23 September 2025

To the Independent Board Committee and the Independent Shareholders of Capital VC Limited

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) ADJUSTED SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the terms of the Rights Issue and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 23 September 2025 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used herein shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the Announcement in relation to, among other things, the Capital Reorganisation, the Rights Issue and the Placing. The Board proposes, subject to the Capital Reorganisation becoming effective, to conduct the Rights Issue on the basis of one (1) Rights Share for every one (1) Adjusted Share held by the Qualifying Shareholders as at the Record Date at the Subscription Price of HK$0.12 per Rights Share, to raise up to approximately HK$54.0 million before expenses by way of issuing up to 450,128,249 Rights Shares (assuming full subscription under the Rights Issue and there is no change in the total number of issued Shares from the date of the Latest Practicable Date up to and including the Record Date other than as a result of the Capital Reorganisation).

Assuming there will be no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than as a result of the Capital Reorganisation and full subscription of the Rights Issue, the maximum net proceeds from the Rights Issue (after deducting the related expenses) is expected to be approximately HK$52.9 million. The net price per Rights Share after deducting the relating expenses of the Rights Issue will be approximately HK$0.118. After receiving the proceeds from the Rights Issue, the Company intends to apply (i) approximately HK$29.0 million for the investment in listed securities in the industries of media and entertainment, financial services and related businesses, and construction in Hong Kong, the PRC and the USA by 31 March 2027; (ii) approximately HK$18.0 million for the investment in unlisted debt securities in the industries of media and entertainment, financial services and related businesses, and construction mainly in Hong Kong, the PRC and the USA by 31 March 2027; and (iii) the remaining of approximately HK$5.9 million for general working capital needs (being "directors' fee, salaries, investment manager's fee, audit fee, valuation fee and rental expenses") of the Group by 31 March 2027.

There will be no excess application arrangements in relation to the Rights Issue. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. There are no applicable statutory requirements under the laws of the Cayman Islands regarding the minimum subscription levels in respect of the Rights Issue and there is no minimum amount to be raised under the Rights Issue. In the event of an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly, and the Group will reduce the proposed size of investments in listed securities and unlisted debt securities proportionally as well.

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the Latest Practicable Date (after taking into account the effect of the Capital Reorganisation), the Rights Issue is conditional upon the minority Shareholders' approval at the EGM, and any controlling shareholders (as defined in the Listing Rules) of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent nonexecutive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution in relation to the Rights Issue at the EGM.

As at the Latest Practicable Date, the Company has no controlling shareholder as defined under the Listing Rules and none of the Directors and chief executives of the Company and their respective associates is interested in any Shares. Therefore, no Shareholder is required to abstain from voting in favour of the proposed resolution to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM.

The Company has not conducted any fund-raising activities involving issue of its securities in the past 12 months immediately preceding the Latest Practicable Date. The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Lai Fun Yin, Mr. Cheung Wai Kin and Ms. Luo Yanling, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. In this connection, the Company has appointed an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

We, Vinco Financial Limited, have been appointed and approved by the Independent Board Committee, to advise the Independent Board Committee and the Independent Shareholders on the Rights Issue. In our capacity as the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee as to whether the Rights Issue are on normal commercial terms, fair and reasonable, are in the interest of the Company and the Shareholders as a whole and whether to vote in the favour of the resolutions to be proposed at the EGM to approve the Rights Issue so far as the Independent Shareholders are concerned.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We are not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed Rights Issue of the Company. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fee or benefit from the Group and its associates. During the past two years, there was no engagement between the Group and us. Also, we are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we consider that we are eligible to give independent advice on the proposed Rights Issue and the transactions contemplated thereunder of the Company.

BASIC OF OUR OPINION

In formulating our opinion and advice, we have relied upon the accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. The Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the management of the Company.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no omission of other facts that would make any statements in the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter.

We have not considered the taxation and regulatory implications on the Group or the Independent Shareholders as a result of the Rights Issue since these depend on their individual circumstances, and if in any doubt, should consult their own professional advisers. We will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Rights Issue.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. In rendering our opinion in the Circular, we have researched, analyzed and relied on (i) the interim report of the Company for the six months ended 31 March 2025 (the "**Interim Report 2025**"); (ii) the annual report of the Company for the year ended 30 September 2024 (the "**Annual Report 2024**"); (iii) the latest management account of the Group; (iv) the Placing Agreement; and (v) market information obtained from the website of the Stock Exchange. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Rights Issue, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Rights Issue and, except for its inclusion in the Circular, 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, we have taken into account the following principal factors and reasons:

1. Business and financial information of the Group

Information of the Group

The Company is an investment company listed on the main board of the Stock Exchange under Chapter 21 of the Listing Rules. The Group is principally engaged in investment in listed and unlisted companies mainly in Hong Kong and the PRC.

Business and financial performance of the Group

Set out below is a summary of (i) the audited consolidated financial information of the Group for the two years ended 30 September 2023 ("**FY2023**") and 30 September 2024 ("**FY2024**"); and (ii) the unaudited consolidated financial information of the Group for the six months ended 31 March 2024 ("**HY2024**") and 31 March 2025 ("**HY2025**") which were extracted from the Annual Report 2024 and Interim Report 2025 respectively:

	For the six months ended 31 March		For the year ended 30 September	
	2025	**2024**	**2024**	**2023**
	HK$'	*HK$'*	*HK$'*	*HK$'*
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	(278,058)	48,513,038	(2,332,034)	(93,881,801)
Profit/(Loss) for the period/year attributable to the equity holders of the Company	(7,230,443)	18,384,344	(19,915,626)	(149,059,636)

	As at 31 March	As at 30 September	
	2025	**2024**	**2023**
	HK$'	*HK$'*	*HK$'*
	(unaudited)	(audited)	(audited)
Cash and cash equivalents	17,558,378	25,178,400	33,106,031
Total assets	343,368,278	352,974,554	378,594,326
Total liabilities	43,092,583	45,468,416	58,743,479
Net assets	300,275,695	307,506,138	319,850,847

HY2025 vs HY2024

According to the Interim Report 2025, the Group recorded negative turnover in the amount of approximately HK$278,000 in HY2025, representing turnover in revenue as compared to positive revenue in the amount of approximately HK$48.51 million in HY2024. According to the Interim Report 2025, the decrease was mainly due to the unsatisfactory performance of listed securities held by the Group. The Group recorded a net loss in HY2025 in the amount of approximately HK$7.2 million as compared to that a net profit in HY2024 in the amount of approximately HK$18.4 million. The decrease in loss was mainly because of the performance of Group's listed investments changed from gain of approximately HK$41.4 million in six months ended 31 March 2024 to loss of approximately HK$7.4 million in HY2025. The loss on listed investments in HY2025 of approximately HK$7.4 million principally represented net realised loss of approximately HK$3.8 million and net unrealised loss of approximately HK$3.6 million invested in listed securities.

