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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in the Company, you should hand this circular together with the accompanying form of proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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### SOUTH CHINA FINANCIAL HOLDINGS LIMITED

南華金融控股有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00619)**

### CONNECTED TRANSACTION PROPOSED EXTENSION OF THE MATURITY DATE OF HK\$50,000,000 CONVERTIBLE BONDS AND NOTICE OF THE EGM

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



瑞城證券有限公司

Gransing Securities Co., Limited

**Gransing Securities Co., Limited**

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Capitalised terms used in this circular shall have the same meanings as defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 6 to 21 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages IBC-1 and IBC-2 of this circular. A letter from the Independent Financial Adviser containing its recommendation and advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-31 of this circular.

A notice convening the EGM to be held at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong on Monday, 12 January 2026 at 10:30 a.m. is set out on pages EGM-1 and EGM-2 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit it with Union Registrars Limited, the share registrar of the Company in Hong Kong, at Suites 3301-04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

In case of any inconsistency between the English text and the Chinese text of this circular, the English text shall prevail.

4 December 2025

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms or expressions shall have the following meanings:*

“Approved Professional Adviser”	an independent firm of merchant bank or audit firm of international repute in the opinion of the Company appointed in accordance with the provisions of the instrument constituting the Convertible Bonds
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bondholder”	Total Grace Investments Limited, a company incorporated in the BVI, which is wholly and beneficially owned by Mr. Ng, being the subscriber under the Subscription Agreement
“Business Day”	any day (other than a Saturday, Sunday or public holiday and any day on which a tropical cyclone warning signal number 8 or above, a black rainstorm warning signal or extreme condition warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are generally open for general commercial business, and “Business Days” shall be more than one (1) Business Day
“BVI”	the British Virgin Islands
“Company”	South China Financial Holdings Limited 南華金融控股有限公司, a company incorporated in Hong Kong with limited liabilities, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 00619)
“Conditions”	terms and conditions of the Convertible Bonds as set out in the Instrument
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon the exercise of the conversion rights attached to the Convertible Bonds by the Bondholder pursuant to the terms and conditions of the instrument constituting the Convertible Bonds
“Convertible Bonds”	the outstanding HK\$50,000,000 convertible bonds issued by the Company to the Bondholder on 30 June 2020
“Director(s)”	director(s) of the Company

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## DEFINITIONS

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“Effective Date”	a date determined in accordance with the Second Supplemental Agreement, subject to fulfilment of all conditions precedent set out therein
“EGM”	an extraordinary general meeting of the Company to be convened and held at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong on Monday, 12 January 2026 at 10:30 a.m. to consider and, if thought fit, approve the Second Supplemental Agreement and the transactions as contemplated thereunder
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Fung Shing”	Fung Shing Group Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Ng
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board established by the Board, comprising all the independent non-executive Directors (namely Mr. Tung Woon Cheung Eric, Mrs. Tse Wong Siu Yin Elizabeth and Ms. Li Yuen Yu Alice) to advise the Independent Shareholders with respect to the Second Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Extension)
“Independent Financial Adviser”	Gransing Securities Co., Limited 瑞城證券有限公司, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect of the Second Supplemental Agreement and the transactions contemplated thereunder (including Proposed Extension)
“Independent Shareholders”	Shareholders other than Mr. Ng, Mr. Paul Ng, Ms. Cheung, Ms. Jessica Ng and Mr. Richard Howard Gorges and their respective associates who are required to abstain from voting at the EGM pursuant to the Listing Rules

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## DEFINITIONS

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“Instrument”	the Convertible Bonds which are constituted by a deed poll (including all amendments and modifications from time to time made thereto) dated 30 June 2020 executed by the Company
“Issue Date”	the date of first issue of the Convertible Bonds, i.e. 30 June 2020
“Latest Practicable Date”	28 November 2025, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Long Stop Date”	12 January 2026 or such other date as the Company and the Bondholder may agree in writing
“Maturity Date”	the date falling on the ninth (9th) anniversary of the Issue Date, i.e. 30 June 2029
“Mr. Ng”	Mr. Ng Hung Sang, an executive Director and a substantial Shareholder
“Mr. Paul Ng”	Mr. Ng Yuk Yeung Paul, an executive Director and the son of Mr. Ng
“Ms. Cheung”	Ms. Cheung Choi Ngor, an executive Director
“Ms. Jessica Ng”	Ms. Ng Yuk Mui Jessica, an executive Director and the daughter of Mr. Ng
“Parkfield”	Parkfield Holdings Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Ng
“parties acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“PRC”	the People’s Republic of China which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of PRC and Taiwan

