

4 December 2025

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
PROPOSED ALTERATIONS OF THE TERMS OF
HK\$89,840,000 CONVERTIBLE BONDS**

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 Proposed Alterations, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 4 December 2025 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 6 November 2025 (after trading hours), Thousand China and SCFH entered into the Supplemental Agreement, pursuant to which the parties thereto conditionally agreed to the Proposed Alterations by execution of the Supplemental Deed by SCFH.

As at the Latest Practicable Date, Mr. Ng and his associates held approximately 68.81% of the total issued share capital of the Company (Mr. Ng is an executive Director and chairman of the Board) and approximately 34.96% of the total issued share capital of SCFH (Mr. Ng is an executive director and chairman of the board of directors of SCFH). Therefore, each of the Company and SCFH is an associate of Mr. Ng. Accordingly, the Proposed Alterations constitute connected transaction of the Company by virtue of the Listing Rules, which is subject to announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Kam Yiu Shing Tony, Ms. Pong Scarlett Oi Lan, BBS, J.P. and Mr. Wong Chun Tat, J.P., all being independent non-executive Directors, has been formed to consider the Proposed Alterations. We, WRise Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

Apart from this engagement, we previously acted twice as the independent financial adviser to advise the independent board committee and the then independent shareholders of the Company within two years prior to the Latest Practicable Date, details of which are set out in the Company's circulars dated 14 November 2024 and 10 June 2025. Apart from normal professional fees paid or payable to us in connection with such appointments as the independent financial adviser, no arrangements exist whereby we had received any fees or benefits from the Group. As at the Latest Practicable Date, we did not have any relationships or interests with the Group and/or SCFH that could reasonably be regarded as hindrance to our independence. Accordingly, we have considered ourselves to be eligible to give independent advice in respect of the Supplemental Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Directors and the management of the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date hereof and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the management of the Group. The Directors have confirmed that no material facts have been withheld or omitted from the information provided, opinion expressed, representations made to us or referred to in the Circular and that all information provided, opinion expressed or representations made, to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the date of the Circular. Shareholders will be informed by the Company and us as soon as possible if there is any material change to the information disclosed in the Circular up to the date of the EGM.

We consider that we have reviewed sufficient information currently available 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, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of any member of the Group or any of their respective subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1. Information of the Group

The Group is principally engaged in trading and manufacturing of toys and shoes, property investment and development, agriculture as well as forestry businesses.

Set out below is a summary of the consolidated financial information of the Group for the two years ended 31 December 2024 and the six months ended 30 June 2025 as extracted from the Company's annual report for the year ended 31 December 2024 ("2024AR") and the interim report for the six months ended 30 June 2025 ("2025IR") respectively.

	For the year ended 31 December 2023 ("FY2023") Approximately HK\$'000 Audited	For the year ended 31 December 2024 ("FY2024") Approximately HK\$'000 Audited	For the six months ended 30 June 2024 ("6M2024") Approximately HK\$'000 Unaudited	For the six months ended 30 June 2025 ("6M2025") Approximately HK\$'000 Unaudited
Revenue	2,887,385	3,231,529	1,168,503	891,682
— Trading and manufacturing	2,644,312	3,007,310	1,061,505	789,096
— Property investment and development	240,851	223,328	106,936	102,529
— Agriculture and forestry	2,222	891	62	57
Gross profit	479,357	475,843	152,076	62,610
(Loss)/profit for the year/ period	(42,439)	12,177	(80,876)	(89,996)

With reference to the 2024AR, the Group's revenue of approximately HK\$3,231.5 million for FY2024 rose by approximately HK\$344.1 million (11.9%) from FY2023. The trading and manufacturing segment, particularly OEM toys production, grew by approximately HK\$274.4 million (11.2%) due to increased orders from key U.S. customers, driven by rebounding consumer demand for toy products. The Group recorded net profits of approximately HK\$12.2 million for FY2024, compared to a net loss of HK\$42.4 million for FY2023, primarily due to the combined effect of: (i) the improved trading and manufacturing results; (ii) lower finance costs from reduced average interest rates; and (iii) higher gains recognised from disposal of subsidiaries in FY2024 compared to FY2023.