The Group's cash and cash equivalents amounted to approximately HK$17.6 million as at 31 March 2025, representing a decrease of approximately HK$7.6 million or 30.2%, as compared to that of approximately HK$25.2 million as at 30 September 2024. The Group's total assets as at 31 March 2025 amounted to approximately HK$343.4 million. The Group's net assets amounted to approximately HK$300.3 million as at 31 March 2025, representing a decrease of approximately 2.3% as compared to that of approximately HK$307.5 million as at 30 September 2024.

FY2024 vs FY2023

According to the Annual Report 2024, the Group reported a negative revenue (comprising net loss on listed and unlisted stocks, dividend income and interest income from bonds investments) of approximately HK$2.3 million in FY2024, representing a decrease of negative revenue of approximately 97.6% as compared to the amount of approximately HK$93.9 million in FY2023. Such decrease in loss was mainly because of the net loss on financial assets at fair value through profit or loss ("**FVTPL**") amounted to approximately HK$22.2 million in FY2024, representing a decrease of 80.4% of loss as compared to that in FY2023 in the amount of approximately HK$113.0 million. The Group recorded a net loss attributable to equity holders of the Company of approximately HK$19.9 million in FY2024, representing a decrease of approximately 86.7% as compared to the amount of approximately HK$149.1 million in FY2023. Such improvement was mainly due to the (i) decrease in net loss on financial assets at FVTPL and (ii) decrease in impairment losses under expected credit loss model, net of reversal.

The Group's cash and cash equivalents amounted to approximately HK$25.2 million as at 30 September 2024, which decreased by approximately HK$7.9 million, as compared to that of approximately HK$33.1 million as at 30 September 2023. The Group's total assets as at 30 September 2024 amounted to approximately HK$353.0 million and its total liabilities as at 30 September 2024 amounted to approximately HK$45.5 million. The Group's net assets amounted to approximately HK$307.5 million as at 30 September 2024, representing a decrease of approximately 3.9% as compared to that of approximately HK$319.9 million as at 31 December 2023. Such decrease was mainly due to decrease in (i) prepayments, deposits and other receivables; and (ii) cash and cash equivalents in FY2024. The gearing ratio, which is calculated based on the Group's total interest-bearing liabilities divided by total equity, was 14.0% as at 30 September 2024 (2023: 17.2%).

Prospects and outlook of the Group

As disclosed in the Interim Report 2025, the global stock markets generally have a better performance compared to that in 2024. Hang Seng Index ("**HSI**") maintained the rising trend in the first quarter of 2025. The HSI increased from 21,134 points as at 30 September 2024 to 23,120 points as at 31 March 2025. In order to further assess the securities market in Hong Kong, we have performed desktop research and according to the research paper titled "A Review of the Global and Local Securities Markets in 2024" released by the SFC, the HSI rose approximately 17.7% in 2024, outperforming most major overseas markets. Market sentiment improved following optimism over policy support introduced by the PRC authorities, which spurred international investors' confidence in Mainland-related stocks. The average daily turnover in the Hong Kong stock market rose approximately 25.5% to approximately HK$131.8 billion in 2024 from the approximately HK$105.0 billion in 2023, with increased trading across different types of securities. Meanwhile, the Shanghai Composite Index ("**SHCOMP**") and Shenzhen Composite Index ("**SZCOMP**") also rose approximately 12.7% and 6.5% respectively in 2024. The average daily turnover in the PRC market rose by approximately 20.2% to approximately RMB1,051 billion from approximately RMB874 billion in 2023.

In 2025, the benchmark HSI rose to as much as 25,767 points on 24 July 2025, the highest level since February 2022. The daily average turnover of the Hong Kong stock market has surpassed HK$200 billion since February of 2025, in according to the SFC (https://www.sfc.hk/en/Published-resources/Statistics) that the average daily turnover for

Main Board has been increased from approximately HK$186.8 billion in the fourth quarter of 2024 to approximately HK$237.6 billion in the second quarter of 2025. The market capitalisation of the securities market of Main Board in Hong Kong has increased from approximately HK$35,264.8 billion in the fourth quarter of 2024 to approximately HK$42,625.0 billion in the second quarter of 2025 and further increased to approximately HK$44,900.0 billion in July 2025.

Although most global equity markets posted solid gains in the second half of 2025 as the market sentiment improved, the US administration has proposed a slew of executive orders, with reforms related to world trade, immigration and global geopolitics, which have caused increased levels of uncertainty and volatility as markets digest the raft of policy changes. If the US tariffs policy uncertainty continues and trade wars worsen, a sharp slowdown may inject further market volatility across major economies.

2. Reasons for and benefits of the Rights Issue and use of proceeds

As set out in the Board Letter, according to the Annual Report 2024, the Group's cash and bank balances (including cash balance held in securities accounts) as at 30 September 2024 amounted to approximately HK$25.2 million. The Group has margin payable of approximately HK$43.0 million as at 31 March 2025. Accordingly, the Group recorded a net negative cash position of approximately HK$17.8 million. In HY2025, the Group has recorded cash and bank balance (including cash balance held in securities accounts) of approximately HK$17.6 million and margin payables of approximately HK$41.5 million, which represented a net negative cash position of approximately HK$23.9 million as at 31 March 2025. The margin payables have to be repaid on demand, and if lenders call the margin loans, the Group will realise its investments to settle the margin payables.

