FIRST

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

30 June 2025

To the Independent Board Committee and the Independent Shareholders of
Brightstar Technology Group Co., Ltd

Dear Sirs and Madams,

CONNECTED TRANSACTION
ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription, details of which are set out in the "Letter from the Board" (the "**Letter**") contained in the circular issued by the Company to the Shareholders dated 30 June 2025 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 13 May 2025 (after trading hours), the Company entered into the Subscription Agreement with Mr. Yeung Ho Ting Dennis (the "**Subscriber**"), pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 210,385,576 Subscription Shares at the Subscription Price of HK$0.137 per Subscription Share at a total consideration of approximately HK$28.8 million.

With reference to the Letter, the Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Jiang Yu E, Mr. Ji Gui Bao, Mr. Li Bing and Mr. Chen Zhipeng, has been formed to advise the Independent Shareholders in respect of the Subscription Agreement and the transaction contemplated thereunder. We, First Global Corporate Finance Co., Limited ("**First Global**"), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

First Global is a licensed corporation licensed under the Securities and Futures Ordinance ("**SFO**") to carry out Type 6 (advising on corporate finance) regulated activity. Mr. Sherman Chiu ("**Mr. Chiu**") is the person signing off the opinion letter from First Global contained in the Circular. Mr. Chiu has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2017.

As at the Latest Practicable Date, we confirmed that there is no relationship or interest between First Global and the Company or any other parties that could reasonably be regarded as hindrance to First Global's independence as set out under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription.

We are not associated with and have no significant connection financially or otherwise, with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations.

In the past two years, we had not acted as an independent financial adviser of the Company's other transactions. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We are not aware of the existence of or change in any circumstances that would affect our independence.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement with Mr. Yeung Ho Ting Dennis, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries (the "**Management**").

We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true and that all expectations and intentions of the Directors and the Management, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the Management. 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, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

We consider that we have been provided with, and we have reviewed all currently available information and documents, among others: (i) the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**"); and (ii) the announcement of the Company dated 13 May 2025 in relation to the entering into of the Subscription Agreement (the "**Announcement**") which are made available to us and enable us to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the Management. We have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Company or its future prospects.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the Subscription is fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Business and financial performance of the Group

The Company is an investment holding company. The Group is principally engaged in (i) the provision of visual display solution services for concerts and events primarily in Hong Kong, the PRC and Macau; (ii) the provision of information technology consulting services in the PRC; and (iii) the provision of hotel reservation and convention planning services in the PRC.

(i) Financial performance

Set out below is a summary of the consolidated statements of profit and loss for the year ended 31 December 2024 ("**FY2024**") and 2023 ("**FY2023**") as extracted from the 2024 Annual Report:

	For the year ended 31 December	
	2024	2023
	HKD'000	*HKD'000*
Revenue	164,437	95,668
Visual display solution services	163,130	90,751
Information Technology consulting services	269	2,479
Equipment rental	546	85
Hotel reservation and convention planning services	492	2,353
Cost of services	(88,694)	(69,103)
Gross profit/(loss)	75,743	26,565
Other income	716	783
Administrative expenses	(38,042)	(51,043)
Finance costs	(743)	(661)
Profit/(Loss) before tax	41,109	(27,266)
Profit/(Loss) for the year/period	40,103	(27,824)

FY2024 vs FY2023

As disclosed in the 2024 Annual Report, during FY2024, the Group principally derived its revenue from the provision of visual display solutions, which accounted for approximately 99.2% of the Group's total revenue (FY2023: 94.9%). The Group's revenue increased from approximately HK$95.7 million for FY2023 to approximately HK$164.4 million for FY2024, representing an increase of approximately 71.9%. For the visual display solutions, the increase in revenue from pop concert shows was mainly due to (i) the increase in revenue for pop concert performance from approximately 516 shows for FY2023 to approximately 909 shows for FY2024 and (ii) the increase in the average revenue per show for pop concerts from approximately HK$156,000 for the FY2023 to approximately HK$170,000 for FY2024.

As a result of the foregoing, the Group's profit was approximately HK$40.1 million for FY2024, as compared with a loss of approximately HK$27.8 million for FY2023. The profit was mainly attributable to the increase in gross profit as a result of the increase in revenue.