The Group's revenue for 6M2025 fell by approximately 23.7% to HK\$891.7 million compared with 6M2024, primarily due to lower revenue from OEM toys production as the key U.S. customers adopted cautious ordering strategies. The Group recorded a loss for the period of approximately HK\$90.0 million, due to the combined effect of: (i) the decline in operating results of the trading and manufacturing segment; (ii) higher net fair value gains on investment properties; and (iii) higher gains recognised from disposal of subsidiaries in 6M2025 compared to 6M2024.

Set out below is a summary of the consolidated statement of financial position of the Group as at 31 December 2023 and 31 December 2024 as extracted from the 2025 IR.

	As at 31 December 2024	As at 30 June 2025
	<i>Approximately HK\$'000 Audited</i>	<i>Approximately HK\$'000 Unaudited</i>
Total assets	12,965,968	13,030,995
Total liabilities	6,848,506	6,809,638
Net assets	6,117,462	6,221,357

The Group's total assets amounted to approximately HK\$12,966.0 million and HK\$13,031.0 million as at 31 December 2024 and 30 June 2025 respectively. Its major assets comprised investment properties of approximately HK\$9,192.8 million and HK\$9,447.6 million as at 31 December 2024 and 30 June 2025 respectively, which relates to the Group's property investment portfolio in Nanjing, Shenyang, and Tianjin in Mainland China and Hong Kong. The Group's current assets, consisting mainly of inventories, trade receivable, prepayments, deposits, and other receivables and cash and bank balances, remained relatively stable as at 31 December 2024 and 30 June 2025.

The total liabilities of the Group were approximately HK\$6,848.5 million and HK\$6,809.6 million as at 31 December 2024 and 30 June 2025 respectively. The Group's major liabilities comprised total interest-bearing bank borrowings, amounting to approximately HK\$3,671.4 million and HK\$3,534.5 million as at 31 December 2024 and 30 June 2025 respectively.

2. Information of SCFH

SCFH and its subsidiaries (the “SCFH Group”) are principally engaged in broking, margin financing, corporate advisory and underwriting, asset and wealth management as well as property investment.

Set out below is a summary of the consolidated financial information of the SCFH Group for the two years ended 31 December 2024 and the six months ended 30 June 2024 and 2025 as extracted from SCFH's annual report for the year ended 31 December 2024 (“SCFH 2024AR”) and the interim report for the six months ended 30 June 2025 (“SCFH 2025IR”) respectively.

	For the year ended 31 December 2023	For the year ended 31 December 2024	For the six months ended 30 June 2024	For the six months ended 30 June 2025
	<i>Approximately HK\$'000 Audited</i>	<i>Approximately HK\$'000 Audited</i>	<i>Approximately HK\$'000 Unaudited</i>	<i>Approximately HK\$'000 Unaudited</i>
Revenue from continuing operations	42,830	36,799	17,695	19,441
Loss for the year/period from continuing operations	(78,739)	(292,747)	(43,475)	(46,806)
Net loss for the year/period from discontinued operations	(61,259)	(2,309)	(4,312)	—
Loss for the year/period	(139,998)	(295,056)	(47,787)	(46,806)

Based on the SCFH 2024AR, the SCFH Group's revenue from continuing operations for FY2024 was approximately HK\$36.8 million, a decrease of approximately HK\$6.0 million from FY2023. This was primarily due to the asset and wealth management segment's revenue dropped to approximately HK\$2.8 million in FY2024, compared with HK\$11.0 million in FY2023. For FY2024, excluding those one-off or non-operating items such as fair value loss on investment properties, fair value loss on financial assets at fair value through profit or loss (net), fair value loss on convertible bonds, and impairment of loans and trade receivables (net), SCFH recorded a loss from operating activities of approximately HK\$35.7 million, which was lower than the loss of approximately HK\$45.6 million for FY2023. Taking into account mainly

the HK\$223.4 million diminution in value of investment property for FY2024 (FY2023: Nil), SCFH recorded a loss from continuing operations of approximately HK\$292.7 million for FY2024, compared to a loss of approximately HK\$78.7 million for FY2023. After periodic performance assessment and for better allocation of resources, SCFH ceased its media publication and financial public relation service business in FY2024 and jewellery business in FY2023 respectively.

