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Gransing Securities Co., Limited

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Central, Hong Kong

4 December 2025

*To: The Independent Board Committee and
the Independent Shareholders of
South China Financial Holdings Limited*

Dear Sirs and Madams,

**CONNECTED TRANSACTION
PROPOSED EXTENSION OF THE MATURITY DATE OF
HK\$50,000,000 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 alteration of certain terms (the “**Proposed Extension**”) of the convertible bonds with an principal amount of HK\$50,000,000 (the “**Convertible Bonds**”) issued by the Company to Total Grace Investments Limited (“**Total Grace**”), details of which are set out in the letter from the Board contained in the circular dated 4 December 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 7 April 2020, the Company entered into the subscription agreement with Total Grace in relation to, among others, the issue of the convertible bonds in an principal amount of HK\$50,000,000 due on the date falling on the third (3rd) anniversary of the issue date. The Convertible Bonds were issued to Total Grace on 30 June 2020.

On 16 May 2022, the Company and Total Grace entered into the supplemental agreement (the “**First Supplemental Agreement**”), pursuant to which the Company and Total Grace conditionally agreed to extend the maturity date by three (3) years from 30 June 2023 to 30 June 2026 by way of execution of the supplemental deed (the “**First Supplemental Deed**”).

On 6 November 2025 (after trading hours), Total Grace and the Company entered into the Second Supplemental Agreement pursuant to which the parties thereto conditionally agreed to further extend the Maturity Date by three (3) years from 30 June 2026 to 30 June 2029 by way of execution of the Second Supplemental Deed by the Company.

Total Grace is wholly and beneficially owned by Mr. Ng, who is an executive Director and a substantial Shareholder and is directly and indirectly beneficially holding 90,333,607 Shares (representing approximately 29.98% of the total number of issued Shares) as at the date of the Latest Practicable Date. Accordingly, Total Grace is a connected person of the Company under Chapter 14A of the Listing Rules.

In addition, pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. Accordingly, an application has been made by the Company to the Stock Exchange for the approval of the Proposed Extension.

As Mr. Ng, Ms. Jessica Ng (an associate of Mr. Ng) and Mr. Paul Ng (another associate of Mr. Ng), who have material interest in all transactions as contemplated under the Second Supplemental Agreement, have abstained from voting on the board resolutions approving the Second Supplemental Agreement and all transactions contemplated thereunder.

Therefore, the Proposed Extension to be effected by the Second Supplemental Agreement entered into between the Company and the Bondholder constitutes a connected transaction of the Company, which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the EGM. The Bondholder and its associates, namely Mr. Ng, Uni-Spark, Ronastar, Parkfield, Fung Shing and Mr. Paul Ng, holding approximately 34.96% of the total number of issued Shares in aggregate as at the Latest Practicable Date, shall abstain from voting at the EGM to be convened to consider and, if thought fit, to approve the Proposed Extension as contemplated under the Second Supplemental Agreement at the EGM.

Save for Mr. Ng and his associates (namely, Uni-Spark, Ronastar, Parkfield, Fung Shing, Mr. Paul Ng and Ms. Jessica Ng), Ms. Cheung and Mr. Richard Howard Gorges and their respective associates, holding approximately 41.13% of the total number of issued Shares in aggregate as at the Latest Practicable Date, no other Shareholder had a material interest in the Proposed Extension, and is required to abstain from voting on the resolution to be proposed at the EGM.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mrs. Tse Wong Siu Yin Elizabeth, Mr. Tung Woon Cheung Eric and Ms. Li Yuen Yu Alice, has been established to give recommendations to the Independent Shareholders on the Second Supplemental Agreement, the Second Supplemental Deed and the transactions contemplated thereunder (including the Proposed Extension). We, Gransing Securities Co., Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any interests or relationships with the Company that could be reasonably regarded as relevant to the independence of us, and hence are independent from the Company pursuant to Rule 13.84 of the Listing Rules. There was no engagement between the Group and us in the last two years and we are not aware of change in any circumstances that would affect our independence. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangement exists whereby we have received or will receive any fees or benefits from the Company or any of its subsidiaries. Accordingly, we consider ourselves eligible to give independent advice in respect of the Second Supplemental Agreement, the Second Supplemental Deed and the transactions contemplated thereunder (including the Proposed Extension).

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Company. We have assumed that all information and representations that have been provided by the Company, for which it is solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects.

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 advisers and/or the Directors, which have been provided to us. Our opinion is based on the Company's representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Second Supplemental Agreement, the Second Supplemental Deed and the transactions contemplated thereunder (including the Proposed Extension).

We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided to us so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided, opinion expressed or representations made by the management of the Company, nor have we conducted an independent investigation into the business and affairs or the prospects of the Company or the Group.

This letter is issued as our opinion to the Independent Board Committee and the Independent Shareholders solely for their consideration of whether the Second Supplemental Agreement, the Second Supplemental Deed and the transactions contemplated thereunder (including the Proposed Extension) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Save for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

Our review and analyses were based upon, among others, (i) the information provided by the Group including the Circular, the Second Supplemental Agreement, and certain published information from the public domain, including but not limited to, the annual report of the Company for the year ended 31 December 2024 (the “**Annual Report 2024**”), the annual report of the Company for the year ended 31 December 2023 (the “**Annual Report 2023**”) and the interim report of the Company for the six months ended 30 June 2025 (the “**Interim Report 2025**”); and (ii) our discussion with the Directors and the management of the Group with respect of the terms of and the reasons for entering into the Second Supplemental Agreement, the Second Supplemental Deed, and the businesses and future outlook of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into consideration of the following principal factors and reasons:

(I) Background and financial information of the Group

(i) Background of the Group

The Company is an investment holding company. Its principal subsidiaries are principally engaged in broking, margin financing, corporate advisory and underwriting, asset and wealth management as well as property investment.