(ii) Financial position

Set out below is an extract of the consolidated statements of financial position as at 31 December 2024 and 2023 as extracted from the 2024 Annual Report:

	As at 31 December	
	2024	2023
	HK$'000	*HK$'000*
Non-current assets	339,234	189,832
Current assets	123,532	214,862
Total assets	**462,766**	**404,694**
Non-current liabilities	8,564	7,028
Current liabilities	118,446	108,656
Total liabilities	**127,010**	**115,684**
Net current assets	**5,086**	**106,206**
Net assets	**335,756**	**289,010**

As disclosed in the 2024 Annual Report, as at 31 December 2024, the Group had total assets of approximately HK$462.8 million which comprised mainly property, plant and equipment of approximately HK$135.3 million; and prepayments, deposits and other receivables of approximately HK$109.7 million. The Group's total liabilities amounted to approximately HK$127.0 million as at 31 December 2024 which mainly included other payables and accrued liabilities of approximately HK$107.6 million, bank borrowings of approximately HK$3.6 million and lease liabilities of approximately HK$1.6 million.

The Group recorded net current assets of approximately HK$5.1 million as at 31 December 2024 (2023: net current assets approximately HK$106.2 million). The decrease in net current assets was mainly due to the decrease in prepayments, deposits and other receivables amounted to approximately HK$79.85 million as at 31 December 2024 (2023: approximately HK$184.8 million) and the decrease in bank borrowings amounted to approximately HK$3.6 million as at 31 December 2024 (2023: approximately HK$5.9 million).

2. Information of the Subscriber

The Subscriber, Mr. Yeung Ho Ting, is an individual who is a Hong Kong resident. The Subscriber is an executive Director of the Company, and therefore he is a connected person of the Company.

3. Principal terms of the Subscription Agreement

Set out below are the principal terms of the Subscription Agreement:

Date:

13 May 2025 (after the Stock Exchange trading hours)

Parties:

(i) The Company; and

(ii) The Subscriber.

The Subscription

Pursuant to the Subscription Agreement, the Company conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 210,385,576 Subscription Shares at the Subscription Price.

The Subscription Shares

The Subscription Shares represent (i) approximately 23.0% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 18.7% of the total number of issued Shares as enlarged by the proposed allotment and issue of the Subscription Shares (assuming that there is no change in the total number of issued Shares from the date of this Latest Practicable Date to the Completion Date, save for the proposed allotment and issue of the Subscription Shares). The aggregate nominal value of the Subscription Shares will be HK$2,103,855.76.

The Subscription Price

The Subscription Price is HK$0.137 per Subscription Share, and the aggregate Subscription Price of the Subscription Shares of HK$28,822,823.91 will be paid by the Subscriber in case on the Completion Date.

4. REASONS AND BENEFITS FOR THE SUBSCRIPTION

During the year ended 31 December 2024, the visual display solutions business of the Group grew quickly as the number of pop concerts increased significantly. Accordingly, the Group recorded a significant growth of approximately 71.9% in revenue from approximately HK$95.7 million for the year ended 31 December 2023 to approximately HK$164.4 million for the year ended 31 December 2024. As a result, the Group recorded a net profit of approximately HK$40.1 million for the year ended 31 December 2024, as compared with a loss of approximately HK$27.8 million for the year ended 31 December 2023.

The Group anticipated that the prospects for the Group's video display solutions business will become more promising in 2025 due to the improved macroeconomic atmosphere and market conditions coupled with the increase in clients' production budgets. Due to the development of the mass media and entertainment market, more styles of performing arts are introduced to the audience, especially in the PRC and the number of artists who can organize concert tour with more number of shows is increasing. This will bring renewed impetus for growth to the Group's video display solutions business.

Set out below are the details of the Group's business expansion plan for its visual display solutions in regions outside of Hong Kong, which are expected to involve substantial costs:

	Time	**Expansion Plan**	**Estimated investment/ operation cost**
1	Q3 2025	The Company plans to search for office, technical staff, local suppliers and service providers in Singapore for the Group's establishment of its work base in Singapore. The Directors believe that the establishment of the Group's work base in Singapore will enable the Group to establish its presence and compete for the business in South East Asia including Singapore, Malaysia, Vietnam, Thailand and Indonesia. Furthermore, the establishment of work base in South East Asia could facilitate the Group in liaising with various local suppliers and service providers for the purpose of lowering the operation time and cost of sending the Group's equipment and manpower overseas.	HK$24 million