As set out in the SCFH 2025IR, the SCFH Group's revenue from continuing operations was approximately HK\$19.4 million for 6M2025, a modest improvement from HK\$17.7 million for 6M2024. This was primarily attributable to higher brokerage income, driven by improved market sentiment and a recovery in the Hong Kong stock market. However, the revenue uplift from the brokerage segment was partially offset by a decline in the asset and wealth management business, which faced heightened competition and reduced client activity. For 6M2025, excluding those one-off or non-operating items such as fair value loss on investment properties, fair value loss on financial assets at fair value through profit or loss (net), fair value loss on convertible bonds, and impairment of loans and trade receivables (net), SCFH recorded a loss from operating activities of approximately HK\$15.3 million, representing an improvement as compared to a loss of approximately HK\$20.0 million for 6M2024. SCFH recorded mainly a non-cash diminution in the value of its investment properties of approximately HK\$21.0 million (2024: HK\$9.4 million) for 6M2025. This impacted profitability, resulting in a reported net loss of approximately HK\$46.8 million for 6M2025, compared to a net loss of HK\$47.8 million for 6M2024.

Set out below is a summary of the consolidated statement of financial position of the SCFH Group as at 31 December 2024 and 30 June 2025 as extracted from the SCFH 2024AR and the SCFH 2025IR, respectively.

	As at 31 December 2024	As at 30 June 2025
	<i>Approximately HK\$'000 Audited</i>	<i>Approximately HK\$'000 Unaudited</i>
Total assets	850,518	1,019,657
Total liabilities	774,334	986,265
Net assets	76,184	33,392

As at 30 June 2025, the SCFH Group's total assets were approximately HK\$1,019.7 million, primarily comprised investment properties of approximately HK\$265.0 million, right-of-use assets of HK\$84.5 million, cash held on behalf of clients of HK\$491.1 million, cash and bank balance of HK\$49.6 million, representing about 87.3% of the total assets. The total assets as at 30 June 2025 increased by approximately HK\$169.1 million (or approximately 19.9%) as compared to that as at 31 December 2024, mainly due to an increase in cash held on behalf of clients by approximately HK\$192.6 million. As at 30 June 2025, SCFH had cash and bank balances of approximately HK\$49.6 million and net current liabilities of approximately HK\$262.6 million. SCFH's available cash resources alone would not be sufficient to fully repay the Bonds upon maturity.

The total liabilities of the SCFH Group were approximately HK\$986.3 million as at 30 June 2025, primarily included client deposits of HK\$513.0 million, interest-bearing bank and other borrowings of HK\$234.3 million and convertible bonds of HK\$137.1 million as at 30 June 2025, representing approximately 89.7% of the total liabilities. The total liabilities as at 30 June 2025 increased by approximately HK\$211.9 million (or approximately 27.4%) as compared to that as at 31 December 2024, mainly due to an increase in client deposits by approximately HK\$199.9 million.

Recent developments

As set out in the above, SCFH had a reduction in its core operating losses for FY2024 and 6M2025. For 6M2025, SCFH recorded higher brokerage income, driven by improved market sentiment and a recovery in the Hong Kong stock market. It is expected that IPO market is likely to stay robust, reinforcing Hong Kong's position as a preferred listing destination for both domestic and international companies. With reference to the SCFH 2025IR, by leveraging insights to drive growth and adapt to market dynamics, SCFH keeps aligning its strategies such as widening the scopes of brokerage and margin financing businesses by introducing derivatives products for clients' investment and enhancing the provision of virtual assets services, including cooperation with strategic partners; as well launching equity capital market services including syndication, equity financing, underwriting and serving as joint global coordinator, joint book-runner and joint lead manager in IPO projects. In addition, we noted that (i) on 16 October 2025, SCFH disposed its holding of listed securities at consideration of approximately HK\$10.25 million and the net proceeds will be used for general working capital; (ii) on 6 November 2025, SCFH signed a memorandum of understanding ("MOU") in relation to the formation of a joint venture regarding promotion and selling of security and anti-riot products to global market; and (iii) on 14 November 2025, SCFH signed another MOU in respect of formation of a joint venture regarding developing AI-powered platforms for pharmaceutical research and development, along with relevant technical services.