Owing to the business nature of the Group, being an investment company, the Group requires extensive cash to grow. Unlike other companies with regular cash revenues from operations, investments of investment companies under Chapter 21 of the Listing Rules do not necessarily generate sufficient cash for its operations and its cash position is largely dependent on the market conditions and its investment strategies. The Group's revenues mainly comprise of amounts received and receivable on investments, net profit/loss on financial assets at fair value through profit or loss, dividend income and interest income. As mentioned above, the Group has recorded a net negative cash position of approximately HK$17.6 million as at 31 March 2025. Should there be any change in the market value or fair value of the investments or the investment conditions becomes aversive, there is a risk that the Group may not generate sufficient cash for its investment activities. With the view of the eminent performance of the stock markets of Hong Kong and the USA during the first half of year 2025 and taking into account the net negative cash position of the Group of approximately HK$23.9 million as at 31 March 2025, the Directors consider that the cash position on hand will not be sufficient for the Group to capture suitable investment opportunities as they arise in the near future. In summary, the Group, being an investment company by nature, requires readily available funds for capturing suitable investment opportunities in a timely fashion to provide investment returns to the Group and Shareholders.

As discussed with the Directors, they consider that the cash position on hand will not be sufficient for the Group to capture suitable investment opportunities which may arise any time for expanding its investment portfolios and business and continue the growing performance without additional funding. As such, the Group would like to raise addition capital to equip itself with a healthier and stronger capital base to further invest in both the securities market and for future strategic investments when suitable opportunities arise to produce a satisfactory result. Having considered that (i) the conditions or sentiment of capital markets are still optimistic, should listed and/or unlisted investment opportunities arise, investment decisions have to be made promptly. If the Group does not have sufficient resources to finance such investment opportunities, the Group may lose chance to capture the growth of the investments and (ii) the Company recorded a net negative cash position of approximately HK$17.6 million as at 31 March 2025, therefore we are of the view that the Group is in the genuine need for funding for their potential investment in listed and unlisted securities as investment opportunities may not be available for a period of time or wait until the Group has obtained sufficient funding. Sufficient immediately available funding can allow the Group to respond promptly should such investment opportunities arise.

Use of Proceeds

The gross proceeds from the Rights Issue will be approximately HK$54.0 million. The estimated net proceeds from the Rights Issue after deducting all necessary expenses will be approximately HK$52.9 million, assuming no material fluctuations in the stock market and after receiving the proceeds from the Rights Issue, the Company intended to apply (i) approximately HK$29.0 million for the investment in listed securities in the industries of media and entertainment, financial services and related businesses, and construction in Hong Kong, the PRC and the USA by 31 March 2027; (ii) approximately HK$18.0 million for the investment in unlisted debt securities in the industries of media and entertainment, financial services and related businesses, and construction mainly in Hong Kong, the PRC and the USA by 31 March 2027; and (iii) the remaining of approximately HK$5.9 million for general working capital needs (being "directors' fee, salaries, investment manager's fee, audit fee, valuation fee and rental expenses") of the Group by 31 March 2027. If the Rights Shares are not fully subscribed, the Group will reduce the proposed size of investments in listed securities and unlisted debt securities proportionally. The proposed investments are in line with the investment objectives of the Company.

We noted that a majority of the estimated net proceeds will be utilised to invest in listed and unlisted securities in various industries, including but not limited to media and entertainment, financial services and related businesses, and construction mainly in Hong Kong, the PRC and the USA. This helps to maintain a balance in the Company's exposure to different industry sectors in order to minimise the effect on the Company of any downturn in any particular sector. After discussed with the management of the Company, we noted that the proposed investments in the industries mentioned above do not override the Company's investment policies. We also noted that the Company tends to invest in the listed and unlisted companies in different industries. This could diversify the investment portfolio of the Company and reduce risks for investing for only one sector.

We have taken into account the major reasons as to the Company's intentions to invest in the industries mentioned above.

As mentioned in the Board Letter, the Board considers the investments in the industries of media and entertainment, financial services and related businesses, and construction will be promising investments. All these industries are with blooming prospects.

The Company had identified that the said industries are fast growing economy in China, and with a population of 1.4 billion, China plays an important and influential role in the global economy. With the world's second-largest economy and a growing middle class, China is experiencing surging demand for banking, insurance, and asset management. Hong Kong continues to solidify its position as a global financial hub, contributing nearly 25% of its GDP through financial services and consistently ranking among the world's top financial centres. The Company had indicated in their analysis that with the securities trading activities in all Shanghai, Shenzhen and Hong Kong are becoming more frequent, in view of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the Company had produced reasoning for its intentions to invest in the financial services industry. Again, the industry of financial service and other related businesses in the USA is the leading one in the world. It is about tapping into the backbone of the global economy. The USA leads in financial technology, with startups and incumbents driving innovations in digital banking, blockchain, robo-advisors, and AI-powered analytics.

In addition, the Company had noted that with such fast-growing economy and its large population, the expectations of the people's livelihood need in China would like-wise increase. The Company had identified the success of the media and entertainment industry in China by mentioning (i) the significant transformative shifts to short drama platform have emerged in recent years; (ii) outstanding results brought by the box office of "Ne Zha 2"; and (iii) successful launched of "Black Myth: Wukong", an action role-playing game developed and published by Game Science in PRC. With a population exceeding one billion and rising middle-class consumption, China offers unmatched scale for content distribution and monetization. Hong Kong is adopting mega event economy ("**Mega Event Economy**"). At the same time, Hong Kong is embracing the concept of a Mega Event Economy. The city is increasingly hosting large-scale cultural and sporting events, supported by initiatives such as the Mega Arts and Cultural Events Fund and the Kai Tak Sports Park, turning it into a live entertainment magnet. The media and entertainment industry in the USA takes the leading role in the world. It spans movies, music, gaming, streaming, publishing, and live events-each with global reach and monetization potential.

Meanwhile, China's rapid urban expansion continues unabated, with new cities, industrial zones, and transport networks being developed at an extraordinary pace. In parallel, the Hong Kong government is making substantial investments in infrastructure, including transportation, energy, and healthcare, to support long-term growth and enhance the city's global competitiveness. Hence, Hong Kong anticipates stable growth fuelled by the government's investment in large-scale infrastructure and development initiatives, including the Northern Metropolis project, which aims to develop a new economic and residential hub adjacent to Mainland China. The construction industry contributes significantly to the growth of the United States economy. In the USA, the construction industry's output is a significant component of the Gross Domestic Product (GDP), accounting for approximately 4% of the nation's GDP. Infrastructure development projects, such as highways, bridges, airports, and seaports, are vital to economic growth, as they create a conducive environment for businesses to operate and expand. Hence the intentions to invest in the construction industry to be deemed reasonable.