(ii) *Financial information of the Group*

Set out below is the financial performance of the Group for each of the two financial years ended 31 December 2023 and 2024 (“FY2023” and “FY2024”, respectively) as extracted from the Annual Report 2023 and the Annual Report 2024, respectively:

Table 1: Consolidated financial performance of the Group

	FY2024 <i>HK\$'000</i> <i>(Audited)</i>	FY2023 <i>HK\$'000</i> <i>(Audited)</i>
Revenue From Continuing Operations	36,799	42,830
— <i>Broking</i>	10,814	11,377
— <i>Trading and investment</i>	(623)	35
— <i>Margin financing and money lending</i>	14,572	12,937
— <i>Asset and wealth management</i>	2,796	11,047
— <i>Corporate advisory and underwriting</i>	1,710	1,441
— <i>Property investment</i>	6,800	5,595
— <i>Other business</i>	730	398
Loss For The Year From Continuing Operations	(292,747)	(78,739)
Loss For The Year From Discontinued Operations	(2,309)	(61,259)
Loss For The Year	(295,056)	(139,998)

As set out in the Table 1, the revenue from continuing operations of the Group for the FY2024 was approximately HK\$36.80 million as compared to approximately HK\$42.83 million for the FY2023. According to the Annual Report 2024, the decrease in revenue was mainly attributable to the drop in revenue of asset and wealth management segment amounted to approximately HK\$2.8 million for the FY2024 versus approximately HK\$11.0 million recorded for the prior year. The increase in revenue from margin financing and money lending, property investment and corporate advisory and underwriting segments was set off with the drop in revenue from brokerage and trading and investment segments.

The loss for the year from continuing operations of the Group for the FY2024 was approximately HK\$292.75 million as compared to approximately HK\$78.74 million for the FY2023. According to the Annual Report 2024, during the FY2024, office leasing momentum remained slow reflecting high economic uncertainty with subdued demand and increased availability which caused by oversupply and higher vacancies on Hong Kong Island, especially in Central and its nearby. As at 31 December 2024, the fair value of the investment properties revalued at approximately HK\$286.0 million as compared to that of approximately HK\$509.4 million as at 31 December 2023. Fair value loss of approximately HK\$223.4 million was reported on the revaluation of the Company’s investment properties for the FY2024.

According to the Annual Report 2024, during the FY2024, the Group decided to cease its media publication and financial public relation service business (“**Media Business**”). While in the FY2023, the Group ceased its jewellery business for better allocation of the Group’s resources. The Media Business and jewellery business were classified as discontinued operations for the reporting period. The aggregated consolidated loss from these discontinued operations for the FY2023 and FY2024 amounted to approximately HK\$61.3 million and approximately HK\$2.3 million, respectively.

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

Table 2: Consolidated financial position of the Group

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Non-current assets	360,667	382,073
Current assets	658,990	468,445
Current liabilities	921,635	584,698
Net current liabilities	(262,645)	(116,253)
Non-current liabilities	64,630	189,636
Equity attributable to equity holders of the Company	33,392	76,184

As at 30 June 2025, the Group’s total assets and total liabilities amounted to approximately HK\$1,019.66 million as compared to approximately HK\$850.52 million as at 31 December 2024 and approximately HK\$986.27 million as compared to approximately HK\$774.33 million as at 31 December 2024, respectively. As at 30 June 2025, the Group’s current liabilities exceeded its current assets by approximately HK\$262.65 million as compared to approximately HK\$116.25 million as at 31 December 2024.

The current assets of the Group increased from approximately HK\$468.45 million as at 31 December 2024 to approximately HK\$658.99 million as at 30 June 2025, while the current liabilities of the Group increased from approximately HK\$584.70 million as at 31 December 2024 to approximately HK\$921.64 million as at 30 June 2025. The increase in the current liabilities of the Group was primarily attributable to increases in the client deposits and convertible bonds items.

(iii) Debt position

According to the Annual Report 2024, the Group incurred a net loss of approximately HK\$295.1 million and recorded a net cash used in operating activities of approximately HK\$46.0 million during the FY2024 and as at 31 December 2024. The Group had net current liabilities of approximately HK\$116.3 million and cash and cash equivalents of approximately HK\$36.7 million while its total interest-bearing bank and other borrowings of approximately HK\$225.4 million, of which approximately HK\$187.4 million was classified as current liabilities.

(II) Background of the Bondholder

Total Grace is an investment holding company incorporated in the BVI. As at the Latest Practicable Date, Total Grace is wholly and beneficially owned by Mr. Ng, who is a substantial Shareholder and an executive Director. Accordingly, Total Grace is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

(III) Reasons for and benefits of the Proposed Extension

The Company is an investment holding company. Its principal subsidiaries are principally engaged in broking, margin financing, corporate advisory and underwriting, asset and wealth management as well as property investment.

Given the current financial situation of the Company and subsequent to the discussions with the Bondholder, it is not practicable for the Company to repay the principal of the Convertible Bonds upon the original Maturity Date. By extending the Maturity Date pursuant to the Second Supplemental Agreement and the Second Supplemental Deed, it would enable the Company to postpone a substantial cash outflow so as to ease the financial burden of the Group to repay the principal of the Convertible Bonds. It also facilitates the Group in securing alternative financial resources to fulfil its payment obligations under the Convertible Bonds and provides the Group with greater financial flexibility in the deployment of its working capital for its current and new business operations and development, such as broking, margin financing, corporate advisory and sponsorship, asset and wealth management, equity capital market, property investment and provision of services to corporations in respect of arranging overseas conventions, exhibitions and travels.

Given the Convertible Bonds is carrying zero coupon rate, all other financing alternatives to raise funds to settle the Convertible Bonds including bank borrowings and equity financing are not meaningful alternatives.

After considering the reasons for and benefits of the Proposed Extension as discussed above, we consider that the terms and conditions of the Second Supplemental Agreement, the Second Supplemental Deed and the transactions contemplated thereunder (including the Proposed Extension) are acceptable.

(IV) Principal terms of the Second Supplemental Agreement and the Convertible Bonds

(i) Principal terms of the Second Supplemental Agreement

On 6 November 2025 (after trading hours), the Company and the Bondholder entered into the Second Supplemental Agreement, pursuant to which the Company and the Bondholder conditionally agreed to extend the Maturity Date by three (3) years from 30 June 2026 to 30 June 2029 by way of execution of the Second Supplemental Deed.

Save for the Proposed Extension, all other terms and conditions of the Convertible Bonds shall remain unchanged.