	Time	Expansion Plan	Estimated investment/ operation cost
2	Q3 2025	The Company plans to undertake the visual display solution works for a concert tour to be conducted by a Hong Kong artist in different cities in the PRC. The Group has experience in undertaking similar works for such artist for its concert held in Hong Kong and hence is positive in securing the said job engagement and expand its market presence to the PRC. It is expected that the Group would have to incur upfront costs in transportation of the Group's equipment out of Hong Kong, and recruiting manpower in the PRC for the setup, coordination and delivery of the Group's works for such concert tour in various cities in the PRC.	HK$8 million *(Note)*
3	Q4 2025	The Company plans to undertake the visual display solution works for a concert tour to be conducted by a music band in different cities in the PRC. The Group has experience in undertaking similar works for such music band for its concert held in Hong Kong and hence is positive in securing the said job engagement and expand its market presence to the PRC. It is expected that the Group would have to incur upfront costs in transportation of the Group's equipment out of Hong Kong, and recruiting manpower in the PRC for the setup, coordination and delivery of the Group's works in various cities in the PRC.	HK$24 million *(Note)*
4	Q4 2025	The Company plans to undertake the visual display solution works for a concert tour to be conducted by a pop music group in different cities in Thailand and Singapore. The Group has experience in undertaking similar works for such pop music group for its concert held in Hong Kong and hence is positive in securing the said job engagement and expand its market presence to Thailand and Singapore. It is expected that the Group would have to incur upfront costs in transportation of the Group's equipment out of Hong Kong, and recruiting manpower in Thailand and Singapore for the setup, coordination and delivery of the Group's works in various cities in Thailand and Singapore.	HK$34 million *(Note)*

	Time	Expansion Plan	Estimated investment/ operation cost
5	Q4 2025	The Company plans to undertake the visual display solution works for a concert tour to be conducted by two artists in different cities in the Malaysia. The Group has experience in undertaking similar works for such artist for its concert held in Hong Kong and hence is positive in securing the said job engagement and expand its market presence to Malaysia. It is expected that the Group would have to incur upfront costs in transportation of the Group's equipment out of Hong Kong, and recruiting manpower in Malaysia for the setup, coordination and delivery of the Group's works in various cities in Malaysia.	HK$16 million *(Note)*

Note: The operation cost is estimated by taking into account the factors including but not limited to (i) the numbers of concerts and duration of concert tour that was expected to be conducted; (ii) the numbers of cities in which the relevant concerts will be conducted; (iii) the complexity of the construction of performing stage and audio & visual effects that was expected to be delivered; and (iv) the manpower and technicians that were required to be placed for the setup and delivery of the Group's works in connection with the concert tour.

Hence, the Group requires capital to support its business expansion and seize the aforementioned emerging business opportunities.

As at the Latest Practicable Date, the Group's cash and bank balances amounted to approximately HK$[100.6] million and its cash to total assets ratio *(Note)* amounted to approximately [0.22:1]. Taking into account the Group's business expansion plan as illustrated above, the Directors believe that the Company has adequate working capital to finance the Group's current scale of business operations, but may not be sufficient to fully support the Group's business expansion plan in the near future.

As such, in order to maintain the liquidity and allow sufficient capital to capture any business opportunities that may arise from time to time, the Directors consider that the Subscription represent an opportunity to raise additional funding for maintaining the Group's working capital and business operation. The Subscription will also strengthen the capital base and financial position for the Group's future business developments. In addition, it will provide the Company with capital for new investment opportunities to broaden the revenue and profit potential of the Group and enhance Shareholders' value in long term.

With reference to the Letter, the entering into of the Subscription Agreement will enable the Group to raise additional funds to support its expanding business operations, replenish its working capital, and strengthen its financial position for future development. This additional capital is crucial for capturing emerging business opportunities in the growing video display solutions market, particularly in light of the significant growth in revenue and profitability recorded for FY2024.

Furthermore, the Subscription will provide the Company with the necessary capital to pursue new investment opportunities, thereby broadening the Group's revenue streams and enhancing its profit potential.

Note: For illustrative purpose, the cash to total assets ratio is calculated by dividing the Group's cash and bank balances as at the Latest Practicable Date by the audited total asset value of the Group as at 31 December 2024.

In addition to equity financing, the Company has explored other financing options, including debt financing, rights issues, and open offers. As of 31 December 2024, the Group had total banking facilities of HK$13 million, with approximately HK$3.6 million already utilised. Regarding debt financing, the Directors noted that pursuing this option would involve additional financial costs for the Group and could require extensive due diligence and prolonged negotiations with lenders. Consequently, the Directors believe it may not be feasible to obtain further financing from banks on favorable terms without incurring relatively high financing costs, which would increase the Group's interest burden.

With regard to a rights issue or open offer, the Company has taken into account several factors: (i) the pricing of a rights issue or open offer typically involves a significant discount to the market price to encourage shareholder participation. While these methods allow all shareholders the opportunity to participate, the deeper discounts in subscription prices generally create a more pronounced dilution effect for shareholders who choose not to participate; (ii) the potential costs involved, including underwriting commissions as well as administrative and legal expenses; (iii) the uncertainty surrounding the successful execution of a rights issue or open offer due to their longer timelines; and (iv) the prevailing market conditions. Based on these considerations, the Company has determined that a rights issue or open offer is not a suitable method for raising funds and has therefore not entered into formal negotiations with any agents regarding these options.