The remaining part of the estimated net proceeds is intended for general working capital of the Group. After reviewing the working capital forecast of the Company, approximately HK$5.9 million of working capital (i.e. "directors' fee, salaries, investment manager's fee, audit fee, valuation fee and rental expenses") is needed by 31 March 2027. With reference to the existing cash and bank balances, other internally generated funds, the available banking facilities and the estimated net proceeds from the Rights Issue, the Directors are of the opinion that the Company would be able to support its working capital for at least the next 12 months. However, as discussed above, the current cash level may not be sufficient to support increase in the size of Company's investment portfolio, it will require additional cash to make investments.

In view of the above, the Company had indicated reasons for its intentions to invest in listed and unlisted companies engaged in the industries including but not limited to media and entertainment, financial services and related businesses, and construction mainly in Hong Kong, the PRC and the USA. We are of view that the above industries that the Company intends to invest the net proceeds from the Rights Issue is fair and reasonable in the interest of the Company and the Shareholders as a whole.

Other fund-raising alternatives

With reference to the discussion with the management of the Group, the Board considers raising funds by way of the Rights Issue is a better alternative than other debt/equity fund raising alternatives such as bank borrowings, issue of new shares and open offer.

In respect of bank borrowing or debt financing, the Board is of the opinion that it will usually incur interest burden on the Group and may not be achievable on favourable terms on a timely basis, due to possibility of being subject to, including but not limited to, lengthy due diligence and negotiations with banks as well as pledge of assets by the Group. The Board expects it would take not less than one year to obtain the bank borrowings, if the Company considers this financing alternative. Given the Company does not have material tangible assets in Hong Kong and the fluctuating financial performance of the Group, the Directors are of the view that it may be difficult to obtain bank borrowings/debt financing with terms which the Group considers acceptable, and incurring additional debts will increase the Group's liabilities burden compared to Rights Issue.

As for equity fund raising, the Board considers placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate. In particular, placing is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. The Board expects it would take approximately six to nine months to complete the placing of new shares of the Company, if the Company considers this financing alternative. As opposed to an open offer which does not allow the trading of rights entitlements, the Rights Issue is pre-emptive in nature, as it allows Qualifying Shareholders to maintain their proportional shareholdings in the Company through participation in the Rights Issue. The Rights Issue also allows the Qualifying Shareholders to (a) increase their respective shareholding interests in the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective shareholding interests in the Company by disposing of their rights entitlements in the open market (subject to the market demand). Further, the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs.

Having considered the abovementioned alternatives, we consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to meet its capital needs and to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. If the Company considers open offer to finance its investments and working capital, the Board expects it would take less than six months to complete this financing alternative.

Based on the above, we concur with the Director's view that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Rights Issue

The Board proposes, subject to the Capital Reorganisation becoming effective, to conduct the Rights Issue on the basis of one (1) Rights Share for every one (1) Adjusted Share held by the Qualifying Shareholders as at the Record Date at the Subscription Price of HK$0.12 per Rights Share, to raise up to approximately HK$54.0 million before expenses by way of issuing up to 450,128,249 Rights Shares (assuming full subscription under the Rights Issue and there is no change in the total number of issued Shares on or before the Record Date other than the Capital Reorganisation). The Rights Issue is only available to the Qualifying Shareholder at the close of business on the Record Dates. Details of the Rights Issue are set out below:

Rights Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every one (1) Adjusted Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$0.12 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date	:	450,128,249 Existing Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	:	450,128,249 Adjusted Shares (assuming there is no change in the number of Shares in issue up to the effective date of the Capital Reorganisation)
Number of Rights Shares (Shares to be issued pursuant to the Rights Issue)	:	450,128,249 Rights Shares (assuming there is no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation) with an aggregate nominal value of HK$4,501,282.49

Total number of Adjusted Shares in issue upon completion of the Rights Issue	:	450,128,249 Adjusted Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation)
Gross proceeds from the Rights Issue	:	Approximately HK$54.0 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation)

As at the Latest Practicable Date, the Company had no outstanding warrants, options or convertible securities in issue or other similar rights entitling holders thereof to convert into or exchange into or subscribe for new Shares.

Assuming no change in the number of Shares in issue on or before the Record Date, other than the Capital Reorganisation becoming effective, the aggregate 450,128,249 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 100% of the total number of issued Adjusted Shares upon the Capital Reorganisation becoming effective and 50% of the total number of issued Adjusted Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

The Subscription Price

The Subscription Price is HK$0.12 per Rights Share, which shall be payable in full by the Qualifying Shareholders upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 19.5% to the adjusted closing price of HK$0.149 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.149 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 27.3% to the adjusted closing price of HK$0.165 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.165 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 24.8% to the adjusted average closing price of HK$0.1596 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK$0.1596 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 25.0% to the adjusted average closing price of HK$0.1599 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK$0.1599 per Existing Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

(v) a discount of approximately 24.4% to the adjusted average closing price of HK$0.1588 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK$0.1588 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day;

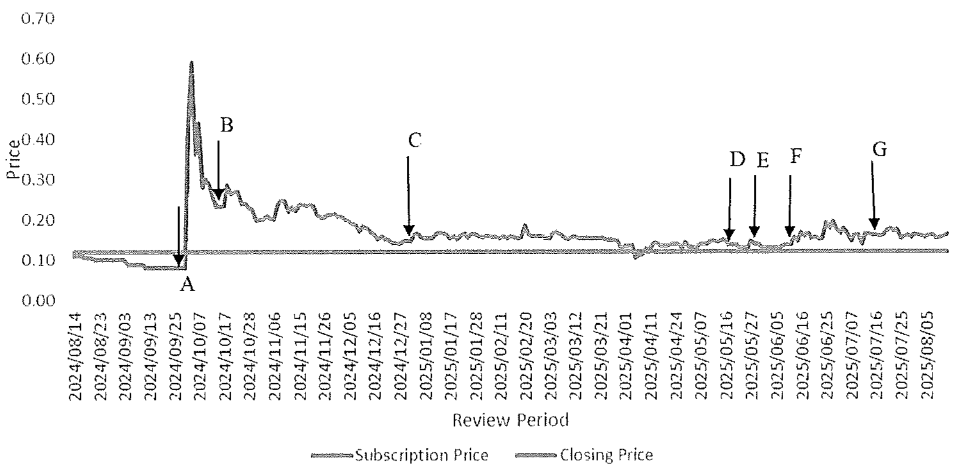
(vi) theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 13.6%, based on the theoretical diluted price of HK$0.1425 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) to the benchmarked price of approximately HK$0.165 (taking into account the effect of the Capital Reorganisation) per Adjusted Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of HK$0.165 per Existing Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average closing price of HK$0.1588 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day); and