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## DEFINITIONS

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“Previous Announcements”	the announcements of the Company dated 7 April 2020, 17 April 2020, 30 June 2020 and 16 May 2022 in relation to the issue of the Convertible Bonds by the Company to the Bondholder under specific mandate
“Previous Circulars”	the circulars dated 15 May 2020 and 2 June 2022 in relation to the issue of the Convertible Bonds by the Company to the Bondholder under specific mandate and the extension of the maturity date of Convertible Bonds
“Proposed Extension”	the proposed extension of the Maturity Date (from 30 June 2026 to 30 June 2029) as contemplated under the Second Supplemental Agreement and to be effected by way of execution of the Second Supplemental Deed by the Company
“Public Float Requirement”	the requirement under the Listing Rules applicable to the Company that not less than a specified percentage of the Shares which are listed on the Stock Exchange shall be held by the public for the purpose of the Listing Rules
“Ronastar”	Ronastar Investments Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Ng
“SCH”	South China Holdings Company Limited 南華集團控股有限公司, an exempt company incorporated in the Cayman Islands, and its ordinary shares are being listed and traded on the Stock Exchange (stock code: 00413)
“Second Supplemental Agreement”	the second supplemental agreement dated 6 November 2025 entered into between the Company and the Bondholder to effect the Proposed Extension by way of execution of the Second Supplemental Deed by the Company
“Second Supplemental Deed”	the second supplemental deed of Instrument to be executed by the Company on the Effective Date for the Proposed Extension
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Convertible Bonds pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 7 April 2020 and entered into between the Company and the Bondholder in relation to the Subscription
“substantial Shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Thousand China”	Thousand China Investments Limited, a company incorporated in the BVI, which is an indirect wholly-owned subsidiary of SCH
“Thousand China Bonds”	the outstanding HK\$89,840,000 convertible bonds issued by the Company to Thousand China on 13 January 2023 as per circular of the Company dated 16 December 2022
“Total Grace”	Total Grace Investments Limited, a company incorporated in the BVI, which is wholly and beneficially owned by Mr. Ng
“Uni-Spark”	Uni-Spark Investments Limited, a company incorporated in Hong Kong with limited liability and wholly and beneficially owned by Mr. Ng
“%”	per cent.

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LETTER FROM THE BOARD

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**SOUTH CHINA FINANCIAL HOLDINGS LIMITED**

**南華金融控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00619)**

***Executive Directors:***

Mr. Ng Hung Sang (*Chairman*)

Ms. Cheung Choi Ngor (*Vice Chairman*)

Ms. Ng Yuk Mui Jessica

*(Executive Vice Chairman and Chief Executive Officer)*

Mr. Ng Yuk Yeung Paul

***Registered office:***

28th Floor, Bank of China Tower

1 Garden Road, Central

Hong Kong

***Independent non-executive Directors:***

Mr. Tung Woon Cheung Eric

Mrs. Tse Wong Siu Yin Elizabeth

Ms. Li Yuen Yu Alice

4 December 2025

*To the Shareholders*

Dear Sirs,

**CONNECTED TRANSACTION  
PROPOSED EXTENSION OF THE MATURITY DATE OF  
HK\$50,000,000 CONVERTIBLE BONDS  
AND  
NOTICE OF THE EGM**

**INTRODUCTION**

Reference is made to (i) the Previous Announcements and the Previous Circulars; and (ii) the announcement dated 6 November 2025 in relation to the Proposed Extension.

The purpose of this circular is to provide you with, among other things, (i) further information regarding the Proposed Extension; (ii) the letter of recommendation from the Independent Board Committee to approve the Proposed Extension as contemplated under the Second Supplemental Agreement; (iii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders in relation to the Proposed Extension as contemplated under the Second Supplemental Agreement; and (iv) the notice of EGM together with the proxy form.

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## LETTER FROM THE BOARD

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### PROPOSED ALTERATION OF THE TERMS OF THE CONVERTIBLE BONDS

#### Background

Reference is made to the Previous Announcements and the Previous Circulars in relation to, among other things, the issuance by the Company of the Convertible Bonds to the Bondholder.