Taking the above into account, the Directors believe that raising funds through the Subscription provides the Group with a more cost-effective and efficient means of securing financing. Additionally, the Directors are of the opinion that the Subscription demonstrates the Subscriber's confidence in the Company's long-term business prospects and underscores the Subscriber's ongoing commitment and support for the Company's development and future growth.

Considering the current financial position of the Group, we concur with the Board's view that the terms of the Subscription Agreement (including the Subscription Price) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors acknowledge that the Company has undertaken (i) an unsecured, interest-free loan (the "**Loan**") of RMB100 million to Shenzhen Cuanlide Supply Chain Limited ("**Shenzhen Cuanlide**") on 15 March 2023, and (ii) a prepayment of HK$108 million (the "**Prepayment**") to an A.I. service provider for the development of AI technology on 28 March 2024.

As disclosed in the Company's announcement dated 29 September 2024, the Loan advanced to Shenzhen Cuanlide on 15 March 2023 was intended to generate economic benefits through potential business referrals from Shenzhen Cuanlide to the Group. The Company believed that the Loan would enable the Group to secure additional business opportunities, strengthen its collaboration with Shenzhen Cuanlide in the IT sector, and enhance its access to multinational and PRC government projects.

Regarding the Prepayment, it was made to the A.I. service provider to upgrade the Group's existing business operation system, aiming to enhance the Group's long-term competitiveness. At the time of making the Loan and the Prepayment, the Directors were of the view that these transactions and arrangements were aligned with the Group's strategic objectives of diversifying revenue streams, capturing high-potential opportunities, and fostering sustainable business growth. The Directors concluded that these actions were in the best interests of the Company and its shareholders as a whole.

As discussed above, the Group's video display solutions business has been growing and is anticipated to further grow in 2025 due to the improved macroeconomic atmosphere, increased client budgets and rising demand in the PRC entertainment markets. It is expected that the proceeds from the Subscription will provide additional funding for the Group's working capital and business operations, maintaining operational liquidity and allowing the Group to devote more resources in developing its video display solutions business in order to enhance its competitiveness and help capturing the emerging opportunities in the market without compromising operational stability.

Based on the above, the Directors believe and we concur that it is in interest of the Company and its shareholders as a whole to conduct the Subscription after providing the Loan and the Prepayment.

Suitable source of financing among other fund-raising alternatives

We have discussed with the Directors that the Company has also considered alternative financing methods such as debt financings, rights issue and open offer. As at 31 December 2024, the Group had total banking facilities of HK$13 million, of which approximately HK$3.6 million were utilised. In respect of debt financing, the Directors considered that it would incur additional financial costs on the Group and may be subject to lengthy due diligence and negotiations with lenders. Hence, the Directors are of the view that it may not be practicable to secure further financing from banks with favorable terms and without incurring relatively high financing cost, which would result in additional interest burden to the Group.

As regards a rights issue or open offer, the Company has considered such factors as (i) the price of a rights issue or open offer would normally involve a substantial discount to market so as to attract the shareholders to participate in the rights issue. Although rights issue and open offers provide all shareholders the right to participate, the deeper discounts of the subscription prices in general would pose a more significant dilution effect to those shareholders who opt not to participate in the rights issue or open offer; (ii) the likely costs involved (including the amount of underwriting commissions and other administrative and legal expenses); (iii) the lack of certainty in the successful implementation of a rights issue or open offer with their longer timetable; and (iv) the prevailing market conditions. On this basis, the Company considers that a rights issue or open offer is not an appropriate means of raising fund and did not enter into formal discussions with any agents for potential rights issue or open offer. Based on the above, the Directors consider that raising funds by way of the Subscription shall enable the Group to obtain funds at a lower cost and an efficient way.

Furthermore, we considered that the Subscription also reflects the Subscriber's confidence in the Company's long-term business development and prospects. The Management considered and we concurred that the issuance of new Shares to the Subscriber provides an efficient means of raising capital for the Group's immediate needs, and the Subscription represents the Subscriber's continued support for the Company's development and future growth.

Having taken into consideration the above factors, we concur with the Directors that the Subscription is an appropriate fund-raising method given the circumstance of the Group and is in the interest of the Company and the Shareholders as a whole.

Use of proceeds of the Subscription

The gross proceeds from the Subscription is approximately HK$28.8 million. The net proceeds from the Subscription, after deduction of relevant costs and expenses, is estimated to be approximately HK$28.3 million. The net Subscription Price, after deduction of relevant costs and expenses, is estimated to be approximately HK$0.135 per Subscription Share.