(vii) a discount of approximately 82.0% to the unaudited consolidated net asset value ("**NAV**") per Adjusted Share of approximately HK$0.667 based on the unaudited consolidated NAV of the Company of approximately HK$300.3 million as at 31 March 2025 and the total number of 450,128,249 Adjusted Shares in issue immediately upon completion of the Capital Reorganisation.

As stated in the Board Letter, the Subscription Price was determined with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions, details are disclosed under the paragraph headed "The Subscription Price" in the Board Letter; (ii) the current business performance and financial position of the Group; and (iii) the reasons for and benefits of the proposed Rights Issue as discussed in the section head "Reasons for the Rights Issue and Use of Proceeds", and the amount of funds the Company intends to raise under the Rights Issue in the Circular.

In order to assess the fairness and reasonableness of the Subscription Price, we have taken into account (i) the theoretical closing price per Share during the one year ended the date of the Announcement (being a period of approximately one year prior to and including the Last Trading Day) (the "**Review Period**"), with a view to provide a meaningful comparison to the Subscription Price under the Rights Issue (the "**Closing Price**"); and (ii) the average daily trading volumes of the Adjusted Shares for each of the months/periods during the Review Period.

We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical adjusted closing prices prior to the Announcement as (i) the 1-year period represents a reasonable period to reflect the performance of the closing price of the Shares in response to the prevailing market condition and operating condition; (ii) a shorter review period can only demonstrate the Share price performance in a limited and specific time which may be distorted by specific events; and (iii) it is commonly used for analysis purposes. Besides, such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the share price before the Announcement represent a fair market value of the Company, the Shareholders expected, while that after the Announcement, the value may have taken into account the potential upside of the Rights Issue which may distort the analysis. The chart below illustrates the Closing Price versus the Subscription Price of HK$0.12 per Share:



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

Notes:

Event A	–	Publication of the announcement regarding termination of Investment Manager Agreement on 2 October 2024
Event B	–	Publication of the announcement regarding the NAV per Share of the Company as at 30 September 2024 on 15 October 2024
Event C	–	Publication of the results announcement for the year ended 30 September 2024 on 30 December 2024
Event D	–	Publication of the announcement regarding profit warning for the six months ended 31 March 2025 on 19 May 2025
Event E	–	Publication of the announcement regarding interim results announcement for the six months ended 31 March 2025 on 29 May 2025
Event F	–	Publication of the 2024/2025 Interim Report on 11 June 2025
Event G	–	Publication of the announcement regarding change of Investment Manager on 15 July 2025

During the Review Period, the Shares traded between a range of HK$0.590 on 3 October 2024 and HK$0.080 from 12 September 2024 to 30 September 2024 with an average closing price per Share of approximately HK$0.163. The Subscription Price represents (i) a premium of approximately 50.00% to the lowest closing price per Share (i.e. HK$0.080); (ii) a discount of approximately 79.66% to the highest closing price per Share (i.e. HK$0.590); and (iii) a discount of approximately 26.53% to the average closing price per Share (i.e. HK$0.163) during the Review Period.

As illustrated in the graph above, the closing price was traded generally higher than the Subscription Price. The closing price was trading below the Subscription Price since commencement of the Review Period, the closing prices per Share suddenly experienced a surge from HK$0.080 on 30 September 2024 to HK$0.590 on 3 October 2024 after the Company announced the termination of investment manager agreement announcement on 2 October 2024. After reaching its highest Share price on 3 October 2024, the closing prices per Share experienced a sudden drop during the period from 4 October 2024 to 30 December 2024, during such period the Company announced its annual results announcement for the year ended 30 September 2024. Subsequently, the closing price per Share generally remained stable and traded within narrow range from HK$0.105 to HK$0.195 during the remaining of the Review Period. During such period, the Company announced (i) a profit warning announcement on 19 May 2025; (ii) the interim results announcement for the six months ended 31 March 2025 on 29 May 2025; (iii) the interim report for the six months ended 31 March 2025 on 11 June 2025; and (iv) an announcement regarding change of investment manager on 15 July 2025.

After reviewing the Company's announcements, we do not notice any specific reasons for the aforementioned movements of the closing price during the Review Period. As discussed with the management of the Company, they were not aware of any particular reason that contributed to the fluctuations in the closing price per Share during the Review Period aside from the aforementioned events.

Taking into consideration that (i) the Subscription Price falls within the aforesaid historical closing price range during the Review Period; (ii) the low liquidity of the Shares as discussed in sub-section headed "Liquidity of the Shares" below in this letter; (iii) the funding needs of the Group for their potential investment in listed and unlisted securities with an aim to grow the investment portfolio of the Company as discussed in the section headed "2. Reasons for and benefits of the Rights Issue and use of proceeds" above in this letter; (iv) the Subscription Price is within the range in the comparable analysis as discussed in the sub-section headed "Comparison with other rights issue transactions" below in this letter; and (v) the latest business performance and financial position as discussed in the sub-section headed "Business and financial information of the Group" above in this letter, we consider that the discount of the Subscription Price is fair and reasonable and the Rights Issue is in the interests of the Company and the Shareholders as a whole.