3. Reasons for and benefits of the Proposed Alterations

With reference to the Letter from the Board, the Company has assessed the financial performance, repayment ability and liquidity position of SCFH based on its published financial information. While SCFH has demonstrated improvement in operating performance through the reduction of operating losses, its current cash position relative to the outstanding principal amount of the Bonds suggests that additional financing arrangements, asset disposals or other measures would be required to ensure full repayment upon maturity. As advised by the management of SCFH, to secure alternative financial resources to fulfil SCFH's payment obligations on maturity, SCFH may consider to dispose of its entire issued share capital of Genius Year Limited, which had a carrying amount of approximately HK\$84.5 million as at 30 June 2025, for cash consideration. The proceeds from such disposal, if materialised, are expected to be applied towards the repayment of the Bonds upon maturity. As at the Latest Practicable Date, as advised by the management of SCFH, no potential purchasers have expressed interest in the proposed disposal of the entire issued share capital of Genius Year Limited and SCFH will continue to explore feasible financing and disposal opportunities to ensure that sufficient financial resources are available to meet its obligations when due.

In addition, by reviewing the latest unaudited financial statements and the business development plans presented by the management of SCFH, the Board believes that SCFH has a credible path towards operational and financial recovery in the extended period of the Maturity Date. If SCFH's turnaround plans are materialized, it is expected that the improved business performance will be reflected in its share price, preserving upside potential of the Conversion Shares so that it may exercise the conversion right attached to the Bonds upon upturn in the share price of SCFH. Besides, given the current financial situation of SCFH, it is not practicable for SCFH to redeem the Bonds upon the original Maturity Date. Default in payment could be detrimental to the Company as write-off of the Bonds might be required which in turn would have an adverse financial impact on the Group.

The Board is of the view that extension of the Maturity Date for three (3) years will enable (i) SCFH to postpone a substantial cash outflow which can be used to improve its business performance and financial position and provide it with more time to obtain financial resources to meet its payment obligations under the Bonds; and (ii) the Company to receive more interest income. Taking into account the Group's cash position, cash flows and working capital requirements, the Board believes that the Proposed Alterations will not have significant impact on the financial position or business operations of the Group.

As refer to the section headed "2. Information of SCFH" above, SCFH recorded a reduction in operating losses in FY2024 and 6M2025. Besides, SCFH has taken steps to improve its business and financial positions, including (i) with reference to the 2025IR, SCFH aims to enhance its existing businesses to tap on market opportunities (e.g. by widening the scopes of brokerage and margin financing businesses); (ii) ceasing non-profitable businesses for better resources allocation; (iii) disposing its securities investments on-market to enhance liquidity position of the SCFH Group; and (iv) actively exploring new businesses opportunities (e.g. signing of the MOUs in respect of formation of joint ventures to engage in promotion and selling of security and anti-riot products, and developing AI-powered platforms for pharmaceutical research and development, along with relevant technical services).