Having considered (i) the reasons for and benefits of the Subscription as mentioned above; (ii) the Subscription is an appropriate fund raising method currently available to the Group; and (iii) the proposed use of proceeds is justifiable and in line with the reasons for the Subscription, we are of the view that the Subscription is a means of obtaining financing for the ongoing development of the Group's businesses and is therefore conducted in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.

5. Assessment on the Subscription Price

The Subscription Price of HK$0.137 per Subscription Share represents:

(i) a premium of approximately 11.38% over the closing price of HK$0.123 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement (the "**LTD Premium**");

(ii) a premium of approximately 10.48% over the average of the closing prices of approximately HK$0.124 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day (the "**Five Days Premium**");

(iii) a premium of approximately 6.20% over the average of the closing prices of approximately HK$0.129 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day (the "**10 Days Premium**");

(iv) a premium of approximately 2.24% over the average of the closing prices of approximately HK$0.134 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day (the "**30 Days Premium**");

(v) a premium of approximately 2.24% over the average of the closing prices of approximately HK$0.134 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days up to and including the Last Trading Day (the "**60 Days Premium**");

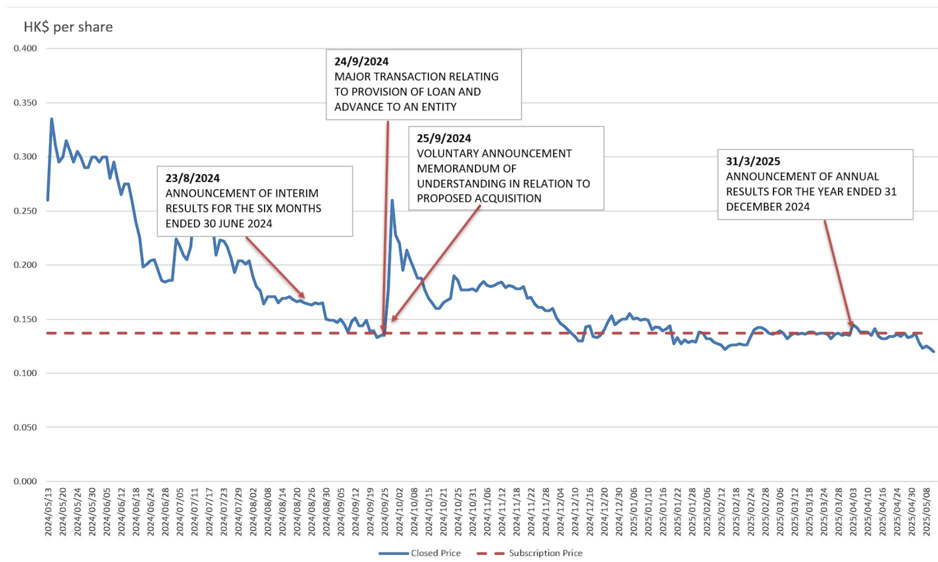
(vi) a premium of approximately 20.18% over the closing price of HK$0.114 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(vii) a discount of approximately 62.97% to the audited consolidated net asset value attributable to the Shareholders of approximately HK$0.37 per Share as at 31 December 2024, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately HK$335,756,000.

As disclosed in the Letter, The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber and was determined with reference to the recent market prices of the Shares and the prevailing market conditions.

(i) ***Share price performance***

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the daily closing prices of the Shares during the period from 13 May 2024 (being approximate one year period prior to the Last Trading Day) (the "**Review Period**"). We consider the Review Period is adequate to reflect the prevailing market sentiment primarily and illustrate the general trend and level of movement of the daily closing prices of the Shares, which can reflect the correlation between the recent business performance of the Company and the latest market reaction in the Share price.



Source: The website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the average closing price of the Shares was HK$0.173 per Share (the "**Average Closing Price**"). The daily closing prices of the Shares ranged from HK$0.12 per Share (the "**Lowest Closing Price**") recorded on 12 May 2025 to HK$0.335 per Share (the "**Highest Closing Price**") recorded on 14 May 2024 during the Review Period.

The Subscription Price of HK$0.137 per Subscription Share falls within the closing price range of the Shares during the Review Period. In addition, the Subscription Price of HK$0.137 per Subscription Share represents (a) a premium of approximately 14.17% over the Lowest Closing Price of HK$0.12 per Share; (b) a discount of approximately 59.10% to the Highest Closing Price of HK$0.335 per Share; and (c) a discount of approximately 20.81% over the Average Closing Price of approximately HK$0.173 per Share for the Review Period.

