpose of the indebtedness statement as set out in Appendix I to this Circular, the Group had total bank borrowings of approximately RMB78.48 million (all being due within one year) and lease liabilities relating to offices leased by the Group as lessee of approximately RMB9.33 million. The bank borrowings were fixed rate borrowings which carried annual interest per annum at range from 2.95% per annum ("p.a.") to 4.90% p.a..

In addition, as at 30 June 2025, the Group had a total non current assets amounted to approximately RMB105.93 million, comprising RMB92.36 million of interests in associate and deferred tax assets. Based on the latest assets position of the Group, banks would not be able to provide additional financing without sufficient collateral. We have also discussed with the management of the Company and were given to understand that banks had rejected additional bank borrowings to the Group given the current financial position of the Group.

With regard to equity financing, we noted that the Group had conducted two rounds of fund raising through subscription of new shares under general mandate in March and July 2025 and the proceeds has already been fully utilised as intended. Placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders. As for open offer, although it is similar to a rights issue in offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market and accordingly, Shareholders must either participate in the offer or lose the benefit of any discount at which the new shares are offered. The Rights Issue will allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro rata shareholding interests in the Company or trade the relevant nil-paid Rights Shares in the market thus reducing impact from dilution of their shareholdings

Based on the above analysis, we are of the view that the proposed Rights Issue provides certainty and flexibility for the Shareholders in whether to get the proportionate entitlements with their respective shareholding, which is fair and reasonable.

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

The Rights Issue

Set out below are the principal terms of the Rights Issue as extracted from the Letter from the Board:

Basis of the Rights Issue:	Six (6) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.4753 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue):	Approximately HK\$0.4725 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	96,000,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	up to 576,000,000 Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Aggregate nominal value of the Rights Shares:	up to HK\$1,152,000 (assuming no Shares are issued or repurchased on or before the Record Date)
Total number of Shares in issue upon completion of the Rights Issue:	up to 672,000,000 Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Gross proceeds from the Rights Issue:	up to approximately HK\$273.8 million before expenses (assuming no Shares are issued or repurchased on or before the Record Date)

As at the Latest Practicable Date, no share options have been granted by the Company under any of its share schemes, and the Company has no other outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares. The Company has no intention to issue any new Shares or issue or grant any options, warrants or other convertible securities which confer any right to convert into or subscribe for Shares on or before the Record Date. Assuming no Shares are issued or repurchased on or before the Record Date, the 576,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 600.0% of the total number of issued Shares and approximately 85.7% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

Further details of the Rights Issue are outlined in the Letter from the Board.

The Placing Agreement

Set out below are the principal terms of the Placing Agreement as extracted from the Letter from the Board:

Placing Agent: I Win Securities Limited

The Placing Agent is a licensed corporation to carry out business in type 1 (dealing in securities) regulated activity under the SFO.

Placing commission: Subject to completion of the Placing taking place, the Company shall pay a placing commission in Hong Kong dollars, of 0.2% of the amount (the “**Placing Commission**”) which is equal to the placing price multiplied by the number of the Unsubscribed Shares and the NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

Placing Price: Not less than HK\$0.4753 per Unsubscribed Share and the NQS Unsold Rights Shares.

Placing Period:	A period commencing from the first (1st) Business Day immediately after the date of announcement of the number of the Unsubscribed Shares and NQS Unsold Rights Shares (i.e. Monday, 24 November 2025 under the current timetable) and ending on 4:00 p.m. on the fifth (5th) business after the date of announcement of the number of the Unsubscribed Shares and NQS Unsold Rights Shares (both days inclusive).
Placees:	The Unsubscribed Shares and NQS Unsold Rights Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties and not acting in concert with the Placing Agent and its concert parties. The Placing Agent shall also ensure that the public float requirement under Rule 8.08 of the Listing Rules remains to be fulfilled by the Company upon completion of the Rights Issue.
Ranking of the placed Unsubscribed Shares and NQS Unsold Rights Shares:	The placed Unsubscribed Shares and NQS Unsold Rights Shares (when allotted, issued and fully-paid, if any) shall rank <i>pari passu</i> in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.
Conditions of the Placing Agreement:	<p>The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:</p> <ul style="list-style-type: none"> (i) the Rights Issue having become unconditional; (ii) the Company's warranties contained in the Placing Agreement remaining true and accurate and not misleading in all material respects at all times prior to the date of completion of the Placing;

- (iii) the Listing Committee granting the listing of, and permission to deal in, the Unsubscribed Shares and the NQS Unsold Rights Shares with or without conditions;
- (iv) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

None of the above conditions can be waived. In the event that the above conditions precedent have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties under the Placing Agreement 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 and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination).