As at the Latest Practicable Date, the Convertible Bonds remain outstanding in full and will mature on 30 June 2026 being the Maturity Date.

#### Second Supplemental Agreement and Proposed Extension

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. An application will be made by the Company to the Stock Exchange for the approval and permission of conditions (i) and (iv). If any of the aforesaid conditions is not fulfilled by the Long Stop Date, the Second Supplemental Agreement will automatically cease and terminate and the parties thereto shall be released from all obligations and liabilities thereunder, if any.

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## LETTER FROM THE BOARD

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### Principal terms of the Convertible Bonds after the Proposed Extension

The principal terms of the Convertible Bonds were arrived at after arm's length negotiations between the Company and the Bondholder and are summarised 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.

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## LETTER FROM THE BOARD

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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,

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## LETTER FROM THE BOARD

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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.

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## LETTER FROM THE BOARD

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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.

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## LETTER FROM THE BOARD

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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.

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## LETTER FROM THE BOARD

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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 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%. 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.

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## LETTER FROM THE BOARD

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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:	<p>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.</p> <p>Subject to the Listing Rules, the Convertible Bonds may not be transferred to connected persons of the Company.</p>

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## LETTER FROM THE BOARD

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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

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## LETTER FROM THE BOARD

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- (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;

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## LETTER FROM THE BOARD

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- (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.

### **Reasons for and benefits of the Proposed Extension**

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.

In view of the above factors, the Board (including the members of the Independent Board Committee who have taken into account the advice of the Independent Financial Adviser) is of the view that the terms and conditions of the Second Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Extension) are on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

## LETTER FROM THE BOARD

### Information of the parties

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.

The Bondholder is an investment holding company, which is wholly and beneficially owned by Mr. Ng who is an executive Director and a substantial Shareholder as at the Latest Practicable Date.

### Effect on shareholding structure of the Company

Assuming that there is no change in the Shares from the Latest Practicable Date, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon conversion of the convertible bonds not resulting Total Grace and the parties acting in concert with it exceeding the 2% creeper rule under Rule 26.1 of the Takeover Code; (iii) 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; (iv) 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 (v) 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 will be as follows:

	As at the Latest Practicable Date		Upon conversion of the convertible bonds not resulting Total Grace and the parties acting in concert with it exceeding the 2% creeper rule under Rule 26.1 of the Takeover Code		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 %	No. of Shares	Approximately %
Uni-Spark	7,178,761	2.38	7,178,761	2.36	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	7.73	23,526,030	3.78	23,526,030	4.45	23,526,030	2.77
Parkfield	44,623,680	14.81	44,623,680	14.66	44,623,680	7.17	44,623,680	8.44	44,623,680	5.25
Ronastar	1,999,872	0.66	1,999,872	0.66	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	4.27	13,005,264	2.09	13,005,264	2.46	13,005,264	1.53
Total Grace	0	0.00	3,146,000	1.03	0	0.00	227,272,727	43.00	227,272,727	26.76
Thousand China	0	0.00	0	0.00	320,857,142	51.57	0	0.00	320,857,142	37.77
<b>Mr. Ng and his close associates</b>	<b>90,333,607</b>	<b>29.98</b>	<b>93,479,607</b>	<b>30.71</b>	<b>411,190,749</b>	<b>66.09</b>	<b>317,606,334</b>	<b>60.09</b>	<b>638,463,476</b>	<b>75.17</b>
Mr. Paul Ng	14,988,000	4.97	14,988,000	4.92	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	4.47	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	1.64	5,000,000	0.80	5,000,000	0.95	5,000,000	0.59
<b>Parties acting in concert (Mr. Ng and his close associates, Mr. Paul Ng, Ms. Cheung and Mr. Richard Howard Gorges)</b>	<b>123,919,918</b>	<b>41.13</b>	<b>127,065,918</b>	<b>41.74</b>	<b>444,777,060</b>	<b>71.49</b>	<b>351,192,645</b>	<b>66.44</b>	<b>672,049,787</b>	<b>79.12</b>
Public Shareholders	177,357,152	58.87	177,357,152	58.26	177,357,152	28.51	177,357,152	33.56	177,357,152	20.88
<b>TOTAL</b>	<b>301,277,070</b>	<b>100.00</b>	<b>304,423,070</b>	<b>100.00</b>	<b>622,134,212</b>	<b>100.00</b>	<b>528,549,797</b>	<b>100.00</b>	<b>849,406,939</b>	<b>100.00</b>

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## LETTER FROM THE BOARD

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For illustrative purpose only, the maximum number of Conversion Shares to be issued upon exercise of the conversion rights of the Convertible Bonds would be approximately 3,146,000 assuming there is no mandatory general offer being triggered by the Bondholder under the Takeovers Code.