As depicted from the above chart, at the beginning of the Review Period, there was a sudden rise in the closing price of the Shares from HK$0.26 on 13 May 2024 to HK$0.335 on 14 May 2024, followed by a general downward trend, decreasing to HK$0.133 per Share on 23 September 2024. As confirmed by the Directors, the Company did not identify any specific reason which caused the sudden increase or the subsequent downward trend in the closing price of the Shares. Since then, the closing price of the Shares rebounded and reached HK$0.260 per Share on 27 September 2024. Thereafter, the closing price of the Shares followed a downward trend and hit the lowest of HK$0.122 per Share on 13 February 2025. Subsequently, the closing price of the Shares experienced a slight downward trend with fluctuations and ultimately closed at HK$0.12 on the Last Trading Day.

Although the closing share price on the date of the Subscription Agreement was below the average share price and was in the lower end of the closing prices during the Review Period, having considered (i) the closing price of the Shares has been in a general downward trend throughout the Review Period; (ii) the Subscription Price represents a premium to 5-days, 10-days, 30-days and 60-days average closing price of the Shares as quoted on the Stock Exchange, showing that Subscription Price is set at a premium to the prevailing market prices of the Shares; (iii) given the relatively low trading volume of the Shares as to be illustrated below may hinder the attractiveness of any equity fund-raising activities to be conducted by the Company to investors, with no guarantee on the disposal price, and may require more time to seek enough potential investors if any, to cover the amount of proceeds under the Subscription, substantial discount would also highly likely have to be applied to the issue price in order to attract investors; and (iv) the reasons for entering into the Subscription Agreement and benefits of the Subscription, in particular the Group's funding need for the purpose of expanding its video display solutions business to capture the business opportunities expected to be emerged in the coming years, the Board considers and we concur that the Subscription Price is fair and reasonable and it is in the interest of the Company and its shareholders to conduct the Subscription.

(ii) *Trading volume*

Apart from historical daily closing prices, we have also reviewed the average daily trading volume of the Shares for each month during the Review Period, details of which are set out below:

Month/Period	Monthly total trading volume *(No. of Shares)*	Number of trading days	Average daily trading volume *(Note 1)*	Percentage of the average daily trading volume to the total number of issued Shares *(Note 2)*	Percentage of the average daily trading volume to the total number of issued Shares held by the public *(Note 3)*
2024					
May	37,758,000	14	2,697,000	0.29%	0.50%
June	13,568,000	19	714,105	0.08%	0.13%
July	56,932,000	22	2,587,818	0.28%	0.48%
August	35,386,000	22	1,608,455	0.18%	0.30%
September	72,140,000	19	3,796,842	0.42%	0.70%
October	44,709,000	21	2,129,000	0.23%	0.39%
November	15,736,000	21	749,333	0.08%	0.14%
December	35,032,000	20	1,751,600	0.19%	0.32%
2025					
January	17,346,000	19	912,947	0.10%	0.17%
February	15,684,000	20	784,200	0.09%	0.14%
March	7,822,000	21	372,476	0.04%	0.07%
April	11,448,000	19	602,526	0.07%	0.11%
May to the Last Trading Day	8,054,000	6	1,342,333	0.15%	0.25%

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.

2. Percentage of average daily trading volume to the total number of issued Shares is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue at the end of each month/period.

3. Percentage of average daily trading volume to the total number of issued Shares held by the public is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue held by the Independent Shareholders as at the end of each month/period.

As shown in the above table, during the Review Period, the average daily trading volume of the Shares represented approximately 0.04% to 0.42% of the total number of issued Shares, and approximately 0.07% to 0.7% of the total number of issued Shares held by public Shareholders as at the end of the relevant months, indicating generally thin trading liquidity during the Review Period.

We noted that there is the highest percentage of average daily trading volumes over the issued Shares of the Company as at the month ended 30 September 2024 during the Review Period. After making enquiries with the Management, we noted that the Management is not aware of any specific reason for the aforesaid upward trend of average daily trading volumes. We further considered that the percentages of average daily trading volumes relative to the Company's issued shares at month-end during the Review Period were all lower than the number of Subscription Shares. Given the relatively low trading volume of the Shares as illustrated above may hinder the attractiveness of any equity fund-raising activities to be conducted by the Company to investors (irrespective of whether such investors are connected person of the Company (as defined in the GEM Listing Rules)), i.e. for illustrative purpose only, based on 210,385,576 Subscription Shares to be issued under the Subscription and the average daily trading volume of the Company for May 2025 (up to and including the Last Trading Day) of 1,342,333 Shares, it would require approximately 157 trading days to dispose the Subscription Shares on the market, with no guarantee on the disposal price, and may require more time to seek enough potential investors if any, to cover the amount of proceeds under the Subscription, substantial discount would also highly likely have to be applied to the issue price in order to attract investors. Therefore, in view of the above, we considered it is favorable and in the interest of the Company and Shareholders as a whole to set the Subscription Price at a premium to the prevailing market prices of the Shares and it also shows the continuous support of the Subscriber.