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

Termination:

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Unsubscribed Shares and the NQS Unsold Rights Shares or otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industry, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing; or

- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (v) any breach of any of the representations and warranties given by the Company as set out in the Placing Agreement having come to the knowledge of the Placing Agent or any event having occurred or any matter having arisen on or after the date of the Placing Agreement and prior to the completion of the Rights Issue which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (vi) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Further details of the terms and conditions of the Placing Agreement are outlined in the Letter from the Board. As disclosed in the Letter from the Board, the terms of the Placing Agreement (including the placing commission) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate for rights issues in the market, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions.

Our Assessment on the principal terms of the Rights Issue and the Placing Agreement

As disclosed in the Letter from the Board, the Subscription Price of HK\$0.4753 per Rights Share represents:

- (i) a discount of approximately 22.08% to the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 24.56% to the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.63;
- (iii) a discount of approximately 26.88% to the average closing price per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.65;
- (iv) a discount of approximately 27.98% to the closing price of HK\$0.66 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 20.63% represented by the theoretical diluted price of approximately HK\$0.50 to the benchmarked price of approximately HK\$0.63 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.61 per Share and the average closing price of the Shares in the five trading days immediately prior to the date of the Announcement of HK\$0.63 per Share);
- (vi) a discount of approximately 4.94% to the theoretical ex-rights price of approximately HK\$0.50 per Share based on the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (vii) a discount of approximately 91.29% to the consolidated net asset value per Share attributable to the Shareholders as at 31 December 2024 of approximately HK\$5.46 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately RMB481.0 million (equivalent to approximately HK\$524.3 million based on the exchange rate of RMB1:HK\$1.09) as set out in the annual report of the Company for the year ended 31 December 2024 and 96,000,000 Shares in issue as at the Latest Practicable Date; and
- (viii) a discount of approximately 90.53% to the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2025 of approximately HK\$5.02 calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately RMB442.0 million (equivalent to approximately HK\$481.8 million based on the exchange rate of RMB1:HK\$1.09) as set out in the interim results announcement of the Company for the six months ended 30 June 2025 and 96,000,000 Shares in issue as at the Latest Practicable Date.

The Rights Issue will not result in a theoretical dilution effect 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.

The Subscription Price was determined taking into consideration (i) the recent market price of the Shares since April 2025, which presented an overall downward trend from HK\$7.43 per Share on 3 April 2025 to HK\$0.61 on the Last Trading Day; (ii) the prevailing market conditions in Hong Kong taking into consideration the rather cautious investment sentiment of the general public investors in Hong Kong amid economic uncertainties; (iii) the low trading volume of the Shares for the three months immediately preceding the Last Trading Day with the average daily trading volume of approximately 1,530,589 Shares, representing approximately 1.59% of the total number of issued Shares as at the Last Trading Day; and (iv) the amount of funds the Company intends to raise under the Rights Issue for the purposes described in the section headed “Reasons for and benefits of the Rights Issue and the use of proceeds” above. The Directors consider that the Rights Issue will provide the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group and the Subscription Price at a discount to the current market price of the Shares would enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to take up their entitlements, thereby minimising possible dilution impact.

The Directors consider that it is reasonable to set the Subscription Price at a discount to the prevailing market price and the consolidated net asset value per Share as illustrated above, taking into account that (i) based on the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day, the Shares have been traded at a discount of approximately 87.85% to the unaudited consolidated net asset value per Share as at 30 June 2025 of approximately HK\$5.02; (ii) during the three months immediately preceding the Last Trading Day, the Company's average daily trading volume of approximately 1,530,589 Shares represented merely approximately 1.59% of the total number of issued Shares as at the Last Trading Day, which indicated a lack of liquidity and demand for the Shares; (iii) the latest business performance and financial position of the Group, particularly that the Group recorded a change from net profit of approximately RMB33.1 million for the year ended 31 December 2023 to net loss of approximately RMB185.6 million for the year ended 31 December 2024; and (iv) the relatively large fundraising size when compared with the market capitalisation of the Company as at the Last Trading Day.