Based on our independent review of the latest published financial statements of SCFH (as analysed above), we noted that it may not be feasible for SCFH to fully repay the Bonds upon the original Maturity Date on 12 January 2026 so that the Company has compromised with the management of SCFH to extend the Maturity Date for another three years until 12 January 2029. It is currently expected that the share price of SCFH may recover in the coming years on the basis that the current favourable market sentiment can sustain, which in fact has been upsurging to HK\$0.395 per share of SCFH as at the Latest Practicable Date, or about 41.1% over the revised Conversion Price of HK\$0.280 per Conversion Share. Based on our discussion with the management of the Company, they may consider to convert part of the Conversion Rights into Conversion Shares and then dispose of them in the open market for realizing satisfactory returns on investment in the Bonds, when and where appropriate. If the Company can realise some portion of the Conversion Shares in the open market during the extended three years to the Maturity Date, SCFH's payment obligations under the Bonds would be partly alleviated. On the other hand, the Company will receive additional interest income of approximately HK\$2.7 million (assuming no Conversion Share has been disposed of) over the tenure of the Bonds in the coming three years, which will be paid on the extended Maturity Date. Given the expected returns on investment in the Bonds would be much higher than the prevailing interest rates on time deposits in the market and there has been general anticipation of a decreasing trend in such interest rates in Hong Kong, the Company considers that the Proposed Alterations will allow it sufficient time of another three years to preserve upside potential of the share of SCFH, and hence, the Conversion Shares. As advised by the management of the Company, save for placement of time deposits in financial institutions in Hong Kong, as at the Latest Practicable Date, the Company has no specific development or investment plan for the cash in the event that the Bonds are repaid. The accrued interest (1% per annum) on the Bonds for the period from the date of issue to the third (3rd) anniversary of the issue date (both days inclusive) shall be settled on the said third (3rd) anniversary. The amended interest (2% per annum) shall accrue and become payable on the extended Maturity Date. Given that the expected potential returns on the Bonds could be much higher than the prevailing interest rates on time deposits in Hong Kong, and that the accrued interest for the initial three-year tenure of the Bonds will be paid on the original Maturity Date, we consider that the extension of the Maturity Date of the Bonds provides an additional three-year period to retain the upside potential of the SCFH shares. Accordingly, the Proposed Alterations (including the extension of three years, the amended interest rate from 1% to 2% per annum and the relevant payment terms) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Having considered the above, including (i) the extension of the Maturity Date of the Bonds will allow SCFH more time and postpone a substantial cash outflow for SCFH to improve its business performance and financial position as well as to obtain financial resources to meet its payment obligations under the Bonds; (ii) the Company will receive more interest income; and (iii) the terms of the Proposed Alterations are fair and reasonable (as analysed below), we consider the Proposed Alterations are in the interests of the Company and the Shareholders as a whole.

4. The Proposed Alterations of the Terms of the Bonds

Supplemental Agreement and the principal terms of the Bonds

On 6 November 2025 (after trading hours), Thousand China and SCFH entered into the Supplemental Agreement, pursuant to which the parties thereto conditionally agreed to the Proposed Alterations by execution of the Supplemental Deed by SCFH. Subject to the fulfillment of the conditions precedent (as detailed in the Letter from the Board) to the Proposed Alterations, the principal terms before and after the Proposed Alterations are summarised as follows:

	Current (i.e. before the Proposed Alterations)	After the Proposed Alterations
Maturity Date	the date falling on the third (3rd) anniversary from the date of issue of the Bonds, i.e. on 12 January 2026 (the Bonds were issued by SCFH on 13 January 2023).	the date falling on the sixth (6th) anniversary from the date of issue of the Bonds, i.e. on 12 January 2029 (the Bonds were issued by SCFH on 13 January 2023).
Interest rate and interest payment date	one (1) % per annum (from the date of issue of the Bonds to the Maturity Date) to be paid on the Maturity Date.	(a) one (1)% per annum during the period from the date of issue of the Bonds to the third (3rd) anniversary from the date of issue of the Bonds to be paid on the third (3rd) anniversary from the date of issue of the Bonds and (b) two (2)% per annum during the period from the date immediately following the date falling on the third (3rd) anniversary of the date of issue of the Bonds to the Maturity Date to be paid on the Maturity Date.
Conversion Price	HK\$0.32 per Conversion Share, which is subject to adjustments in the manner provided in the Instrument.	HK\$0.28 per Conversion Share, which is subject to adjustments in the manner provided in the Instrument.

Save for the Proposed Alterations, all other terms and conditions of the Bonds remain unchanged and in full force and effect. Please refer to the Letter from the Board for other principal terms of the Bonds.

Our assessment

Further to our independent analysis as set out in “2. Information of SCFH” and “Reasons for and benefits of the Proposed Alterations” above, based on our independent research on the extension of convertible bonds for their maturity by companies listed in Hong Kong announced within about one year prior to the date of the Supplemental Agreement, we note that the proposed extension of the Bonds for three years falls within the range of the extension of convertible bonds of 12 months to 60 months. Therefore, we consider the extension of the Maturity Date for three years to be acceptable.