(iii) ***Recent subscription exercises***

As part of our analysis, we identified subscription of new ordinary shares (A shares, H shares and/or domestic shares are not included) under specific mandate for cash consideration (excluding transactions involving restructuring and loan capitalisation) which (i) were not lapsed or terminated up to the Agreement Date; and (ii) were not subject to Takeovers Code implication, as announced by companies listed on Hong Kong Stock Exchange during the six-month period from 1 December 2024 up to and including the Last Trading Date (the "**Comparable period**"). We consider the aforesaid six-month review period to be reasonable as the comparable transactions announced during the six-month review period could illustrate recent market practices of subscription/issuance of new shares. We found 6 transactions (the "**Comparables**") which met the said criteria and they are exhaustive. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparable Transactions.

Set out below are the summaries of the Comparable:

Company name (Stock code)	Date of announcement	Premium/(Discount) of the subscription price over/to the closing price per share on the date of the agreement *(approximate %)*	Premium/(Discount) of the subscription price over/to the average closing price per share for the last five consecutive trading days prior to/up to and including the date of agreement *(approximate %)*	Premium/(Discount) of the subscription price over/to the average closing price per share for the last ten consecutive trading days prior to/up to and including the date of agreement *(approximate %)*
DevGreat Group Limited (755)	3 December 2024	(13.33) *(Note)*	(17.72) *(Note)*	(21.21) *(Note)*
MOG Digitech Holdings Limited (1942)	11 December 2024	(15.38)	(15.67)	(15.96)
China Silver Technology Holdings Limite (515)	7 March 2025	23.46	51.98	50.60
Acme International Holdings Limited (1870)	17 March 2025	(19.77)	(4.56)	(50.59)
ZO Future Group (2309)	11 April 2025	(19.83)	(17.70)	(20.07)
Kingsoft Cloud Holdings Limited (3896)	16 April 2025	(8.76)	(16.40)	(14.63)
	Maximum	***23.46***	***51.98***	***50.60***
	Minimum	***(19.83)***	***(17.72)***	***(50.59)***
	Average	***(8.93)***	***(3.35)***	***(11.98)***
	Median	***(14.34)***	***(16.04)***	***(18.02)***
	The Company	***11.38***	***10.48***	***6.20***

Note: The subscription is conditional upon the fulfilment of certain conditions, among other things, share capital reorganisation becoming effective. Accordingly, the effect of aforesaid share capital reorganisation has been taken into account in calculating relevant discounts.

Source: the website of the Stock Exchange (www.hkex.com.hk)

As illustrated in the table above, the subscription prices of the Comparable Subscriptions:

(a) ranged from a discount of approximately 19.83% to a premium of approximately 23.46%, with an average of a discount of approximately 8.93% and a median of a discount of approximately 14.34%, to/over their respective closing prices on/prior to the date of agreement;

(b) ranged from a discount of approximately 17.72% to a premium of approximately 51.98%, with an average of a discount of approximately 3.35% and a median of a discount of approximately 16.04%, to/over their respective average closing prices for the five (5) consecutive trading days prior to/up to and including the date of agreement;

(c) ranged from a discount of approximately 50.59% to a premium of approximately 50.60%, with an average of a discount of approximately 11.98% and a median of a discount of approximately 18.02%, to/over their respective average closing prices for the ten (10) consecutive trading days prior to/up to and including the date of agreement.

When comparing the Subscription Price to the Comparables as shown in the table above, it is noted that the LTD Premium, the Five Days Premium and the 10 Days Premium of approximately 11.38%, 10.38% and 6.20% respectively were all within the range and higher than the median and average of those of the Comparables. Taking into account that (a) the LTD Premium, the Five Days Premium and the 10 Days Premium were all within the range and higher than the median and average of those of the Comparables; (b) given the low liquidity of the Shares as illustrated above, it is favorable to set the Subscription Price at a premium to the prevailing market prices of the Share; and (c) the financing needs of the Company, we consider the Subscription Price of HK$0.137 to be fair and reasonable.

Although the above analysis relating to the Comparables may not be useful as a direct reference to the fairness and reasonableness of the terms of the Subscription Agreement due to the wide ranges of discount/premium of the Comparables, we are of the view that the selection criteria is fair and reasonable, given that (i) the Comparables are considered for the purpose of taking a general reference for the recent market practice in relation to subscriptions of new shares exercises under the recent market conditions and sentiment, and (ii) the Comparables were objectively selected with new shares subscriptions during the Comparable Period and the sample size is sufficient, which in our opinion, represent a comprehensive assessment of the recent market trends for similar transactions conducted by other issuers listed on the Stock Exchange. As such, we consider it is fair and reasonable to compare the respective discount/premium between each of the Comparables and that of the Subscription as part of our assessment of the principal terms of the Subscription Agreement. It should be noted that, in forming our opinion, we have considered the results of the above analysis together with all other factors stated in this letter as a whole.