It is also observed that the Group's market capitalization exhibited a downward trend during the Review Period. The average market capitalization of the Group was approximately HK\$207.39 million, which is significantly lower than the Group's net assets of approximately HK\$578.02 million as at 31 December 2023, HK\$482.41 million as 31 December 2024, and HK\$446.87 million as at 30 June 2025. Also, If the Subscription Price were set at a level close to the Company's unaudited consolidated net asset value per Share as at 30 June 2025 (i.e., approximately HK\$5.02), it would represent a substantial premium of approximately 8.23 times compared to the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day. Given that the market valuation of the Group has consistently traded at a significant discount to its net asset values, we concur with the Directors' view that setting the Subscription Price with reference to the net asset value per Share would likely diminish Shareholders' willingness to participate in the Rights Issue, which would not be favourable to the Company and the Shareholders as a whole. In addition based on our comparable analysis below, it is noted that setting the subscription price at a discount to the net assets value is a common market practice to enhance the attractiveness of rights issue transactions and encourage shareholder participation. Among the 19 Comparables, 11 set their subscription prices at various degrees of discount to their respective net assets value and only 5 out of the 19 Comparables set their subscription prices at premium to their respective net assets value. The discount/premium ranged from a premium of approximately 98.63% to a discount of approximately 93.78%, with an average discount of approximately 36.08% and a median discount of approximately 75.64% relative to their respective net assets value. The discount of approximately 87.85% of the Company's Subscription Price to its net assets value falls within this range of the Comparables. Therefore, we concur with the Directors' view that, if the Subscription Price was made with reference to the net asset value per Share, the

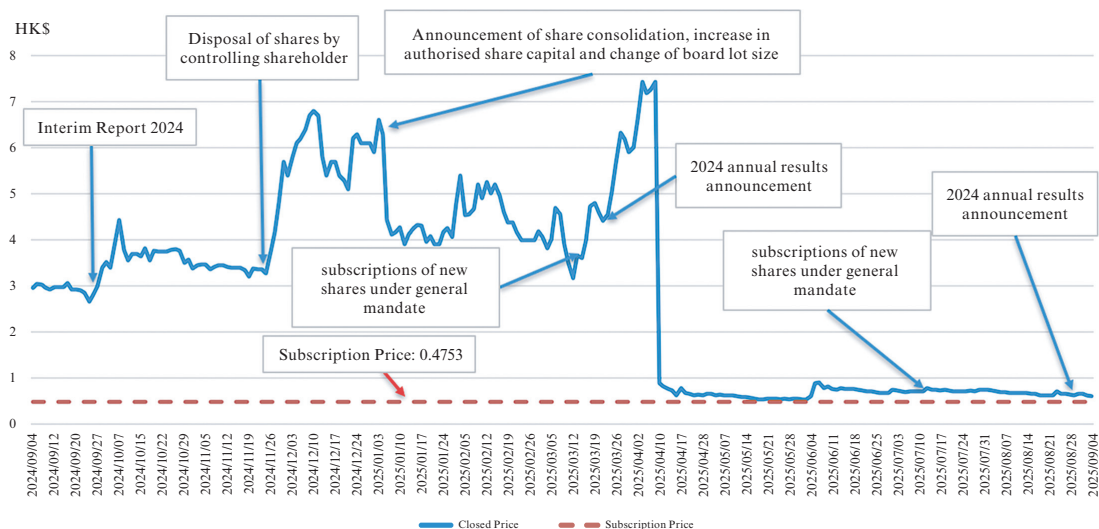
willingness of the Shareholders to participate in the Rights Issue would be significantly reduced, which would not be favourable to the Company and the Shareholders as a whole.

After thoroughly evaluating current market conditions and sentiment, relatively stagnant trading volume of the Shares and shareholder sentiment, the Board has determined that a discount to the current market price of the Shares, consolidated net asset value per Share as well as the benchmark price (as defined under Rule 7.27B of the Listing Rules) of the Shares would be necessary to provide adequate incentive to encourage the Shareholder and potential investors to participate in the Rights Issue, while ensuring the fundraising objectives can be met. Despite the relatively substantial theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules), the Directors consider that such effect is inevitable in order to achieve fundraising objectives and incentivise the Shareholders to participate in the Rights Issue considering the lack of liquidity and relatively stagnant trading volume of the Shares as demonstrated above. Accordingly, despite the Subscription Price is priced at a discount to the current market price of the Shares, consolidated net asset value per Share and the benchmark price of the Shares, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors consider that, in view of prevailing market conditions and factors as described above, the terms of the Rights Issue, including the Subscription Price, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of the Rights Shares will be approximately HK\$0.4725 per Rights Share.