The Second Supplemental Agreement is conditional upon and subject to the following conditions:

- (i) the Stock Exchange granting the approval in relation to the Proposed Extension in accordance with Rule 28.05 of the Listing Rules;
- (ii) the passing by the Independent Shareholders of all necessary resolution(s) at the EGM to approve the Proposed Extension and the transactions contemplated under the Second Supplemental Agreement;
- (iii) all necessary consents and approvals in respect of the Proposed Extension and the transactions as contemplated under the Second Supplemental Agreement (including but not limited to the necessary approvals to be obtained under the Listing Rules) required to be obtained by the Company having been obtained; and
- (iv) the Listing Committee of the Stock Exchange having granted listing of, and permission to, deal in the Conversion Shares to be issued upon the exercise of conversion rights attached to the Convertible Bonds.

None of the aforesaid conditions can be waived, and has been fulfilled as at the Latest Practicable Date.

(ii) Principal terms of the Convertible Bonds

Subject to the fulfillment of the conditions precedent to the Proposed Extension, the principal terms of the Convertible Bonds before and after the Proposed Extension are and will be as follows:

Issuer	:	The Company
Principal amount	:	HK\$50,000,000
Issue price	:	100% of the principal amount of the Convertible Bonds
Interest rate	:	Nil
Maturity Date	:	The date falling on the ninth (9th) anniversary of the Issue Date, or, if that is not a Business Day, the first Business Day thereafter.
Status	:	The Convertible Bonds constitute direct, unsecured, unsubordinated and unconditional obligations of the Company and rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, subject to such exceptions as may be provided by applicable laws, rank at least <i>pari passu</i> with all its other present and future direct, unsecured, unsubordinated and unconditional obligations.
Conversion right	:	Subject as provided in the terms of the Convertible Bonds, the Convertible Bonds are convertible in whole or in part into new Shares any time during the period commencing from the Issue Date, at the Conversion Price, subject to adjustment in accordance with the terms of the Convertible Bonds. Any conversion shall be made in amounts of not less than a whole multiple of HK\$10,000,000 and no fraction of a Share shall be issued on conversion.

If the issue of Conversion Shares following the exercise by a Bondholder of the conversion rights attaching to the Convertible Bonds held by such Bondholder would result in:

- (i) such Bondholder and parties acting in concert with it (within the meaning of the Takeovers Code), taken together, directly or indirectly exceeding 2% creeper rule under Rule 26.1 of the Takeovers Code within any 12-month period from a holding of voting rights of between 30% and 50% and a mandatory general offer obligation will be triggered under the Takeovers Code, unless (a) such Bondholder and parties acting in concert with it comply with the Takeovers Code and make a general offer to acquire for all the Shares not already owned by them; or (b) a whitewash waiver to waive the requirement for such Bondholder and parties acting in concert with it to make the mandatory general offer is approved by the Independent Shareholders and is granted by the Executive before the date of completion of the conversion; or
- (ii) a mandatory general offer obligation being triggered under the Takeovers Code in respect of such Bondholder and the parties acting in concert with it (within the meaning of the Takeovers Code), unless either (a) such Bondholder and parties in concert with it comply with the Takeovers Code and make a general offer to acquire for all the Shares not already owned by them; or (b) a whitewash waiver to waive the requirement for such Bondholder and parties acting in concert with it to make the mandatory general offer is approved by the Independent Shareholders and is granted by the Executive before the date of completion of the conversion; or
- (iii) the Company not meeting the Public Float Requirement immediately after the conversion,

then the number of Conversion Shares to be issued pursuant to such conversion shall be limited to the maximum number of Shares issuable by the Company which would not in the reasonable opinion of the Company result in a breach of the Public Float Requirement, mandatory general offer being triggered under the Takeovers Code and the balance of the conversion rights attaching to the Convertible Bonds which the Bondholder sought to convert shall be suspended until such time when the Company is able to issue additional Shares in satisfaction of the exercise of the said balance of conversion rights attaching to the Convertible Bonds and at the same time comply with the Public Float Requirement or without triggering a mandatory general offer under the Takeovers Code or the general offer is made by such Bondholder or Shareholder and parties acting in concert with it respectively or a whitewash waiver is approved and granted (as the case may be) as set out above.

Conversion period : The holder(s) of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares for the period commencing from the Issue Date up to 4:00 p.m. on the Maturity Date (Hong Kong time).

- Cash settlement option clause** : In the event that the issue of Shares upon exercise of the conversion rights under the Convertible Bonds would result in breach of the Company's obligations of the Public Float Requirement under the Listing Rules, the Company will be allowed, to pay to the relevant Bondholder an amount of cash in HK dollars equal to the cash settlement amount (the "**Cash Settlement Amount**") in order to satisfy such conversion right, in full or in part as determined at the sole discretion of the Company (and if settled in part by cash, the balance shall be satisfied by the delivery of Shares) (the "**Cash Settlement Option**") such that the Public Float Requirement would be met upon exercise of the conversion rights under the Convertible Bonds. The Cash Settlement Amount consists of the product of (i) the number of Shares otherwise deliverable upon exercise of the conversion right in respect of the Convertible Bond(s) to which the conversion notice applies, and in respect of which the Company has elected the Cash Settlement Option; and (ii) the average of the closing price of the Shares for each day during the five (5) consecutive trading days immediately after the date of the notice given by the Company to the relevant Bondholder(s) informing its intention to exercise the Cash Settlement Option.
- Conversion Price** : The Conversion Price is initially HK\$0.22 per Conversion Share, subject to adjustment provisions as summarised below.
- Adjustments events** : The initial Conversion Price will be subject to adjustment arising from any of the following events which would result in alteration in the capital structure of the Company becoming effective prior to the Conversion Date:
- (i) *capitalisation of profits or reserves* — if and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) including Shares paid up out of distributable profits or reserves and/or share premium account issued;

- (ii) *rights issue or other offer of securities to holders of Shares (including any securities convertible into Shares or warrants or options to subscribe for any Shares)* — if and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, of options, warrants or other rights to subscribe for or purchase any Shares; or
- (iii) *consolidation or sub-division of the Shares or reduction of the share capital of the Company or otherwise howsoever* — if and whenever there shall be an alteration of the share capital of the Company as a result of consolidation, subdivision or reclassification,

except where any such event is specifically exempted under the terms and conditions of the Convertible Bonds, including but not limited to any issue or grant of Shares, options or other securities of the Group wholly or partly convertible into, or rights to acquire, Shares to the Directors or employees of the Group or their personal representatives pursuant to an employee share scheme of the Group.