Liquidity of the Shares

The table below sets out the average daily trading volume of the Shares per month/period and the respective percentages of the average daily trading volume as compared to the total number of issued Shares during the Review Period:

		Total trading volume of the Shares in the month/period	Number of trading days in the month/period	Average daily volume of the Shares in the month/period	Shares at the end of the month/period	Percentage of average daily trading volume to total number of Shares (approximately)
2024	August	11,200	13	862	420,128,249	0.0002%
	September	238,440	19	12,549	420,128,249	0.0030%
	October	325,347,405	21	15,492,734	450,128,249	3.4418%
	November	14,730,000	21	701,429	450,128,249	0.1558%
	December	13,959,240	20	697,962	450,128,249	0.1551%
2025	January	6,823,596	19	359,137	450,128,249	0.0798%
	February	20,925,408	20	1,046,270	450,128,249	0.2324%
	March	6,977,024	21	332,239	450,128,249	0.0738%
	April	20,497,322	19	1,078,806	450,128,249	0.2397%
	May	3,526,403	20	176,320	450,128,249	0.0392%
	June	47,833,600	21	2,277,790	450,128,249	0.5060%
	July	44,449,319	22	2,020,424	450,128,249	0.4489%
	August (up to and including the Last Trading Day)	5,010,016	9	556,668	450,128,249	0.1237%

Source: The website of the Stock Exchange (http://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. Calculation is based on the average daily trading volume of Shares divided by the total issued Shares of the Company at the end of each respective month.

As illustrated in the table above, the percentage of average daily trading volume of Shares during the Review Period ranged from 0.0002% to approximately 3.4418% of the total number of issued Shares for each of their respective month/period. The above statistics show that the liquidity of the Shares was relatively thin during the Review Period.

Regarding the liquidity of the Shares, as shown in the table above, the highest average daily volume was approximately 325.3 million Shares in October 2024, representing approximately 3.4418% of the total number of Shares as at the end of the month. After our discussion with the management of the Company, the Company is also not aware of any reason for the increase in trading volume in October 2024. Considering that the trading liquidity of the Shares were in general relatively thin during the Review Period, we are of the view that it is reasonable for the Subscription Price to be set at a discount to the Average Closing Price in order to attract the Qualifying Shareholders to participate in the Rights Issue.

Comparison with other rights issue transactions

In order to assess the fairness and reasonableness of the Subscription Price, we exhaustively conducted a search of recent proposed rights issue three months prior to the Last Trading Day (the "**Comparison Period**") to understand the trend of the recent market practice. We consider that the Comparison Period is appropriate, fair and representative because (i) the comparables are considered for the purpose of taking a general reference for the recent market practice in relation to the rights issue exercise in the recent market conditions; and (ii) sufficient number of comparables were identified during the Comparison Period. Based on our research, we have identified an exhaustive list of 17 rights issue comparables (the "**Comparables**") during the Comparison Period.

We noted that the business activities and the terms of the rights issue of the Comparables may not be directly comparable to the business activities carried out and the terms of the rights issue announced by the Group due to the differences in business activities and performances. Although the Comparables included rights issue on different basis of entitlement, and involved issuers which engaged in different business or with different financial performance and funding needs from the Company, we consider that the Comparables are suitable to serve as general reference for the purpose of an assessment on the Subscription Price, as (i) all of the Comparables and the Company are listed on the Stock Exchange; (ii) our analysis is mainly concerned with the comparison of subscription price to closing price, NAV, maximum dilution on the shareholding and theoretical dilution effect; (iii) a three-month period for the selection of the Comparables has resulted in the generation of a reasonable sample size; and (iv) the Comparables were included without any artificial selection or filtering on our part. Since there are a sufficient number of Comparables under the selection criteria mentioned above, we are of the view that they represented a true and fair view and representative samples of the recent market trends for rights issue and are sufficient for assessing the fairness and reasonableness of the Rights Issue.

Date of announcement	Company name	Stock code	Basic of entitlement	Maximum dilution on the shareholding	Premium/ (discount) of subscription price per rights issue share over to closing price per share on the last trading day prior to announcement of rights issue	Premium/ (discount) of the subscription price to the average closing price per share for the last five consecutive trading days immediately up to and including the last trading day and prior to announcement of rights issue	Premium/ (discount) of subscription price per rights issue share over/to the NAV per share (Note 1)	Premium/ (discount) of theoretical dilution effect (Note 2)	Excess Application/ Placing (Note 3)	Placing commission (Note 1)	Underwriting arrangement	Underwriting fee	Minimum placing commission HK$
				(%)	(%)	(%)	(%)	(%)		(%)		(%)	
13 August 2025	China Information Technology Development Limited	8178	3 for 8	37.50	(55.05)	(55.24)	(63.00)	(15.12)	Underwriting	N/A	Fully underwritten	7.07	No
6 August 2025	Value Convergence Holdings Limited	821	2 for 1	200.00	(4.26)	(5.86)	(71.06)	(3.11)	Placing	2.50	Non-underwritten	N/A	No
4 August 2025	Tomo Holdings Limited	6928	1 for 2	33.33	(62.10)	(63.20)	25.00	(21.30)	Placing	1.00	Non-underwritten	N/A	No
31 July 2025	Da Yu Financial Holdings Limited	1073	1 for 2	33.33	(16.67)	(18.92)	(45.45)	(6.67)	Excess application	N/A	Non-underwritten	N/A	No
25 July 2025	Shin Hwa World Limited	582	1 for 1	100.00	(34.21)	(33.07)	(97.12)	(17.11)	Excess application & Underwriting	N/A	Non-underwritten	1.00	No
23 July 2025	Future Machine Limited	1401	1 for 2	33.33	(72.28)	(72.28)	(28.61)	(24.09)	Placing	1.00	Non-underwritten	N/A	No
8 July 2025	Alco Holdings Limited	328	4 for 1	80.00	(19.00)	(19.00)	(Note 4) N/A	(15.52)	Placing	1.50	Non-underwritten	N/A	No
7 July 2025	Sanergy Group Limited	2459	1 for 2	33.33	(55.60)	(56.30)	(89.00)	(18.80)	Placing	3.50	Non-underwritten	N/A	100,000
25 June 2025	Sino Splendid Holdings Limited	8006	3 for 2	60.00	(11.10)	(12.10)	(52.40)	(6.67)	Placing	2.50	Non-underwritten	N/A	No
17 June 2025	Risecomm Group Holdings Limited	1679	5 for 1	83.33	(22.48)	(21.63)	Net liabilities	(18.73)	Placing	0.50	Non-underwritten	N/A	No
10 June 2025	Greenheart Group Limited	94	1 for 2	33.33	(9.25)	(4.97)	(88.80)	(3.00)	Placing	2.00	Non-underwritten	N/A	150,000
10 June 2025	Pinestone Capital Limited	804	3 for 2	60.00	(40.71)	(41.55)	(Note 4) N/A	(24.93)	Placing	5.00	Non-underwritten	N/A	No
4 June 2025	Howkingtech International Holding Limited	2440	1 for 2	33.33	(49.70)	(50.00)	50.20	(16.70)	Excess application	N/A	Non-underwritten	N/A	No
2 June 2025	Lvji Technology Holdings Inc.	1745	1 for 2	33.33	(32.10)	(33.10)	(72.60)	(11.30)	Excess application	N/A	Fully underwritten	7.07	No
23 May 2025	Grand Talents Group Holdings Limited	8516	5 for 2	71.43	(33.00)	(33.00)	(38.15)	(23.57)	Placing	3.00	Non-underwritten	N/A	No
22 May 2025	China Health Group Limited	673	3 for 10	23.08	(28.60)	(37.10)	12.40	(Note 4) N/A	Placing	2.00	Fully underwritten	0.00	No
15 May 2025	Zhongzheng International Company Limited	943	1 for 2	33.33	–	–	(54.50)	–	Placing	2.00	Fully underwritten	0.00	No
	Maximum			200.00	–	–	50.20	–		5.00		7.07	150,000
	Minimum			23.08	(72.28)	(72.28)	(97.12)	(24.93)		0.50		0.00	100,000
	Average			59.03	(30.69)	(31.38)	(43.79)	(14.10)		2.21		2.02	125,000
	Median			33.33	(30.35)	(33.04)	(53.45)	(16.70)		2.00		0.50	125,000
The Company		2324		100.00	(27.30)	(24.80)	(82.00)	(13.60)	Placing	3.00	Non-underwritten	N/A	100,000