Share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we reviewed the daily closing price of the Shares (taking into account the Company's share consolidation as disclosed in the Company's announcement dated 6 January 2025, which became effective on 12 February 2024) as quoted on the Stock Exchange from 4 September 2024 up to and including the Last Trading Day (the "**Review Period**"), being a period of approximately one year up to and including the Last Trading Day, which is commonly adopted for analysis, and the number of trading days during the Review Period is sufficient for us to perform a thorough analysis on the historical closing prices of Shares with the Subscription Price. Hence, we consider the duration of the Review Period is adequate and appropriate. The comparison of daily closing prices of the Shares and the Subscription Price is illustrated as follows.



Source: website of the Stock Exchange

From the beginning of the Review Period to early October 2024, the closing price of the Shares fluctuated within the range of HK\$2.66 to HK\$3.52. Subsequently, the price experienced a notable surge, reaching a peak of HK\$4.44 on 7 October 2024. Following this, the closing price generally stabilized before increasing significantly to reach HK\$6.8 on 11 December 2024.

From 11 December 2024 onward, the closing price entered a downward trend, reaching a low of HK\$3.16 on 12 March 2025. The price then rebounded sharply, achieving the highest closing price of the Review Period at HK\$7.43 on 3 April 2025. However, this was followed by a substantial decline of approximately 88.16%, with the price dropping to HK\$0.88 on 10 April 2025. The Board is not aware of any reasons for the decrease in closing price of the Shares.

Subsequent to this sharp decline, the closing price stabilized and oscillated between HK\$0.53 and HK\$0.90 until the Last Trading Date.

The Subscription Price of HK\$0.4753 is below the closing prices of Shares during the Review Period. Despite the Subscription Price represents a discount to the closing prices of Shares during the Review Period, the Subscription Price is being set close to the most recent closing price in the past five months as this reflected the market prices of Shares traded and the market sentiment on the prospects of the Company at the time. As explained below, it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant shares in order to increase the attractiveness of the rights issue and encourage shareholders to participate in it.

Trading liquidity of the Shares

Set out below are (i) the number of trading days; (ii) average daily trading volume of the Shares (taking into account the Company's share consolidation as disclosed in the Company's announcement dated 6 January 2025, which became effective on 12 February 2025); and (iii) the percentage of the average daily trading volume of the Shares to the total number of issued Shares as at the Latest Practicable Date, during the Review Period.

Month/Period	Number of trading days	Average daily trading volume of the Shares during the month/period	Average daily trading volume of the Shares during the month/period to the total number of issued Shares as at the Latest Practicable Date (Note)
2024			
September	17	400,050	0.02%
October	21	1,056,300	0.05%
November	21	2,863,250	0.14%
December	20	21,244,850	1.11%
2025			
January	19	7,814,700	0.43%
February	20	2,074,916	0.11%
March	21	3,046,500	0.15%
April	19	191,802,170	10.52%
May	20	15,301,349	0.80%
June	21	73,015,928	3.62%
July	22	15,846,999	0.75%
August	21	11,730,036	0.58%
September (up to and including the Last Trading day)	4	2,167,500	0.56%

Source: website of the Stock Exchange

Note: Based on 96,000,000 issued Shares as at the Latest Practicable Date as disclosed in the Letter from the Board.

During the Review Period, the average daily trading volume of the Adjusted Shares ranged from approximately 0.02% to 10.52% of the total number of Adjusted Shares in issue. We consider the average daily trading volume of 10.52% in April 2025 as an outlier as we have discussed with the Board about the substantial increase in trading volume, however, the Board is not aware of any reasons for the increase in trading of the Shares. Excluding the outlier, the trading

liquidity of the Adjusted Shares remains generally thin during the entire Review Period. As such, we consider that it is reasonable for the Subscription Price to be set at a discount to the prevailing closing prices of the Shares in order to attract the Qualifying Shareholders to participate in the Rights Issue.

Comparable analysis

To assess the fairness and reasonableness of the terms of the Rights Issue, we have analyzed the subscription prices of other recent rights issue exercises. Based on the criteria of (i) rights issues conducted by listed companies on the Stock Exchange; and (ii) rights issues that issued relevant prospectuses during the three months prior to the Last Trading Day (the “**Comparison Review Period**”), we have identified an exhaustive list of 19 comparable rights issues (the “**Comparables**”). We consider that the Comparison Review Period is sufficient as it is intended to identify the most recent rights issue transactions conducted by companies listed on the Stock Exchange under the market conditions and sentiment close enough to that of the Rights Issue, thus allowing reasonable comparison of their commercial terms. Given that (i) such period would provide us with the recent and relevant information to demonstrate the prevailing market practice prior to the Announcement under the prevailing market conditions; and (ii) we are able to identify sufficient and reasonable samples size for selection of Comparables within the Comparison Review Period. We consider the Comparison Review Period of approximately three months is fair and reasonable.