6. Dilution effect of the Subscription on shareholding interest

The table below sets out a summary of the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after Completion, assuming that there is no change in the total number of issued Shares from the Latest Practicable Date to the Completion Date, save for the proposed allotment and issue of Subscription Shares:

	As at the Latest Practicable Date		**Immediately after Completion**	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Non-Public Shareholders				
ST Ma *(Note 1)*	250,611,894	27.40	250,611,894	22.27
Ms. Jiang Yu E *(Note 3)*	2,994,000	0.33	2,994,000	0.27
Mr. Chui Hai Bin *(Note 3)*	1,000,000	0.11	1,000,000	0.09
Mr. Zhang Yan Ling *(Note 3)*	1,988,000	0.22	1,988,000	0.18
The Subscriber *(Note 3)*	36,000,000	3.93	246,385,576	21.90
Sub-total	292,593,894	31.99	502,979,470	44.71
Public Shareholders				
Yuanyu Enterprise Management Co., Limited *(Note 2)*	80,100,000	8.75	80,100,000	7.12
Other public shareholders	542,026,000	59.26	542,026,000	48.17
Total	914,719,894	100.00	1,125,105,470	100.00

Notes:

1. ST Ma is wholly owned by Mr. Ma Lie, a substantial shareholder of the Company.

2. Yuanyu Enterprise Management Co., Limited is wholly owned by Mr. Zhou Hongyu.

3. The Subscriber, Ms. Zhang Yan Ling and Mr. Cui Hai Bin are executive Directors while Ms. Jiang Yu E is an independent non-executive Director.

As illustrated in the table above, the shareholding interests held by the existing public Shareholders would be slightly diluted by 12.72 percentage points as a result of the Subscription (assuming there being no other changes to the issued share capital of the Company between the Latest Practicable Date and the Closing Date). In this regard, taking into account (i) the reasons for and benefits of the Subscription; and (ii) the terms of the Subscription being fair and reasonable, we are of the view that the said level of dilution to the shareholding interests of the existing public Shareholders as a result of the Subscription is acceptable.

7. Potential financial impacts of the Subscription

According to the Letter, the Company intends to apply the net proceeds from the Subscription as to approximately HK$28.3 million for general corporate and working capital purposes.

Working capital

The cash and cash equivalents of the Group amounted to approximately HK$18.17 million as at 31 December 2024. Save for the relevant expenses arising from the Subscription, the cash level of the Group will improve by the proceeds from the Subscription, which will help replenish the general working capital of the Group.

Net asset value per Share

As disclosed in the 2024 Annual Report, the net assets was approximately HK$335.76 million as at 31 December 2024. Upon completion of the Subscription, total assets and net assets of the Group will increase. The Subscription Price of HK$0.137 per Subscription Share represents a discount of approximately 62.97% to the audited consolidated net asset value attributable to Shareholders, which was approximately HK$0.37 per Share as at 31 December 2024.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Company following completion of the Subscription.

OPINION AND RECOMMENDATION

Having taken into consideration the above principal factors and reasons as stated above, in particular:

(i) as the Group intends to expand its business and capture the emerging business opportunities for the video display solutions business, a sufficient cash level would allow the Company to timely capture expansion or diversification opportunities when they arise;

(ii) the Subscription is the most preferable financing option which would provide the Group with the necessary amount of fund with certainty and is more cost effective as compared to other financing alternatives;

(iii) the Subscription Price falls within the price range of the highest and lowest closing prices of the Shares during the Review Period;

(iv) the proposed use of proceeds of the Subscription is justifiable and is in line with the Group's business strategy and growth and expansion plan;

(v) the Subscription is commercially sensible taking into account the alternative equity fund raising measures considered by the Company and our view of the debt financing as mentioned in the paragraph headed “4. Reasons for and benefits of the Subscription”; and

(vi) the LTD Premium, the Five Days Premium, the 10 Days Premium, the 30 Days Premium and the 60 Days Premium were all within the range and higher than the median and average of those of the Comparables;

we are of the opinion that (i) the terms of the Subscription Agreement are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the Subscription Agreement is conducted in the ordinary and usual course of business of the Group and is in the interests of the Group and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and transactions contemplated thereunder.

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

Sherman Chiu
Managing Director

Mr. Chiu is a licensed person registered with SFC and regarded as a responsible officer of Type 6 (advising on corporate finance) of First Global Corporate Finance Co., Limited. Mr. Chiu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under SFO since 2017.