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

Notes:

1. Information has been extracted from the relevant announcements or circulars of the rights issue of the respective Comparables.

2. The theoretical dilution effect is calculated in accordance with Rule 7.27B of the Rules Governing the Listing of Securities on the Stock Exchange or Rule 10.44A of the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rule**"), or extracted from announcement, circular or prospectus in respect of the relevant rights issue.

3. Pursuant to Rule 7.21(1) of the Listing Rule or Rule 10.31(1) of the GEM Listing Rule.

4. This information is not disclosed in the relevant announcement of the respective Comparable.

According to our research, we observed that (i) 15 of the 17 Comparables had set the subscription price of their rights issue at a discount to the prevailing closing price of their shares on the last trading day in relation to their respective rights issue (the "**LTD Price**"); (ii) 15 of the 17 Comparables had set the subscription price of their rights issue at a discount to the average closing price per share for the last five consecutive trading days immediately up to and including the last trading day (the "**5-Day Discount Price**"); and (iii) 10 of the 17 Comparables had set the subscription price of their rights issue at a discount to the NAV per share. It indicates that it is common for listed companies to set the subscription price of rights issue at a discount to the LTD Price, 5-Day Discount Price and the NAV per share, with the view to encourage participation.

The subscription price to the LTD Price of the Comparables ranged from at par to a discount of approximately 72.28% with average and median discounts of approximately 30.69% and 30.35% respectively. The discount of approximately 27.30% of the Subscription Price to the LTD Price of the Company falls within the range of those of the Comparables and is lower than the average and the median of the Comparables.

The subscription price to the 5-Day Discount Price ranged from at par to a discount of approximately 72.28% with average and median discounts of approximately 31.38% and 33.04% respectively. The discount of approximately 24.80% of the Subscription Price to the 5-Day Discount Price of the Company falls within the range of those of the Comparables and is lower than the average and the median of the Comparables.

The subscription prices to the NAV per share of the Comparables ranged from a premium of approximately 50.20% to a discount of approximately 97.12% with average and median discount of approximately 43.79% and 53.45% respectively. The discount of approximately 82.00% of the Subscription Price to the NAV per share of the Company falls within the range of those of the Comparables, is more significant to the average of the Comparables. However, having considered that during the Review Period, the closing price of the Shares ranged between HK$0.080 to HK$0.590 per Share. The Shares traded at a discount to the NAV per Share on 210 out of 245 trading days, representing approximately 85.7% of the Review Period. This may suggest that investors might not value the Shares solely based on the Group's net assets. As such, the NAV per Share may not serve as a meaningful benchmark for assessing the fairness and reasonableness of the Subscription Price. Furthermore, setting the Subscription Price at or near the NAV per Share would imply a substantial premium to prevailing market price. This may not be commercially impractical and may discourage the Shareholders' participation in the Rights Issue and thereby undermine the objective of raising fund.

The theoretical dilution effect of the rights issue conducted by the Comparables ranged from nil to a discount of 24.93% with average and median discounts of approximately 14.10% and 16.70% respectively. The theoretical dilution effect of the Rights Issue of approximately 13.60% falls within the range of the Comparables and is lower than the average and the median of the Comparables.

Taking into account that (i) the Subscription Price generally falls below the Closing Price during the Review Period; (ii) the discounts of the Subscription Price to the LTD Price, the 5-Day Discount Price and the theoretical dilution effect of the Rights Issue fall within discount ranges of the Comparables and is lower than the average and median of those of the Comparables; and (iii) the NAV per Share of the Company falls within the range of the Comparables, we consider the Subscription Price is fair and reasonable.

As shown in the table of the Comparables above, it is common for listed issuers in Hong Kong to issue rights shares at a discount to prevailing market prices in order to enhance the attractiveness of the Rights Issue. We consider all Qualifying Shareholders are offered an equal opportunity to subscribe for the Rights Shares under the Rights Issue and are offered the same discounts of the Subscription Price to the closing price of the Share and the same potential maximum dilution, we are of the view that the Subscription Price (together with its dilution effect) is fair and reasonable so far as the Independent Shareholders are concerned, and also in alignment with the market practice.

Among the Comparables, we noted that 12 out of 17 Comparables exercise placing in their rights issues. As such, we consider that it is reasonable for rights issue to have placing arrangements.