The Independent Shareholders should note that 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 result in (i) a breach of the public float requirement under the Listing Rules; and (ii) a mandatory general offer being triggered under the Takeovers Code, and the balance number of the Conversion Shares attaching to the Convertible Bonds will not be issued until (i) the Company is able to comply with the aforesaid issues of public float and mandatory general offer; or (ii) a general offer is made by such Bondholder and parties acting in concert with it respectively; or (iii) a whitewash waiver is approved and granted by the SFC (as the case may be).

### **Implications under the Listing Rules**

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for approval of the Proposed Extension pursuant to Rule 28.05 of the Listing Rules.

The Bondholder 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 Latest Practicable Date. Accordingly, the Bondholder is a connected person of the Company under Chapter 14A of the Listing Rules.

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.

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## LETTER FROM THE BOARD

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### **Independent Board Committee and Independent Financial Adviser**

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Tung Woon Cheung Eric, Mrs. Tse Wong Siu Yin Elizabeth and Ms. Li Yuen Yu Alice, has been established to consider the terms of the Second Supplemental Agreement and the Proposed Extension as contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Second Supplemental Agreement and the Proposed Extension as contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Gransing Securities Co., Limited has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Proposed Extension as contemplated under the Second Supplemental Agreement.

### **EGM**

The EGM will be held at to consider and, if thought fit, pass the resolutions to approve, among other things, the Second Supplemental Agreement and the transactions as contemplated thereunder. The resolutions in relation to the Second Supplemental Agreement and the transactions as contemplated thereunder at the EGM will be voted on by the Independent Shareholders by way of poll.

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.

The notice convening the EGM to be held at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong on Monday, 12 January 2026 at 10:30 a.m. is set out on pages EGM-1 and EGM-2 of this circular.

A form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Union Registrars Limited, the share registrar of the Company, at Suites 3301-04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

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## LETTER FROM THE BOARD

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### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the list of shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 9 January 2026 to Monday, 12 January 2026 (both dates inclusive). No transfer of shares of the Company will be registered during these days. In order to qualify to attend and vote at the EGM, all instruments of transfer together with the relevant share certificate(s) must be lodged with Union Registrars Limited, the share registrar of the Company, at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Thursday, 8 January 2026.

### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee which contains the recommendation from the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Second Supplemental Agreement and the transactions as contemplated thereunder; and (ii) the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the terms of the Second Supplemental Agreement and the transactions as contemplated thereunder.

The Board including the Independent Board Committee after having considered the advice of the Independent Financial Adviser considers that the Second Supplemental Agreement and the transactions as contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and recommends that the Independent Shareholders vote in favour of the resolution relating to the Second Supplemental Agreement and the transactions as contemplated thereunder at the EGM.

### FURTHER INFORMATION

Your attention is drawn to the information set out in the appendix to this circular and the notice of the EGM.

**Warnings: The Proposed Extension is subject to the fulfilment or waiver (as the case may be) of a number of conditions, including but not limited to approval of the Second Supplemental Agreement and the transactions as contemplated thereunder by the Independent Shareholders at the EGM. As such, all transactions as contemplated under the Second Supplemental Agreement may or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

Yours faithfully  
By order of the Board  
**South China Financial Holdings Limited**  
南華金融控股有限公司  
**Ng Yuk Mui Jessica**  
*Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in respect of the Second Supplemental Agreement and all transactions as contemplated thereunder:*



**SOUTH CHINA FINANCIAL HOLDINGS LIMITED**

**南華金融控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00619)**

4 December 2025

*To the Independent Shareholders*

Dear Sirs or Madams,

**CONNECTED TRANSACTION  
PROPOSED EXTENSION OF THE MATURITY DATE OF  
HK\$50,000,000 CONVERTIBLE BONDS**

We refer to the circular issued by the Company dated 4 December 2025 (the “**Circular**”) to the Shareholders of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed by the Board as members to constitute the Independent Board Committee and to advise the Independent Shareholders in respect of the terms of the Second Supplemental Agreement and the transactions as contemplated thereunder, details of which are set out in the “Letter from the Board” contained in the Circular.