It is noted that the business and prospects of the Company, as well as its market capitalization and gross proceeds from the Rights Issue, differ from those of the Comparables. However, the market capitalization of the Company on the Last Trading Day and the gross proceeds of the Rights Issue fall within the range of those of the Comparables. The Comparables intend to apply the proceeds from their respective rights issue transactions to a combination of business operations, debt repayment, and working capital, while the Company intends to use the proceeds for business development and working capital.

We consider that the terms of the Comparables were determined under similar market conditions and sentiment. Therefore, the Comparables provide a general reference for the key terms of rights issue transactions. On this basis, we consider the Comparables to be indicative in assessing the fairness and reasonableness of the terms of the Rights Issue (including the Subscription Price).

Sets forth below the table of the details of the Comparables including business nature, market capitalisation, gross proceeds and key commercial terms such as premium or discount of subscription prices over or to closing prices and theoretical dilution effect of the rights issue transactions:

Date of prospectus	Company Name	Principal business	Market capitalisation on the last trading day	Gross proceeds (full subscription)	Use of proceeds	Basis of entitlement	Premium/ (discount) of the subscription price over/to the closing price per share on the last trading day	Premium/ (discount) of the subscription price over/to the average closing price for the five consecutive trading days including and up to the last trading day	Premium/ (discount) of the subscription price over/to unaudited consolidated net asset value	Theoretical dilution effect	Fully underwritten Yes = Y No = N	Placing arrangement	
							HK\$ million	HK\$ million					
09-Jun-25	CHINA SCI-TECH INDUSTRIAL INVESTMENT GROUP LIMITED (339)	Investment and trading of listed and unlisted securities	35.42	10.08	Debt repayment, working capital	1 for 2	(43.10%)	(47.40%)	n/a	16.20%	N	1.50%	N
23-Jun-25	YUZHOU GROUP HOLDINGS COMPANY LIMITED (1628)	Property development, investment, management and hotel operation	870.34	112.2	Business development, debt repayment, working capital	49 for 100	(73.68%)	(72.99%)	n/a	24.23%	N	N	N
23-Jun-25	XINMING CHINA HOLDINGS LIMITED (2699)	Property development, investment and leasing	24.42	93.8	Debt repayment, working capital	4 for 1	(13.80%)	(18.80%)	n/a	16.90%	N	3.00%	N
25-Jun-25	GLOBAL STRATEGIC GROUP LIMITED (8007)	Natural gas supply, sales and leasing of equipment	14.59	51.1	Debt repayment, working capital	4 for 1	(12.50%)	(14.10%)	(0.847)	11.30%	N	3.00%	N
04-Jul-25	MEMESTRATEGY, INC. (2440)	Hardware and software for Internet of Thing	615.75	154.8	Business development, working capital	1 for 2	(49.70%)	(50.00%)	0.502	16.60%	N	N	N
07-Jul-25	GREENHEART GROUP LIMITED (94)	Log harvesting, timber processing and timber products	74.2	33.7	Business development, working capital	1 for 2	(9.25%)	(4.97%)	(0.888)	3.00%	N	2.00%	N
11-Jul-25	AustAsia Group Ltd. (2425)	Production and sales of raw milk, beef cattle and feed products	1,106.73	313.81	Debt repayment, working capital	2 for 5	(29.11%)	(29.11%)	50.20%	8.23%	N	N	N
16-Jul-25	Mansion International Holdings Limited (8456)	Manufacturing and sale of baby clothing and clothing accessories	9.52	30.7	Debt repayment, working capital	4 for 1	(22.90%)	(23.50%)	98.63%	18.80%	N	1.50%	N
18-Jul-25	Capital Realm Financial Holdings Group Ltd (204)	Investment holding business	49.81	155.7	Bond repayment, future investments working capital	3 for 1	4.17%	21.36%	(86.28%)	0.00%	N	3.00%	N
25-Jul-25	Sanergy Group Limited (2459)	Manufacturing of graphite electrodes	205.2	45.6	Business development, working capital	1 for 2	(55.60%)	(56.30%)	(89.00%)	18.80%	N	3.50%	N
29-Jul-25	Zhongzheng International Co Ltd (943)	Manufacture and sales of healthcare and household products	128.24	114.6	Debt repayment, business development, working capital	1 for 2	0.00%	0.00%	(54.40%)	0.00%	N	2.00%	N
15-Aug-25	Da Yu Financial Holdings Ltd (1073)	Provision of corporate finance advisory services and asset management services	328.12	136.7	Business development, working capital, new fund set-up	1 for 2	(16.67%)	(18.92%)	(45.45%)	6.63%	N	N	N
15-Aug-25	HSC Resources Group Ltd (1850)	Designing, supply and installation of fire safety systems for buildings under construction	30.93	73.27	Business development, working capital	4 for 1	(24.49%)	(23.19%)	(93.78%)	19.43%	N	1.50%	N
20-Aug-25	XJ International Holdings Co Ltd (1765)	Higher education and secondary vocational education services	1,677.89	137.08	Bond repayment	1 for 12	(1.96%)	(0.50%)	(83.61%)	0.15%	N	0.50%	N
22-Aug-25	Bonjour Holdings Limited (653)	Retail business of beauty and health care products.	48.35	107.45	Debt repayment, business development, investment	3 for 1	(25.93%)	(27.93%)	(75.91%)	20.95%	N	2.00%	N
28-Aug-25	Risecomm Group Holdings Ltd (1679)	Research, development, production and sales of power line communication products and the provision of smart manufacturing & industrial automation services (SMIA) and products.	32.99	127.86	Debt repayment, working capital	5 for 1	(22.48%)	(20.63%)	n/a	18.73%	N	0.50%	N