In any such alteration in the capital structure of the Company, instead of having a fixed adjustment methodology for compulsory adjustment to the Conversion Price, the Company shall prior to the date of conversion of the Convertible Bonds instruct an Approved Professional Adviser to consider whether any adjustment should be made to the Conversion Price in order to fairly and appropriately reflect the relative interests of the Company and the Bondholder(s). The Directors shall make an adjustment to the Conversion Price in such manner as an Approved Professional Adviser certifies to be, in its opinion, appropriate.

Further provisions in relation to adjustment to Conversion Price:

- (1) Where more than one event gives or may give rise to an adjustment occurs within such a short period of time that the Approved Professional Adviser considers in good faith that the operation of the above provisions would need to be subject to some modifications in order to give the intended commercial result, such modifications shall be made to the operation of the above provisions as may be advised by the Approved Professional Adviser, acting as an expert, to be in its opinion appropriate in order to give such intended result.
- (2) No adjustment will be made (i) where Shares are allotted or issued pursuant to any exercise of the conversion rights or (ii) upon any issue or grant of Shares, options or other securities of the Group wholly or partly convertible into, or rights to acquire, Shares to directors or employees of the Group or their personal representatives pursuant to an employee share scheme of the Group.
- (3) No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares.

In the event that the initial Conversion Price is adjusted pursuant to the adjustment events set out hereinabove, which in turn results in the total number of Conversion Shares to be issued exceeding the maximum number of Shares authorized for issuance under the specific mandate for the Conversion Shares, such exceeding part will not be eligible for conversion but be settled in cash or other means to be mutually agreed in writing between the Bondholder and the Company.

Conversion Shares to be issued under the Convertible Bonds :

The number of Shares to be issued upon conversion of the Convertible Bonds shall be determined by dividing the principal amount of the relevant Convertible Bonds to be converted by the Conversion Price in effect on the relevant conversion date.

Upon exercise of the conversion rights under the Convertible Bonds in full at the initial Conversion Price of HK\$0.22 per Conversion Share and assuming there is no change to the total number of issued Shares from the Latest Practicable Date and the date of exercise in full of the conversion rights under the Convertible Bonds, a total of 227,272,727 Conversion Shares will be issued, representing:

- (i) approximately 75.44% of the total number of issued Shares as at the Latest Practicable Date; and
- (ii) approximately 43.00% of the total number of issued Shares as enlarged by the issue of Conversion Shares.

The theoretical dilution effect of the issue of the Conversion Shares at the Conversion Price calculated based on the benchmark price of approximately HK\$0.29 (being the average closing price in the five (5) trading days immediately before the date of the Second Supplemental Agreement) is approximately 10.4% and thus the issue of the Conversion Shares at the Conversion Price will not result in a theoretical dilution effect of 25% or more on its own as referred to under Rule 7.27B of the Listing Rules. The Company will continue to comply with Rule 7.27B of the Listing Rules after the Proposed Extension.

Redemption upon maturity :

Any Convertible Bond which remains outstanding by 4:00 p.m. (Hong Kong time) on the Maturity Date shall be redeemed by the Company at a redemption amount equal to the principal amount of the outstanding Convertible Bonds together with interest accrued thereon (if any).

- Redemption by the Company** : The Company may at any time during the period commencing from the Issue Date and expiring on the Maturity Date redeem the whole or part of the outstanding Convertible Bonds by giving the Bondholder(s) not less than seven (7) Business Days' prior written notice at the redemption amount which is 100% of the principal amount of the outstanding Convertible Bonds to be redeemed.
- Redemption by the Bondholder(s)** : Bondholder(s) will have the unconditional right at any time during the period commencing from the Issue Date and expiring on the Maturity Date to require the Company to redeem the whole or part of the outstanding Convertible Bonds by giving the Company not less than thirty (30) days' (or such other period to be mutually agreed between the Bondholder and the Company in writing) prior written notice at the redemption amount which is 100% of the principal amount of the outstanding Convertible Bonds to be redeemed.
- Redemption upon events of default** : Upon the occurrence of an event of default as described below and at any time thereafter, the Bondholder(s) may, unless such event of default has been waived in writing by it, by notice in writing, require the Company to redeem the whole (but not part) of the outstanding principal amount of the Convertible Bonds at the redemption amount provided in the instrument constituting the Convertible Bonds whereupon such sum shall become due and payable in the manner provided in the instrument constituting the Convertible Bonds on the tenth (10th) Business Day after the date of such notice.
- Voting rights** : The Convertible Bonds shall not confer on the Bondholder(s) the right to vote at any general meetings of the Company.
- Listing** : No application has been or will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

Transferability : Subject to the satisfaction of warranties stipulated in the instrument constituting the Convertible Bonds (or, if capable of being remedied, has been remedied) and subject to the Company's prior written consent, the Convertible Bonds may be transferred to any person in whole multiples of HK\$10,000,000 (or such lesser amount as may represent the entire principal amount thereof). A transfer shall be effected by delivery of a certificate issued in the name of the Bondholder issued in respect of that Convertible Bond, with an instrument of transfer duly completed and signed by both the transferor and the transferee. No transfer of title to any Convertible Bond will be effective unless and until entered on the register of Bondholders.

Subject to the Listing Rules, the Convertible Bonds may not be transferred to connected persons of the Company.