Gransing Securities Co., Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Second Supplemental Agreement and the Proposed Extension as contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Details of the advice and the principal factors and reasons from the Independent Financial Adviser has taken into consideration in giving such advice, are set out in the “Letter from the Independent Financial Adviser” in the Circular. Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information as set out in the appendix thereto.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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After taking the advice of the Independent Financial Adviser as set out in the “Letter from the Independent Financial Adviser” in the Circular, we consider that the terms of the Second Supplemental Agreement and the Proposed Extension as contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

We, therefore, recommend that you vote in favour of the resolution relating to the Second Supplemental Agreement and the Proposed Extension as contemplated thereunder at the EGM.

Yours faithfully,

**Independent Board Committee**

**Tung Woon Cheung Eric**

*Independent non-executive  
Director*

**Tse Wong Siu Yin Elizabeth**

*Independent non-executive  
Director*

**Li Yuen Yu Alice**

*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Gransing Securities Co., Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, prepared for the purpose of inclusion in this circular.*



瑞城證券有限公司  
Gransing Securities Co., Limited

Gransing Securities Co., Limited  
Unit 802, 8/F, Worldwide House,  
19 Des Voeux Road Central,  
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**”).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 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).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**(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*

	<b>FY2024</b>	<b>FY2023</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
<b>Revenue From Continuing Operations</b>	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
<b>Loss For The Year From Continuing Operations</b>	(292,747)	(78,739)
<b>Loss For The Year From Discontinued Operations</b>	(2,309)	(61,259)
<b>Loss For The Year</b>	(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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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*

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### ***(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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### (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:

<b>Issuer</b>	:	The Company
<b>Principal amount</b>	:	HK\$50,000,000
<b>Issue price</b>	:	100% of the principal amount of the Convertible Bonds
<b>Interest rate</b>	:	Nil
<b>Maturity Date</b>	:	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.
<b>Status</b>	:	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.
<b>Conversion right</b>	:	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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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,

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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).

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- 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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.

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**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).

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- 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (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;

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- (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;

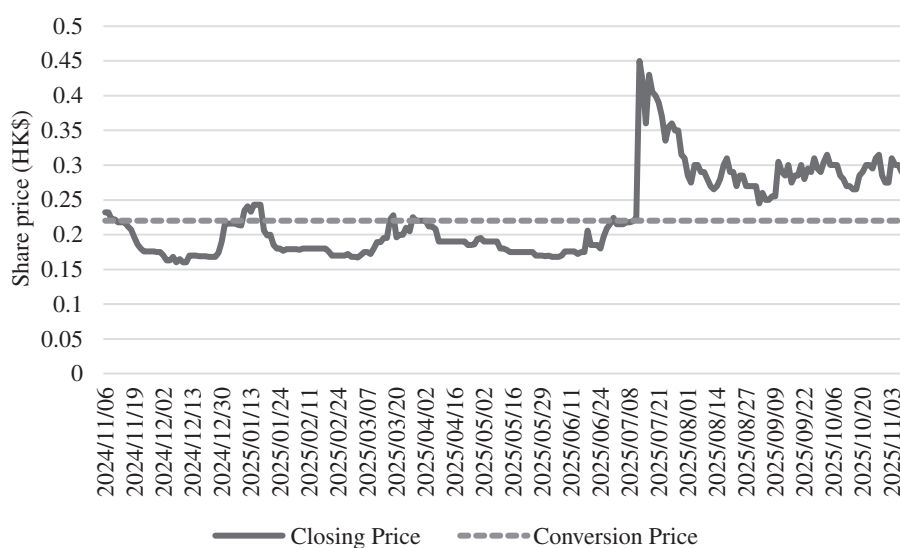
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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(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
			<b>Maximum:</b>	<b>12.00</b>	<b>60</b>
			<b>Minimum:</b>	<b>—</b>	<b>12</b>
			<b>Average:</b>	<b>3.08</b>	<b>28</b>
<b>South China Financial Holdings Limited (619)</b>				<b>—</b>	<b>36</b>

*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

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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

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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

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

No.	Company name (stock code)	Date of announcement	Principal amount (HK\$ million)	Market Capitalization on the 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
				<b>Maximum:</b>	<b>54.46%</b>	<b>97.10%</b>	<b>8.000%</b>	<b>72</b>
				<b>Minimum:</b>	<b>(83.53)%</b>	<b>(80.14)%</b>	<b>0.000%</b>	<b>7</b>
				<b>Average:</b>	<b>2.56%</b>	<b>4.67%</b>	<b>2.820%</b>	<b>32</b>
	South China Financial Holdings Limited (619)				<b>3.45%</b>	<b>3.45%</b>	<b>0.000%</b>	<b>36</b>

*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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *(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).