The Placing Agreement

Extracted key terms of the placing agreement entered into on 13 August 2025, which is supplemented by another agreement dated 16 September 2025, are shown below:

Issuer	:	The Company
Placing Agent	:	Astrum Capital Management Limited, a licensed corporation under the SFO to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, was appointed as the Placing Agent to procure, on a best effort basis, placees to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the Placing Period. The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder(s); and (ii) are Independent Third Parties.
Commission and expenses	:	The Company shall pay the Placing Agent a placing commission equivalent to (i) a fixed fee of HK$100,000; or (ii) 3% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares which are successfully placed by the Placing Agent, whichever is higher.
Placing price	:	The placing price of each of the Placing Shares shall be not less than the Subscription Price. The final price determination will be dependent on the demand and market conditions of the Placing Shares during the process of placement.
Placees	:	Any Professional Investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall be Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best efforts basis pursuant to the Placing Agreement.

For further details, please refer to section headed "Placing Agreement for Unsubscribed Rights Shares and NQS Unsold Rights Shares" in the Board Letter. As stated in the Board Letter, the terms of the Placing Agreement (including the commission payable) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. We are of the view that it is on normal commercial terms with reference to 17 rights issue exercises conducted by other companies listed on the Stock Exchange during the Comparison Period, the commission charged by placing agent in a rights issue exercise conducted on a non-underwritten basis generally ranged between 0.50% to 5.00%, with an average of approximately 2.21% and a median of 2.00%. Given the commission rate of 3.00% charged by the Placing Agent falls within the range of the Comparables and close to the average and median of the Comparables. In addition, minimum or fixed placing commission charged by the Comparables, ranged between HK$100,000 to HK$150,000, with an average of HK$125,000 and a median of HK$125,000. Given the fixed placing commission of HK$100,000 charged by the Placing Agent falls within the range of the Comparables and lower than the average and median of the Comparables, we concur with the view of the Directors that the commission rate charged by the Placing Agent under the Placing is fair and reasonable and on normal commercial terms.

Pursuant to Rule 7.21(1)(b) of the Listing Rule to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and NQS Unsold Rights Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue. The Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders and Non-Qualifying Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Non-Qualifying Shareholders, we concur with the view of the Board that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

In particular, excess application is considered as a passive arrangement to facilitate additional participation of the Qualifying Shareholders. Taking into account the low liquidity of the Shares before the Last Trading Day, we consider it would be more desirable for the Company to adopt a more active measure by way of the Compensatory Arrangements to mitigate the uncertainty of the fundraising exercise.

Potential dilution effect

All the Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue. Qualifying Shareholders who do not accept the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market.

The changes in shareholding structure of the Company arising from completion of the Rights Issue are set out in the section headed "EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY" in the Board Letter.

Immediately upon completion the Rights Issue, (i) assuming full acceptance by all Qualifying Shareholders under the Rights Issue; (ii) assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing; and (iii) assuming (a) no subscription by the Qualifying Shareholders; and (b) no Placing Shares are placed to Independent Third Parties under the Placing, the shareholding interests of the Qualifying Shareholders will be diluted by up to a maximum of 50.00%, which fall within the range of the Comparables.

Notwithstanding the potential dilution impact to the public Shareholders who do not participate in the Rights Issue, taking into consideration that (i) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Rights Shares so as to maintain their respective proportionate shareholding interest in the Company; (ii) the shareholding interest of the Qualifying Shareholders would not be diluted if they elect to subscribe for in full their assured entitlements; (iii) the dilution effect of the Rights Issue is within the range of that of the Comparables; (iv) the Compensatory Arrangements would provide (a) a distribution channel of the Placing Shares to the Company; (b) an additional channel of participation in the Rights Issue for the Qualifying Shareholders and Non-Qualifying Shareholders; and (c) a compensatory mechanism for the No Action Shareholders and the Non-Qualifying Shareholders; (v) the Rights Issue is an appropriate financing alternative under present circumstances of the Company; and (vi) the uses of the net proceeds from the Rights Issue as discussed in this letter is expected to be applied for, we are of the opinion that the potential dilution impact to the public Shareholders who do not participate in the Rights Issue as a result of the Rights Issue is acceptable.

Financial effects of the Rights Issue

Net tangible assets

In light of the above, we are of the view that the overall financial impact to the Group upon completion of the Rights Issue is in the interest of the Company and the Shareholders. According to the "UNAUDITED PRO PORMA FINANCIAL INFORMATION OF THE GROUP" set out in the Appendix II to the Circular, the unaudited consolidated net tangible assets of the Group attributable to owners of the Company was approximately HK$300.28 million as at 31 March 2025, while the unaudited consolidated net tangible assets per Share before completion of the Rights Issue was approximately HK$0.67; upon completion of the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company would increase to approximately HK$353.21 million, while the unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Rights issue was approximately HK$0.39.

Gearing ratio and liquidity

According to the Interim Report 2025, as at 31 March 2025, the unaudited cash and cash equivalents of the Group was approximately HK$17.6 million. Immediately upon completion of the Rights Issue, the cash and cash equivalents of the Group is expected to increase by the expected net proceeds from the Rights Issue of approximately HK$70.5 million.

Upon the completion of the Rights Issue, the equity attributable to owners of Company would be enlarged by the expected net proceeds from the Rights Issue of approximately HK$52.9 million. The gearing ratio was approximately 12.6% as at 31 March 2025.

RECOMMENDATION

Taking into consideration of the principal factors and reasons as set out in this letter, in particular, (i) the Group's financial position as at 30 September 2024; (ii) its net loss making performance in FY2024; (iii) the funding needs of the Group for their potential investment in listed and unlisted securities with an aim to grow the investment portfolio of the Company; (iv) the Rights Issue being considered as a more preferential options as compared to other alternatives under the current circumstance of the Group; (v) the positive impact on the Group's liquidity position as a result of the Rights Issue; and (vi) the Qualifying Shareholders can maintain and even increase their shareholding interest in the Company by participating into the Rights Issue, we are of the opinion that the terms of the Rights Issue are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue including the transactions contemplated thereunder are in the interests of the Company and the Shareholder as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Rights Issue and the transaction contemplated thereunder.

Yours faithfully,
For and on behalf of
Vinco Financial Limited

Alister Chung
Managing Director

Note: Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Vinco Financial Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.