Events of default : If, among others, any one of the following events occurs, the holder(s) of the Convertible Bonds may give notice to the Company that the Convertible Bonds are immediately due and payable at their principal amount:

- (1) **Other default:** a default is made by the Company in the performance or observance of any covenant, condition or provision contained in the instrument constituting the Convertible Bonds or in the Convertible Bonds and on its part to be performed or observed (other than the covenant to pay the principal and premium (if any) in respect of any of the Convertible Bonds) and such default continues for the period of fourteen (14) days immediately following the service by any holder of the Convertible Bonds on the Company of notice specifying brief details of such default and requiring such default to be remedied; or

- (2) **Breach of Subscription Agreement:** a material breach of any of the terms of the Subscription Agreement, including a breach of any warranty therein which is not discovered until after the issue and delivery of the Convertible Bonds; or
- (3) **Dissolution of the Company and Disposals:** a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved or the Company disposes of all or substantially all of its assets, otherwise, in any such case, than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reorganisation, the terms of which shall have previously been approved in writing by an ordinary resolution of holders of the Convertible Bonds; or
- (4) **Encumbrances:** an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Company; or
- (5) **Distress etc.:** a distress, execution or seizure before judgment is levied or enforced upon or sued out against a material part of the assets or undertaking or property of the Company and is not discharged within seven (7) days thereof; or
- (6) **Trading suspension and delisting:** if trading of the Shares are suspended by the Stock Exchange for more than thirty (30) consecutive trading days other than as a result of a suspension for clearance of an announcement or circular pursuant to Chapters 14 and/or 14A of the Listing Rules or the Takeovers Code (to the extent relevant to a suspension in the case of a takeover) or listing of the Shares on the Stock Exchange are being revoked or withdrawn; or

- (7) **Insufficient shares:** save and except where otherwise provided in the instrument constituting the Convertible Bonds, if there is not a sufficient number of Shares available for the fulfilment of the obligations regarding the conversion of the Convertible Bonds.

Undertakings by the Company : The Company has covenanted to the Bondholder, among other things, that so long as any Convertible Bonds remains outstanding:

- (i) it will notify the Bondholder(s) in writing immediately upon becoming aware of the occurrence of any event of default;
- (ii) it will send to the Bondholder(s) as soon as reasonably practicable and in any event within five (5) days after being so requested in writing by any Bondholder(s) a certificate of the Company signed by any two of its directors on behalf of the Company setting out, based on the register of Bondholders maintained by or on behalf of the Company, the total number of Convertible Bonds which, at the date of such certificate, were held by or on behalf of the Company or its subsidiaries and which had not been cancelled;
- (iii) it will comply with and perform and observe all the provisions of the instrument constituting the Convertible Bonds which are expressed to be binding on it;
- (iv) upon the exercise of any conversion rights attached to the Convertible Bonds pursuant to the conditions set out in the instrument constituting the Convertible Bonds, it will allot the number of Shares in respect of which conversion rights are exercised subject to and in accordance with such conditions;

- (v) it will ensure that all Shares allotted pursuant to an exercise of the conversion rights attached to the Convertible Bonds shall rank *pari passu* in all respects with the fully paid Shares in issue on the relevant registration date and shall accordingly entitle the holders to participate in full in all dividends or other distributions paid or made on the Shares after the relevant registration date other than any dividend or other distribution previously declared, or recommended or resolved to be paid or made if the record date therefor falls on or before the relevant registration date and notice of the amount and record date for which shall have been given to the Stock Exchange, and the Bondholder(s) prior to the relevant registration date and, for this purpose, the notice to the Bondholder(s) may take the form of sending a copy of the relevant announcement published on the Stock Exchange to them; and
- (vi) it will at all times use its reasonable endeavours to ensure that the minimum public shareholding requirement of the Listing Rules is complied with.

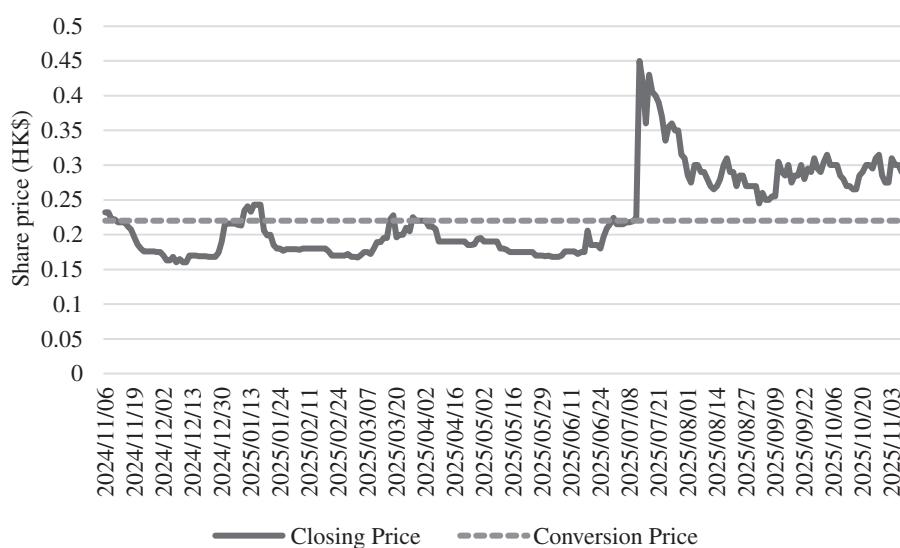
(iii) Comparison of Conversion Price with historical Share prices

The Conversion Price is HK\$0.22 per Conversion Share (subject to adjustments). This represents:

- (i) a discount of approximately 24.14% over the closing price of HK\$0.29 per Share as quoted on the Stock Exchange on 6 November 2025, i.e. being the Last Trading Day;
- (ii) a discount of approximately 24.14% over the average closing price of approximately HK\$0.29 per Share as quoted on the Stock Exchange for the last five (5) consecutive Trading Days immediately prior to and including the Last Trading Day;

In order to assess the fairness and reasonableness of the Conversion Price, we reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 6 November 2024 up to and including 6 November 2025 (i.e. the Last Trading Day) (the “**Review Period**”), being a period of approximately one year prior to and including the Last Trading Day, which we consider such period allows the Independent Shareholders to have a general understanding of recent share price performance of the Shares. The comparison of daily closing prices of the Shares and the Conversion Price is illustrated as follows:

Chart 1: Daily closing prices of the Shares and the Conversion Price



Source: The Stock Exchange's website

As shown in the Chart 1, daily closing prices of the Shares remained largely stable between 6 November 2024 and 10 July 2025, fluctuating within the range of HK\$0.15 to HK\$0.25. The daily closing price of the Shares experienced a significant increase on 11 July 2025, reaching the highest value of HK\$0.45 during the Review Period. Subsequently, the daily closing price of the Shares gradually fluctuated downward. From 1 August 2025 to the Last Trading Day, daily closing prices of the Shares remained within the range of HK\$0.245 to HK\$0.315.