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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
<b>Mr. Ng and his close associates</b>	<b>90,333,607</b>	<b>29.98</b>	<b>411,190,749</b>	<b>66.09</b>	<b>317,606,334</b>	<b>60.09</b>	<b>638,463,476</b>	<b>75.17</b>
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
<b>Parties acting in concert (Mr. Ng and his close associates, Mr. Paul Ng, Ms. Cheung and Mr. Richard Howard Gorges)</b>	<b>123,919,918</b>	<b>41.13</b>	<b>444,777,060</b>	<b>71.49</b>	<b>351,192,645</b>	<b>66.44</b>	<b>672,049,787</b>	<b>79.12</b>
Public Shareholders	177,357,152	58.87	177,357,152	28.51	177,357,152	33.56	177,357,152	20.88
<b>TOTAL</b>	<b>301,277,070</b>	<b>100.00</b>	<b>622,134,212</b>	<b>100.00</b>	<b>528,549,797</b>	<b>100.00</b>	<b>849,406,939</b>	<b>100.00</b>

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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executives' interests in the Company or its associated corporations

As at the Latest Practicable Date, the interests of the Directors, the chief executives and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or to be recorded in the register referred to under section 352 of the SFO or to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules were as follows:

#### (i) Long positions in the Shares

Name of Director	Capacity	Number of Shares held			Total number of Shares held	Approximate percentage of shareholding to total issued Shares (Note 4)
		Personal interests	Family interests	Corporate interests		
Mr. Ng	Beneficial owner/ Interests of controlled corporations	13,005,264	—	77,328,343 (Note 1)	90,333,607	29.98
Ms. Cheung	Beneficial owner	13,598,311	—	—	13,598,311	4.51
Mr. Paul Ng	Beneficial owner	14,988,000	—	—	14,988,000	4.97

(ii) *Long positions in underlying shares of the Company*

Name of Director	Capacity	Number of underlying shares			Total interests	Approximate percentage of total interests to total issued Shares (Note 4)
		Personal interests	Family interests	Corporate interests		
Mr. Ng	Interests of controlled corporations	—	—	508,022,727 (Note 2)	508,022,727	168.62
Ms. Jessica Ng	Beneficial owner	3,012,770	—	—	3,012,770 (Note 3)	1.00
Mr. Paul Ng	Beneficial owner/ Interests of spouse	3,012,770	3,012,770	—	6,025,540 (Note 3)	2.00

*Notes:*

1. The 77,328,343 Shares held by Mr. Ng through controlled corporations included 23,526,030 Shares held by Fung Shing, 44,623,680 Shares held by Parkfield, 1,999,872 Shares held by Ronastar and 7,178,761 Shares held by Uni-spark. Fung Shing, Parkfield and Ronastar are directly wholly-owned by Mr. Ng. Uni-spark is indirect wholly-owned by Mr. Ng.

2. Comprising (i) the Convertible Bonds; and (ii) the Thousand China Bonds.

Assuming (i) the Convertible Bonds are exercised in full; and (ii) there is no other change to the total number of issued shares of the Company, a total of 227,272,727 new ordinary shares will be allotted and issued to Total Grace, representing approximately 75.44% of the total number of issued shares of the Company as at the Latest Practicable Date and approximately 43.00% of the total number of issued shares of the Company as enlarged by the allotment and issue of the conversion shares.

Assuming (i) the Thousand China Bonds are exercised in full; and (ii) there is no other change to the total number of issued shares of the Company, a total of 280,750,000 new ordinary shares will be allotted and issued to Thousand China, representing approximately 93.19% of the total number of issued shares of the Company as at the Latest Practicable Date and approximately 48.24% of the total number of issued shares of the Company as enlarged by the allotment and issue of the conversion shares.