In order to assess the fairness and reasonableness of the Proposed Alterations under the recent market conditions, we have conducted a comparable analysis by identifying companies listed on the Stock Exchange which (i) have announced the issuance of convertible bonds within six months before the date of the Supplemental Agreement; (ii) have a tenure of three years, which is equivalent to the Bonds’ extended tenure; (iii) the convertible bonds have not lapsed or cancelled on or before the date of the Supplemental Agreement; (iv) the issuers of the convertible bonds are not in net liability positions; and (v) exclude the issuers whose shares were under prolonged suspension as at the date of the Supplemental Agreement. Based on the above criteria, we have identified an exhaustive list of 10 issuances of convertible bonds (the “**CB Comparables**”) which represent fair and representative samples for our analysis. Independent Shareholders should, however, note that the businesses, operations and prospect of the Company are not the same as those of the CB Comparables. Notwithstanding that, we consider that the terms of the CB Comparables are determined under similar market conditions and sentiment, and hence provide a general reference on the key terms for this type of transactions in Hong Kong. Therefore, we consider that the CB Comparables are indicative in assessing the fairness and reasonableness of the terms of the Bonds. Set out below are the details of the CB Comparables:

	Date of announcement	Company name (stock code)	Principal amount HK\$ million	Maturity Year	Interest rate per annum	Premium/(discount) of conversion price over/(to) the closing price on the respective last trading	Premium/(discount) of conversion price over/(to) the average closing price for the last five consecutive trading days prior to the respective last trading day/date of agreement
						day/date of agreement	trading day/date of agreement
1	2-May-2025	Vobile Group Limited (3738.HK)	156	3	0.00%	14.50%	20.00%
2	18-May-2025	Vobile Group Limited (3738.HK)	98	3	0.00%	11.10%	14.00%
3	20-May-2025	Meitu, Inc. (1357.HK)	1,943	3	1.00%	1.70%	4.10%

						Premium/(discount) of conversion price over/(to) the closing price on the respective last trading day/date of agreement	Premium/(discount) of conversion price over/(to) the average closing price for the last five consecutive trading days prior to the respective last trading day/date of agreement
	Date of announcement	Company name (stock code)	Principal amount <i>HK\$ million</i>	Maturity <i>Year</i>	Interest rate per annum		
4	10-Jun-2025	Celestial Asia Securities Holdings Limited (1049.HK)	40	3	5.00%	19.05%	19.05%
5	31-Jul-2025	Dingyi Group Investment Limited (508.HK)	980	3	2.00%	5.81%	2.82%
6	3-Sep-2025	China Rongzhong Financial Holdings Company Limited (3963.HK)	35	3	2.75%	0.00%	(0.17%)
7	29-Sep-2025	Hatcher Group Limited (8365.HK)	12	3	0.0%	2.04%	(0.53%)
8	3-Oct-2025	Moiselle International Holdings Limited (130.HK)	25	3	2.50%	20.00%	97.10%
9	13-Oct-2025	Karrie International Holdings Limited (1050.HK)	150	3	2.00%	(7.26%)	(15.57%)
10	17-Oct-2025	DTXS Silk Road Investment Holdings Company Limited (620.HK)	323	3	3.85%	5.56%	6.03%
				Maximum	5.00%	20.00%	97.10%
				Average	1.91%	7.25%	14.68%
				Median	2.00%	5.69%	5.07%
				Minimum	0.00%	(7.26%)	(15.57%)
	6-Nov-2025	SCFH	89.84	3	2.00%	(3.45%)	(5.08%)

Source: Website of the Stock Exchange

Note: The Hong Kong dollar exchange rate applied for the convertible bonds issued with a principal amount denominated in US dollars is 7.77.

Interest rate

As shown in the above table, the interest rate of the CB Comparables ranged from 0% to 5% with an average and median of approximately 1.91% and 2.00% respectively. The adjusted interest rate of the Bonds of 2% is within the range and above the average and equal to the median of the interest rate of the CB Comparables.