The Conversion Price of HK\$0.22 is within the range of daily closing prices of the Shares as quoted on the Stock Exchange during the entire Review Period.

(iv) Comparison with convertible bonds with extension of maturity date

We have reviewed the announcements on extension of convertible bonds for their respective maturity for one year prior to and including 6 November 2025, being the date of the Last Trading Day, by companies listed on the Stock Exchange. We consider such period represented recent structure of the extension of convertible bonds in the capital market in Hong Kong and allows the Independent Shareholders to have a general understanding of recent extension of convertible bonds being conducted. We identified a list of 6 comparable convertible bonds (the “**Extension Comparables**”) and it is exhaustive as far as we are aware of. Summary of the Extension Comparables is set out as below:

Table 3: Extension Comparables

No.	Company name (stock code)	Date of announcement	Outstanding principal amount (HK\$ million)	Interest rate (% per annum)	Months of extension for the term of maturity
1	Hospital Corporation of China Limited (3869)	12 June 2025	468.00	—	24
2	Hospital Corporation of China Limited (3869)	12 June 2025	773.88	—	24
3	Best Food Holding Company Limited (1488)	3 April 2025	610.68	3.00	25
4	China Aluminum Cans Holdings Limited (6898)	21 February 2025	139.83	—	60
5	Mobvista Inc. (1860)	21 January 2025	233.70	3.50	12
6	Oriental Payment Group Holdings Limited (8613)	30 December 2024	11.85	12.00	24
			Maximum:	12.00	60
			Minimum:	—	12
			Average:	3.08	28
South China Financial Holdings Limited (619)				—	36

Source: The Stock Exchange’s website

Note: The amount was stated in United States dollars (“US\$”) and was converted into HK\$ using the exchange rate of US\$1.00 = HK\$7.79

For the Extension Comparables, the extension of maturity date ranged from 12 months up to 60 months. The proposed extension of the Maturity Date of the Convertible Bonds of 36 months is within the range of the Extension Comparables.

(v) Comparison with convertible bonds issued recently

We have reviewed issues of new convertible bonds announced by companies listed on the Stock Exchange with market capitalization below HK\$5,000 million for six months prior to and including 6 November 2025 (the “**Review Period**”), being the Last Trading Day. We consider such period represented the general structure of the convertible bonds issued recently in the capital market in Hong Kong, and allows the Independent Shareholders to have a general understanding of recent issues of convertible bonds being conducted. We identified a list of 23 comparables (the “**Comparables**”) which met the said criteria and it is exhaustive as far as we are aware of. Independent Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables.

Table 4: List of Comparables

No.	Company name (stock code)	Date of announcement	Principal amount (HK\$ million)	Market Capitalization on the respective announcement date (HK\$ million)	Conversion Price premium over/ (discount to) the closing price on the last trading day prior to the date of the respective announcement/ agreement	Conversion Price premium over/ (discount to) the average closing price for five trading days prior to/including the date of the respective announcement/ agreement	Interest rate (per annum)	Month(s) of the term to maturity
1	China Carbon Neutral Development Group Limited (1372)	30 May 2025	57.66	1,092.96	(83.53)%	(80.14)%	5.000%	24
2	CROSSTEC Group Holdings Limited (3893)	2 June 2025	57.10	20.16	1.85%	1.85%	2.000%	36
3	CROSSTEC Group Holdings Limited (3893)	2 June 2025	38.40	20.15	1.85%	1.85%	2.000%	36
4	Icon Culture Global Company Limited (8500)	5 June 2025	12.96	129.60	0.00%	1.35%	6.000%	36
5	Celestial Asia Securities Holdings Limited (1049)	10 June 2025	20.00	84.76	19.05%	19.05%	5.000%	36
6	Celestial Asia Securities Holdings Limited (1049)	10 June 2025	20.00	84.76	19.05%	19.05%	5.000%	36

No.	Company name (stock code)	Date of announcement	Principal amount (HK\$ million)	Market Capitalization on the respective announcement date (HK\$ million)	Conversion Price premium over/ (discount to) the closing price on the last trading day prior to the date of the respective announcement/ agreement	Conversion Price premium over/ (discount to) the average closing price for five trading days prior to/including the date of the respective announcement/ agreement	Interest rate (per annum)	Month(s) of the term to maturity
7	Value Convergence Holdings Limited (821)	13 June 2025	5.00	89.11	11.11%	37.93%	1.000%	24
8	Sky Light Holdings Limited (3882)	16 June 2025	70.00	1,017.87	54.46%	54.76%	8.000%	18
9	Zhi Sheng Group Holdings Limited (8370)	19 June 2025	20.00	894.40	10.15%	12.28%	0.000%	7
10	Polyfair Holdings Limited (8532)	30 June 2025	1.27	20.37	0.00%	6.19%	0.000%	36
11	Elate Holdings Limited (76)	17 July 2025	24.34	105.59	25.00%	(20.08)%	0.000%	72
12	USPACE Technology Group Limited (1725)	22 July 2025	109.62	393.16	(19.23)%	(20.25)%	0.000%	12
13	JL MAG RARE-EARTH CO., LTD. (6680)	24 July 2025	915.33	4,425.69	10.00%	7.50%	1.750%	60
14	Dingyi Group Investment Limited (508)	31 July 2025	980.00	263.71	5.81%	2.82%	2.000%	36
15	Pengo Holdings Group Limited (1865)	1 August 2025	120.00	187.86	(14.50)%	(19.30)%	3.000%	12
16	Millennium Pacific Group Holdings Limited (8147)	1 August 2025	8.63	42.31	2.04%	2.04%	5.000%	24
17	CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED (3963)	3 September 2025	35.00	145.89	0.00%	(0.17)%	2.750%	36
18	Tibet Water Resources Ltd. (1115)	17 September 2025	297.00	2,537.86	1.85%	5.77%	5.000%	12
19	Hatcher Group Limited (8365)	29 September 2025	12.00	251.82	2.04%	(0.53)%	0.000%	36
20	Moiselle International Holdings Limited (130)	3 October 2025	25.00	71.99	20.00%	97.10%	2.500%	36
21	Eminence Enterprise Limited (616)	10 October 2025	268.40	164.29	4.32%	(16.34)%	5.000%	60