3. The underlying shares were the share options granted under the share option scheme adopted by the Company on 9 August 2022 for the option holder(s) to subscribe for the Shares.

4. These percentages are calculated on the basis of 301,277,070 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, none of the Directors and chief executives of the Company or any of their spouses or children under eighteen (18) years of age had interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding company, subsidiaries or other associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at the Latest Practicable Date.

**(b) Substantial Shareholders and other persons' interests in Shares and underlying shares**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, interests in the Shares and underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and the amount of each of such person's interests in such Shares and underlying shares is as follows:

Name	Number of Shares/underlying shares held			Approximate Total number percentage of of Shares/ shareholding underlying to total shares held issued Shares	
	Beneficial interests	Family interests	Corporate interests		(Note 6)
Ms. Ng Lai King					
Pamela (Note 1)	—	598,356,334	—	598,356,334	198.61
Parkfield (Note 2)	44,623,680	—	—	44,623,680	14.81
Fung Shing (Note 3)	23,526,030	—	—	23,526,030	7.81
Total Grace (Note 4)	227,272,727	—	—	227,272,727	75.44
Thousand China (Note 5)	280,750,000	—	—	280,750,000	93.19

*Notes:*

- Ms. Ng Lai King Pamela is the spouse of Mr. Ng. By virtue of the SFO, Ms. Ng Lai King Pamela is deemed to be interested in the 90,333,607 Shares and 508,022,727 underlying shares of which Mr. Ng is interested in.
- Parkfield is a company wholly-owned by Mr. Ng.
- Fung Shing is a company wholly-owned by Mr. Ng.
- Assuming (i) the Convertible Bonds are exercised in full; and (ii) there is no other change to the total number of issued shares of the Company, a total of 227,272,727 new ordinary shares will be allotted and issued to Total Grace, representing approximately 75.44% of the total number of issued shares of the Company and approximately 43.00% of the total number of issued shares of the Company as enlarged by the allotment and issue of the conversion shares as at the Latest Practicable Date.

5. Assuming (i) Thousand China Bonds are exercised in full; and (ii) there is no other change to the total number of issued shares of the Company, a total of 280,750,000 new ordinary shares will be allotted and issued to Thousand China, representing approximately 93.19% of the total number of issued shares of the Company and approximately 48.24% of the total number of issued shares of the Company as enlarged by the allotment and issue of the conversion shares as at the Latest Practicable Date.
6. These percentages are calculated on the basis of 301,277,070 Shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, save as (i) Mr. Ng, a director of Fung Shing, Parkfield and Total Grace; (ii) Ms. Cheung and Mr. Paul Ng, directors of Thousand China, none of the Directors was a director or an employee of a company which had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, there was no person (other than a Director or chief executive of the Company) or deemed or taken to have who had an interest or a short position in the Shares and/or underlying Shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS**

As at the Latest Practicable Date, save for the Second Supplemental Agreement, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2024 (the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of or leased to any member of the Group.

### **4. COMPETING INTERESTS**

Based on the information provided by SCH, (a) SCH does not hold any forestry land in Hubei Province and does not conduct any business related to carbon credit trading and (b) given the forestry lands are located in Chongyang County, Xianning City, Hubei Province, are the only forestry land project held by the Company, the Board considers that the business focus (in terms of the location and size of the projects) of the Company and SCH are different and hence the competition between the businesses of the Company and SCH is considered to be relatively remote.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or his or her respective close associates was considered to have an interest in a business which competed or was likely to compete, enter directly or indirectly, with the business of the Group or any other conflicts of interests with the Group other than those business to which the Directors and his or her close associates were appointed to represent the interests of the Company and/or the Group.

## **5. DIRECTORS' SERVICES CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

## **6. LITIGATION**

As at the Latest Practicable Date, to the best of the Directors' knowledge information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

## **7. MATERIAL CONTRACTS**

Save the agreements set out below, no contract (not being contract in the ordinary course of business), which is or may be material, has been entered into by the Company or any of its subsidiaries within the two (2) years immediately preceding the date of this circular and up to the Latest Practicable Date:

- (a) Second Supplemental Agreement; and
- (b) Supplemental Agreement dated 6 November 2025 in relation to Thousand China Bond.