Date of prospectus	Company Name	Principal business	Market capitalisation on the last trading day	Gross proceeds (full subscription)	Use of proceeds	Basis of entitlement	Premium/ (discount) of the subscription price over/to the closing price per share on the last trading day	Premium/ (discount) of the subscription price over/to the average closing price for the five consecutive trading days including and up to the last trading day	Premium/ (discount) of the subscription price over/to unaudited consolidated net asset value	Theoretical dilution effect	Fully underwritten	Placing arrangement	
												Commission	Fixed fees
			HK\$ million	HK\$ million							Yes = Y No = N		
01-Sep-25	TOMO Holdings Limited (6928)	Sales and installation of passenger vehicle leather upholstery, and electronic accessories.	213.75	40.5	Business development, working capital	1 for 2	(62.10%)	(63.20%)	25.00%	21.30%	N	1.00%	N
02-Sep-25	Pinestone Capital Ltd. (804)	Securities brokerage services, securities-backed lending services and placing and underwriting services.	69.22	60.7	Business development, lending to clients, working capital	3 for 2	(40.71%)	(41.63%)	(75.64%)	24.98%	N	5.00%	N
03-Sep-25	China Health Group Limited (673)	Trading of medical equipment and consumables	68.83	80.9	Debt repayment, working capital	3 for 10	(28.60%)	(37.10%)	12.40%	23.70%	Y	2.00%	N
	The Company	Integrated marketing services and SaaS interactive marketing services	58.56	273.8	AI model development, business development	6 for 1	(22.08%)	(24.56%)	(91.29%)	20.63%	N	0.20%	N
Maximum			1,677.89	313.81			4.17%	21.36%	98.63%	24.98%		5.00%	
Average			309.38	103.92			(26.96%)	(26.75%)	(36.08%)	14.10%		2.18%	
Median			69.22	93.80			(24.49%)	(23.50%)	(75.64%)	16.90%		2.00%	
Minimum			9.52	10.08			(73.68%)	(72.99%)	(93.78%)	0.00%		0.50%	

Subscription price

The subscription price of the Comparables ranged from a premium of approximately 4.17% to a discount of approximately 73.68%, with an average discount of approximately 26.96% and a median discount of approximately 24.49% relative to their respective closing prices per share on the last trading day. The discount of approximately 22.08% of the Company's Subscription Price to the closing price per Share on the Last Trading Day falls within this range and is shallower than the average discount and the median discount of the Comparables.

For the five consecutive trading days, including and up to the last trading day, the subscription price of the Comparables ranged from a premium of approximately 21.36% to a discount of approximately 72.99%, with an average discount of approximately 26.75% and a median discount of approximately 23.50%. The discount of approximately 24.56% of the Company's Subscription Price for the five consecutive trading days, including and up to the last trading day falls within this range and is shallower than the average discount and the median discount of the Comparables.