No.	Company name (stock code)	Date of announcement	Principal amount (HK\$ million)	Market Capitalization on the respective announcement date (HK\$ million)	Conversion Price premium over/ (discount to) the closing price on the last trading day prior to the date of the respective announcement/ agreement	Conversion Price premium over/ (discount to) the average closing price for five trading days prior to/including the date of the respective announcement/ agreement	Interest rate (per annum)	Month(s) of the term to maturity
22	DTXS Silk Road Investment Holdings Company Limited (620)	17 October 2025	323.00	720.85	5.56%	6.03%	3.850%	36
23	Mindtell Technology Limited (8611)	27 October 2025	28.60	313.59	(17.90)%	(11.30)%	0.000%	24
				Maximum:	54.46%	97.10%	8.000%	72
				Minimum:	(83.53)%	(80.14)%	0.000%	7
				Average:	2.56%	4.67%	2.820%	32
	South China Financial Holdings Limited (619)				3.45%	3.45%	0.000%	36

Source: The Stock Exchange's website

Note:

1. The amount was stated in US\$ and was converted into HK\$ using the exchange rate of US\$1.00 = HK\$7.79
2. The amount was stated in Renminbi and was converted into HK\$ using the exchange rate of Renminbi 1.00 = HK\$1.08
3. Under a normal distribution, approximately 95% of the values would fall within the range of two standard deviations from the average. The premium of relevant transaction was exceptionally high which exceed two standard deviations from the average would be treated as outlier and would be excluded from our analysis in order to avoid the distortion of our analysis results and considered to be an outlier.

(i) Conversion Price

During the Review Period, the conversion prices of the Comparables represent a range of a discount of approximately 83.53% to a premium of approximately 54.46%, with an average of premium of approximately 2.56% over the respective closing price per share on the last trading day prior to the date of the respective announcement/agreement in relation to the respective issue of Comparables. The Conversion Price of HK\$0.22 per Conversion Share, which represents a discount of approximately 24.14% to the closing price of HK\$0.29 per share as quoted on the Stock Exchange on the Last Trading Day, is within the conversion price discount range of the Comparables.

In addition, during the Review Period, the conversion price of the Comparables represent a range of a discount of approximately 80.14% to a premium of approximately 97.10%, with an average of premium of approximately 4.67% over the respective average closing price per share for five trading days prior to/including the date of the respective announcement/agreement in relation to the respective issue of convertible bonds. The Conversion Price of HK\$0.22 per Conversion Share, which represents a discount of approximately 24.14% to the average closing price of HK\$0.29 per share as quoted on the Stock Exchange for five trading days immediately prior to/including the Last Trading Day, is within the conversion price discount range of the Comparables.

Given the Conversion Price is within the range of the conversion price of the Comparables over the Last Trading Day and the average for five trading days immediately prior to/including the Last Trading Day, we are of the view that the Conversion Price is favourable to the Company when compared to the prevailing market sentiment. Furthermore, it should be noted that, the above analysis may not be useful as a direct reference to the fairness and reasonableness of the terms of the Convertible Bonds and we have considered the results of the above analysis together with all other factors stated in this letter as a whole in forming our opinion.

(ii) Interest rate

As shown in the table 4, the interest rates of the Comparables range from 0.0% to approximately 8.0%, with an average of approximately 2.820%. The Convertible Bonds are non-interest bearing. The zero interest rate of the Convertible Bonds is equivalent to the lowest of the interest rates of the Comparables. Therefore, we consider that the zero interest rate of the Convertible Bonds is acceptable.

(iii) Term to maturity

The terms to maturity of the Comparables range from 7 months to 72 months, with an average of approximately 35 months. According to the Proposed Extension, the Maturity Date is proposed to be extended for 36 months, which is within the range of maturity of the Comparables.

Taking into account the principal terms of the Convertible Bonds as highlighted above, we are of the view that the terms and conditions of the Second Supplemental Agreement, the Second Supplemental Deed and the transactions contemplated thereunder (including the Proposed Extension) are acceptable.

(V) Financial effects of the Proposed Extension

(i) Effects on liquidity

According to the Interim Report 2025, the cash and bank balances of the Group were approximately HK\$49.57 million as at 30 June 2025, and the net current liabilities of the Group was approximately HK\$262.65 million as at 30 June 2025. The Proposed Extension would allow the Group to delay cash outflow of HK\$50.00 million as a result of redemption of the Convertible Bonds. Having considered (i) the cash and bank balances of the Group were approximately HK\$49.57 million as at 30 June 2025, and the principal amount of the Convertible Bonds was HK\$50.00 million; and (ii) the Convertible Bonds in the principal amount of HK\$50.00 million will become mature in June 2026. We are of the view that the Proposed Extension would alleviate the liquidity and working capital pressure of the Group triggered by the redemption of the Convertible Bonds due on 30 June 2026.

(ii) Effects on earnings

The zero interest rate of the Convertible Bonds remains unchanged under the Second Supplemental Agreement. According to applicable accounting standards, a non-cash imputed finance cost and fair value changes on derivative components of the Convertible Bonds may be recorded in the consolidated statement of profit or loss and other comprehensive income during the extended period depending on the result of re-measurement of the fair values of the Convertible Bonds as at 31 December 2025, as well as each subsequent reporting date by independent valuer.

(iii) Effects on net assets

There may be changes in the fair values of the Convertible Bonds as a result of the Proposed Extension. The possible changes will be subject to the valuation from the independent valuer and the review of the Company's independent auditors in the Group's subsequent financial statements.

Independent Shareholders should note that the aforementioned analysis is for illustrative purpose only and does not purport to represent how the financial performance and financial position of the Group would be after the Proposed Extension.