## **8. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**9. QUALIFICATION AND CONSENT OF EXPERT**

The following set out the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
Gransing Securities Co., Limited	A licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, Gransing Securities Co., Limited did not have any direct or indirect interest in any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group, and had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2024 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased.

As at the Latest Practicable Date, Gransing Securities Co., Limited had given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its advice, letters, reports and/or summary of its opinions (as the case may be) and references to its name and logo in the form and context in which they respectively appear.

**10. MISCELLANEOUS**

- (a) The registered office of the Company is at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong.
- (b) The share registrar of the Company is Union Registrars Limited at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (c) The company secretary of the Company is Mr. Watt Ka Po James, who is a fellow member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.
- (d) The English text of this circular and accompanying form of proxy shall prevail over the Chinese text in the case of inconsistency.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sctrade.com](http://www.sctrade.com)) for a period of not less than fourteen (14) days from the date of this circular up to and including the date of EGM and is available for inspection at the EGM:

- (a) the material contracts as referred to in the paragraph headed “7. Material Contracts” in this Appendix;
- (b) the written consent of expert referred to in the paragraph headed “9. Qualification and consent of expert” in this Appendix;
- (c) the letter from the Board, the text of which is set out from pages 6 to 21 of this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages IBC-1 and IBC-2 in this circular;
- (e) the letter from the Independent Financial Adviser, the text of which is set out from pages IFA-1 to IFA-31 in this circular; and
- (f) this circular.

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## NOTICE OF THE EGM

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### SOUTH CHINA FINANCIAL HOLDINGS LIMITED

南華金融控股有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00619)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting of South China Financial Holdings Limited (the “**Company**”) will be held at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong on Monday, 12 January 2026 at 10:30 a.m. (the “**EGM**”) for the purpose of considering and, if thought fit, passing with or without amendment(s), passing the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

1. “**THAT**

- (a) the second supplemental agreement (the “**Second Supplemental Agreement**”) dated 6 November 2025 entered into between the Company as issuer and Total Grace Investments Limited as bondholder (a copy of which marked “A” is produced to the EGM and signed by the chairman of the EGM for identification purposes) in relation to the proposed extension of the maturity date by three (3) years from 30 June 2026 to 30 June 2029 and the transactions as contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) any one or more of the director(s) of the Company be and is/are hereby authorized to do all such acts and things and execute all such documents (including under seal) which he/she/they consider necessary, appropriate, desirable or expedient to implement and give effect to the Second Supplemental Agreement and the transactions contemplated thereunder and to agree to such variations, amendments, waivers or matters thereto as are, in his/her/their opinion, in the interests of the Company and its shareholders as a whole.”

By order of the board of Directors of  
**South China Financial Holdings Limited**

南華金融控股有限公司

**Ng Yuk Mui Jessica**

*Executive Director*

Hong Kong, 4 December 2025

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## NOTICE OF THE EGM

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*Registered office:*

28th Floor  
Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

*Notes:*

1. The register of members of the Company will be closed from Friday, 9 January 2026 to Monday, 12 January 2026, both days inclusive, during which period no share transfers will be effected. In order to be eligible to attend and vote at the EGM, all share transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Union Registrars Limited at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Thursday, 8 January 2026.
2. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.
3. In order to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited with the Company's share registrar, Union Registrars Limited at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the EGM or any adjourned meeting thereof should he so wish.
4. In the case of joint shareholdings, any one of such persons may vote, either personally or by proxy in respect of such share, provided that if more than one of such joint holders be present at the meeting or any adjournment thereof personally or by proxy, the more senior shall alone be entitled to vote and for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members in respect of the joint holding.
5. If a tropical cyclone warning signal Number 8 or above, or a "black" rainstorm warning signal or extreme condition warning signal is in effect any time after 8:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will publish an announcement on the website of the Company at [www.sctrade.com](http://www.sctrade.com) and on the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify the shareholders of the Company of the date, time and venue of the rescheduled meeting.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
7. As at the date of this notice, the board of directors of the Company are:

**Executive Directors:**

Mr. Ng Hung Sang  
Ms. Cheung Choi Ngor  
Ms. Ng Yuk Mui Jessica  
Mr. Ng Yuk Yeung Paul

**Independent Non-executive Directors:**

Mr. Tung Woon Cheung Eric  
Mrs. Tse Wong Siu Yin Elizabeth  
Ms. Li Yuen Yu Alice