It is noted that setting the subscription price at a discount to the prevailing market prices of the relevant shares is a common market practice to enhance the attractiveness of rights issue transactions and encourage shareholder participation. Among the 19 Comparables, 17 set their subscription prices at various degrees of discount to their respective closing prices on the last trading day and the average closing price over the five consecutive trading days. In line

with this market practice, the Subscription Price was also set at a discount to the closing price on the Last Trading Day and the average closing price over the five consecutive trading days.

Even though the range of the above discounts/premium of the subscription prices to the Comparables to the benchmarked prices can be wide, we are of the view that the Comparables are fair and representative samples which form a meaningful comparison to assess the fairness and reasonableness of the Subscription Price for the reasons that the above rights issues are conducted by listed companies on the Stock Exchange; and the above rights issues issued relevant prospectuses during the Comparison Review Period which is most updated. We are of the view that it is intended to identify the most recent rights issue transactions conducted by companies listed on the Stock Exchange under the market conditions and sentiment close enough to that of the Rights Issue, thus allowing reasonable comparison of their commercial terms. Therefore, we consider that the terms of the Comparables were determined under similar market conditions and sentiment and the Comparables provide a general reference for the key terms of rights issue transactions. On this basis, we consider the Comparables to be indicative in assessing the fairness and reasonableness of the terms of the Rights Issue (including the Subscription Price).

As at the Latest Practicable Date, it is noted that 15 out of 19 Comparables have been completed, with non being terminated.

Nonetheless, non-participating Shareholders who do not wish to proceed with the Rights Issue, for reasons such as the degree of discount to the closing prices per Adjusted Share, may trade their entitlements in the market. This provides an opportunity to mitigate the impact from the dilution of their shareholdings.

Placing commission

The Company has entered into the Placing Agreement with the Placing Agent for the placement of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees on a best-effort basis. Under the Placing Agreement, the Placing Agent is entitled to a commission of 0.2% on the amount successfully placed by the Placing Agent. It is noted that, there are 15 Comparables with placing compensation to placing agents in the form of placing commissions. The placing commissions of the Comparables ranged between 0.5% and 5.0%. As such, the placing commission of 0.2% for the Rights Issue is notably below the minimum of the range observed in the Comparables, highlighting its cost-efficiency and favorability for the Company and its Shareholders.

Having considered that (i) the general downward trend of the closing prices of the Shares; (ii) the thin trading volume of the Shares during the Review Period; (iii) the discount to closing prices offered by the Subscription Price, which is in line with common market practices and falls within the range of that of the Comparables; (iv) theoretical dilution effect of the Rights Issue is in compliance

with the theoretical dilution limit as defined under the Listing Rules; (v) the discount to closing prices offered by the Subscription Price could enhance the attractiveness of the Rights Issue and encourage Qualifying Shareholders to participate in it, and (vi) the favorable placing commission, which is lower than the range of the Comparables, we are of the view that the Subscription Price is on normal commercial term and is fair and reasonable so far as the Independent Shareholders are concerned.

Possible dilution effect on the shareholding interests of the existing Public Shareholders

The Rights Issue provides Qualifying Shareholders with the opportunity to maintain their proportional interests in the Company and to participate in its future development, should they choose to do so. However, those Qualifying Shareholders who opt not to subscribe to the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue, with their aggregate interests potentially reduced by a maximum of approximately 20.63%. As illustrated in the table above, the theoretical dilution effect of the Comparables ranged from approximately nil to 24.98%, with an average of 14.10% and a median of 16.90%. The theoretical dilution effect of the Rights Issue, at approximately 20.63%, falls within the range of the Comparables, although it is deeper than both the average and median dilution effects. Nonetheless, the theoretical dilution effect of the Rights Issue complies with the theoretical dilution limit as defined under the Listing Rules.

Having considered (i) the theoretical dilution effect of the Rights Issue falls within the range of the Comparables and complies with the dilution limit under the Listing Rules; (ii) the proceeds from the Rights Issue will be applied toward the Group's AI Model development; (iii) the Rights Issue will strengthen the Group's financial position; (iv) all Qualifying Shareholders are given an equal opportunity to maintain their shareholding interests and participate in the Company's development; (v) the inherent dilutive nature of rights issues in general if existing shareholders do not fully take up their entitlements; and (vi) the flexibility provided to Qualifying Shareholders who choose not to subscribe, as they may dispose of their nil-paid Rights Shares in the open market, we consider that the potential dilution effect of the Rights Issue is justifiable.