(VI) Shareholding structure and possible dilution effect of the Convertible Bonds

As extracted from the Letter from the Board, the following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediate upon full conversion of the whole principal of HK\$89,840,000 convertible bonds at the conversion price of HK\$0.28 per conversion shares; (iii) immediate upon full conversion of the whole principal of HK\$50,000,000 convertible bonds at the conversion price of HK\$0.22 per conversion share; and (iv) immediate upon (a) full conversion of the whole principal of HK\$89,840,000 convertible bonds at the conversion price of HK\$0.28; and (b) full conversion of the whole principal of HK\$50,000,000 convertible bonds at the conversion price of HK\$0.22 per conversion share (assuming that there are no other changes to the shareholding structure of the Company from the Latest Practicable Date and up to the full conversion of the Convertible Bonds).

Table 5: Shareholding structure and possible dilution effect of the Convertible Bonds

	As at the Latest Practicable Date		Immediate upon full conversion of the whole principal of HK\$89,840,000 convertible bonds at the conversion price of HK\$0.28 per conversion share		Immediate upon full conversion of the whole principal of HK\$50,000,000 convertible bonds at the conversion price of HK\$0.22 per conversion share		Immediate upon (a) full conversion of the whole principal of HK\$89,840,000 convertible bonds at the conversion price of HK\$0.28 per conversion share and (b) full conversion of the whole principal of HK\$50,000,000 convertible bonds at the conversion price of HK\$0.22 per conversion share	
	No. of Shares	Approximately %	No. of Shares	Approximately %	No. of Shares	Approximately %	No. of Shares	Approximately %
Uni-Spark	7,178,761	2.38	7,178,761	1.15	7,178,761	1.36	7,178,761	0.85
Fung Shing	23,526,030	7.81	23,526,030	3.78	23,526,030	4.45	23,526,030	2.77
Parkfield	44,623,680	14.81	44,623,680	7.17	44,623,680	8.44	44,623,680	5.25
Ronastar	1,999,872	0.66	1,999,872	0.32	1,999,872	0.38	1,999,872	0.24
Mr. Ng	13,005,264	4.32	13,005,264	2.09	13,005,264	2.46	13,005,264	1.53
Total Grace	—	0.00	—	0.00	227,272,727	43.00	227,272,727	26.76
Thousand China	—	0.00	320,857,142	51.57	—	0.00	320,857,142	37.77
Mr. Ng and his close associates	90,333,607	29.98	411,190,749	66.09	317,606,334	60.09	638,463,476	75.17
Mr. Paul Ng	14,988,000	4.97	14,988,000	2.41	14,988,000	2.84	14,988,000	1.76
Ms. Cheung	13,598,311	4.51	13,598,311	2.19	13,598,311	2.57	13,598,311	1.60
Mr. Richard Howard Gorges	5,000,000	1.66	5,000,000	0.80	5,000,000	0.95	5,000,000	0.59
Parties acting in concert (Mr. Ng and his close associates, Mr. Paul Ng, Ms. Cheung and Mr. Richard Howard Gorges)	123,919,918	41.13	444,777,060	71.49	351,192,645	66.44	672,049,787	79.12
Public Shareholders	177,357,152	58.87	177,357,152	28.51	177,357,152	33.56	177,357,152	20.88
TOTAL	301,277,070	100.00	622,134,212	100.00	528,549,797	100.00	849,406,939	100.00

Upon full conversion of the Convertible Bonds at the Conversion Price, the Convertible Bonds will be convertible into 227,272,727 new Shares, representing approximately 75.44% of the total number of issued Shares (excluding treasury shares) and approximately 43.00% of the total number of issued Shares (excluding treasury shares) as enlarged by the allotment and issue of the Conversion Shares as at the Latest Practicable Date.

The theoretical dilution effect of the issue of the Conversion Shares at the Conversion Price calculated based on the benchmarked price of approximately HK\$0.29 is approximately 10.4% and thus the issue of the Conversion Shares at the Conversion Price will not result in a theoretical dilution effect of 25% or more on its own as referred to under Rule 7.27B of the Listing Rules. The cumulative theoretical dilution effect in aggregation with the conversion shares to be issued in relation to the HK\$89,840,000 convertible bonds, as disclosed in the announcement of the Company dated of 6 November 2025, calculated based on the benchmark price of approximately HK\$0.29 is approximately 7.8%.

Assuming no outstanding Share Options being exercised and that there is no change in the number of issued Shares from the Latest Practicable Date up to the date when the Conversion Rights are exercised in full, the existing shareholding of the Independent Shareholders will be diluted from approximately 58.87% before full conversion of the Convertible Bonds to approximately 33.56% immediately after full conversion of the Convertible Bonds.

Despite the potential dilution to the shareholding of the Independent Shareholders, after taking into account that (i) the aforementioned reasons for and benefits of the Proposed Extension; (ii) the terms of the Proposed Extension being acceptable; and (iii) the redemption of the Convertible Bonds due on 30 June 2026 would impose pressure on the liquidity and working capital of the Group; and (iv) the theoretical dilution effect would not result in a dilution effect of 25% or more and result in an immediate dilution effect on the shareholding of the existing Shareholders, we are of the view that the extent of dilution to the shareholding interests of the Independent Shareholders as a result of the full conversion of the Convertible Bonds is acceptable.

RECOMMENDATION

We have considered the above principal factors and reasons and, in particular, having taken into account the following in arriving at our opinion:

- (i) the terms and conditions of the Second Supplemental Agreement, the Second Supplemental Deed and the transactions contemplated thereunder (including the Proposed Extension) are on normal commercial terms and are fair and reasonable;
- (ii) the potential dilution effect to the shareholding interest of the Independent Shareholders arising from the full conversion of the Convertible Bonds is acceptable; and
- (iii) the cash and bank balances of the Group were approximately HK\$49.57 million as at 30 June 2025, and the principal amount of the Convertible Bonds was HK\$50.00 million.

We are of the view that the Second Supplemental Agreement, the Second Supplemental Deed and the transactions contemplated thereunder (including the Proposed Extension) are not conducted in the ordinary and usual course of business of the Group, but the terms and conditions are on normal commercial terms, fair and reasonable 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 Second Supplemental Agreement, the Second Supplemental Deed and the transactions contemplated thereunder (including the Proposed Extension) and we also recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gransing Securities Co., Limited



Beverly Seeto
Managing Director

Ms. Beverly Seeto is a licensed person registered with the SFC and a responsible officer of Gransing Securities Co., Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 10 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.