Having considered that the amended interest rate of the Bonds (i) represents 100% increase of the existing interest rate of the Bonds; (ii) is within the range and above the average of the interest rate of the CB Comparables, we consider the amended interest rate of the Bonds is fair and reasonable.

Conversion Price

We note that the amended Conversion Price of the Bonds of HK\$0.28 per Conversion Share, which was determined after arm's length negotiation between the Company and SCFH, represents:

- (a) a discount of approximately 3.45% to the closing price of HK\$0.290 per share of SCFH as quoted on the Stock Exchange on 6 November 2025, being the date of the Supplemental Agreement;
- (b) a discount of approximately 5.08% to the average closing price of HK\$0.295 per share of SCFH as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to and including the date of the Supplemental Agreement;
- (c) a discount of approximately 5.25% to the average closing price of HK\$0.296 per share of SCFH as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to and including the date of the Supplemental Agreement;
- (d) a discount of approximately 4.16% to the average closing price of HK\$0.292 per share of SCFH as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the date of the Supplemental Agreement;
- (e) a discount of approximately 1.52% to the average closing price of HK\$0.284 per share of SCFH as quoted on the Stock Exchange for the last 60 consecutive trading days immediately prior to and including the date of the Supplemental Agreement;

- (f) a discount of approximately 4.72% to the average closing price of HK\$0.294 per share of SCFH as quoted on the Stock Exchange for the last 90 consecutive trading days immediately prior to and including the date of the Supplemental Agreement; and
- (g) a discount of approximately 29.11% to the closing price of HK\$0.395 per share of SCFH as quoted on the Stock Exchange on the Latest Practicable Date.

Assuming full conversion of the Bonds at the Conversion Price of HK\$0.28 per Conversion Share, a total of 320,857,142 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Bonds in full, representing approximately 106.50% and 51.57% respectively of the existing and enlarged issued shares of SCFH, assuming there is no other issue or repurchase of the shares of SCFH.

As set out in the CB Comparables' table, we note that the conversion price to: (i) the closing share price on the respective last trading day/date of agreement in relation to the CB Comparables ranged from a discount of approximately 7.26% to a premium of 20%, with the average being a premium of approximately 7.25% and the median being a premium of approximately 5.69%; and (ii) the average closing share price for the last five consecutive trading days prior to/on the respective last trading day/date of agreement in relation to the CB Comparables ranged from a discount of approximately 15.57% to a premium of approximately 97.10%, with the average being a premium of approximately 14.68% and the median being a premium of approximately 5.07%. As the amended Conversion Price of the Bonds represents (i) a discount of approximately 3.45% to the closing price per SCFH share on the date of the Supplemental Agreement; and (ii) a discount of approximately 5.08% to the average closing price per SCFH share for the last five consecutive trading days immediately prior to the date of the Supplemental Agreement, the discounts represented by the amended Conversion Price is within the range of the CB Comparables.

Taking into account that the amended Conversion Price (i) represents discounts of approximately 3.45%, 5.08%, 5.25%, 4.16%, 1.52% and 4.72% to the closing price/average closing prices of the SCFH shares as at date of the Supplemental Agreement, for the last five, 10, 30, 60 and 90 consecutive trading days immediately prior to and including the date of Supplemental Agreement, respectively; and (ii) is within the range of the CB Comparables and is higher than the average and the mean (being premiums to closing prices) of the CB Comparables, we consider that the amended Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Financial impact

If the Proposed Alterations are approved, the entire amount of the Bonds in the current assets will be reclassified as non-current assets and generate additional interest income to the Group. It is expected that the Proposed Alterations will not have material impact on the total and net assets and earnings of the Group.

OPINION AND RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that although the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Alterations) are not conducted in the ordinary and usual course of business of the Group, they are on normal commercial terms, the terms of the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Alterations) are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Alterations), and we also recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
WRISE CAPITAL LIMITED



Fanny Lee
Executive Director

Ms. Fanny Lee is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of WRise Capital Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and has over 25 years of experience in corporate finance industry.