IV. Effects on the shareholding structure of the Company

Assuming there is no further issue or repurchase of Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; and (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Controlling Shareholders pursuant to the Irrevocable Undertakings) have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares and NQS Unsold Rights Shares are placed to the independent placees:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Controlling Shareholders pursuant to the Irrevocable Undertakings) have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares and NQS Unsold Rights Shares are placed to the independent placees	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Many Idea Liujianhui (Notes 1 and 3)	6,664,031	6.94	46,648,217	6.94	46,648,217	6.94
Xiamen Dream Future (Notes 2 and 3)	9,474,816	9.87	66,323,712	9.87	66,323,712	9.87
Many Idea Qushuo (Notes 3 and 4)	118,432	0.12	829,024	0.12	829,024	0.12
Subtotal	16,257,279	16.93	113,800,953	16.93	113,800,953	16.93
<i>Director</i>						
Mr. Chen Zeming	98,163	0.10	687,141	0.10	98,163	0.01
Subtotal	16,355,442	17.04	114,488,094	17.04	113,899,116	16.95
Independent placees	—	—	—	—	478,456,326	71.20
Other public Shareholders	79,644,558	82.96	557,511,906	82.96	79,644,558	11.85
Total	96,000,000	100.00	672,000,000	100.00	672,000,000	100.00

Notes:

- Many Idea Liujianhui is an investment holding company beneficially and wholly owned by Mr. Liu. Under the SFO, Mr. Liu is deemed to be interested in all the Shares registered in the name of the Many Idea Liujianhui.

2. Xiamen Dream Future is owned as to 90% by ZJJ Many Idea, 9.9% by Mr. Liu and 0.1% by Ms. Qu. ZJJ Many Idea is owned as to 99% by Mr. Liu and 1% by Ms. Qu. Accordingly, ZJJ Many Idea is deemed to be interested in such number of Shares held by Xiamen Dream Future by virtue of the SFO.
3. Mr. Liu is the spouse of Ms. Qu. Each of Mr. Liu and Ms. Qu is deemed to be interested in the Shares held by one another by virtue of the SFO.
4. Many Idea Qushuo is wholly owned by Ms. Qu. Accordingly, Ms. Qu is deemed to be interested in such number of Shares held by Many Idea Qushuo by virtue of the SFO.
5. The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places. Percentages may not add up to 100% due to rounding.
6. Pursuant to the Placing Agreement, the Placing Agent shall also ensure that the public float requirement under Rule 8.08 of the Listing Rules remains to be fulfilled by the Company upon completion of the Rights Issue.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

V. Possible Financial Effects of the Rights Issue

In terms of net tangible assets per Share, as set out in Appendix II to this Circular, upon completion of the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share as at 30 June 2025 immediately after the completion of the Rights Issue would be approximately RMB1.05 (assuming all Qualifying Shareholders have taken up the Rights Shares), representing a decrease of 80.89% as compared to the unaudited consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share as at 30 June 2025 before the completion of the Rights Issue of approximately RMB5.50. Despite a reduction of approximately 80.89% in the consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share upon completion of the Rights Issue, we have carefully considered (i) the reasons for the Rights Issue as outlined in the Letter from the Board, and (ii) the rights of the Qualifying Shareholders to take up their respective entitlements. This allows them to maintain their shareholdings in the Company and participate in the Group's potential growth. In our view, the overall impact on the consolidated net tangible assets of the Group attributable to owners of the Company per ordinary share is fair and reasonable, and it serves the best interests of the Company and its Shareholders as a whole.

In terms of liquidity position, the Group had bank balances and cash of approximately HK\$4.2 million and the Group had current assets of approximately HK\$705.9 million and current liabilities of approximately HK\$358.3 million as at 30 June 2025, giving rise to a current ratio (being current assets divided by current liabilities) of approximately 2.0. Immediately upon completion of the Rights Issue, the cash and cash equivalents of the Group may increase by up to the maximum amount of net proceeds from the Rights Issue; that is up to approximately HK\$272.2 million. In such case, the current ratio of the Group will potentially increase from approximately 2.0 to 2.7. As such, the current ratio and the Group's liquidity position will improve following the Rights Issue.

After taking into consideration the above, particularly the improvement in liquidity position of the Group, we are of the view that the Rights Issue is in the interest of the Company and the Shareholders as a whole

RECOMMENDATION

Taking into consideration the above principal factors and reasons, we are of the view that the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise 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 and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
First Global Corporate Finance Co., Limited



Wendy Liu
Managing Director

Ms. Liu is a licensed person registered with SFC and regarded as a responsible officer of Type 6 (advising on corporate finance) of First Global Corporate Finance Co., Limited. Ms. Liu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under SFO since 2014.