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Central, Hong Kong

12 March 2026

*To: the Independent Board Committee and  
the Independent Shareholders*

Dear Sir and Madam,

**CONNECTED TRANSACTION IN RELATION TO  
PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS  
UNDER SPECIFIC MANDATE**

**INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the independent board committee and the independent shareholders of Mindtell Technology Limited (the “**Company**”) in relation to the connected transaction in relation to the proposed CB Subscription under Specific Mandate. Details of the proposed CB Subscription are set out in the “Letter from the Board” (the “**Board Letter**”) contained in the circular of the Company to the shareholders dated 12 March 2026 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein.

On 24 October 2025 (after trading hours of the Stock Exchange), the Company entered into the CB Subscription Agreement with the CB Subscriber, pursuant to which the Company conditionally agreed to issue and the CB Subscriber conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$28,000,000, subject to the terms and conditions of the CB Subscription Agreement.

As at the date of the CB Subscription Agreement, Mr. Zhang Rongxuan, being the CB Subscriber under the CB Subscription Agreement, is an executive director of the Company and a connected person of the Company. Accordingly, the transactions contemplated under the CB Subscription Agreement constitute a connected transaction of the Company under the GEM Listing Rules and the CB Subscription Agreement is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules. The Conversion Shares will be issued and allotted under the Specific Mandate to be sought at the EGM and is therefore subject to the Independent Shareholders’ approval.

The Company will seek approval from the Independent Shareholders in respect of the CB Subscription Agreement and the Specific Mandate contemplated thereunder by way of a poll at the EGM. Mr. Zhang, being the CB Subscriber and an executive Director, is regarded as having a material interest in the CB Subscription Agreement, therefore is required to abstain from voting on the resolution proposed to be passed at the EGM for approving the CB Subscription Agreement and the Specific Mandate contemplated thereunder. Save for Mr. Zhang together with respective associates, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the transactions contemplated under the CB Subscription Agreement and the Specific Mandate and will be required to abstain from voting on the resolution(s) to approve the CB Subscription Agreement and the Specific Mandate contemplated thereunder at the EGM.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

#### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all independent non-executive Directors, namely Dato' Yeong Kok Hee, Mr. Yuen Chun Fai and Ms. Chan Laam Chi, has been established to make a recommendation to the Independent Shareholders in relation to the proposed CB Subscription under Specific Mandate. We, Silverbricks Securities Company Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard (the “**Engagement**”).

#### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we did not have any business relationship with the Company within the past two years and were not connected with the Directors, chief executive and substantial shareholder of the Company or any of their respective subsidiaries or their respective associates or connected persons. 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 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders. Apart from the 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. Also, we are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we consider ourselves independent and eligible to give independent advice in respect of the proposed CB Subscription.

## **BASIS OF OUR OPINION**

In formulating our opinion with regard to the CB Subscription Agreement, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (the “**Management**”) (including but not limited to those contained or referred to in the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Group, its management and/or advisers, which have been provided to us.

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, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or 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 of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or future prospects of the Group, the Company, the CB Subscriber or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the CB Subscription. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update, revise or reaffirm this opinion to take into account events occurring after the Latest Practicable Date. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we did not conduct any independent investigation into the accuracy and completeness of such information.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders with respect to the CB Subscription Agreement and the Specific Mandate contemplated thereunder, we have taken into account the principal factors and reasons set out below:

### 1. Background of the CB Subscription

On 24 October 2025 (after trading hours), the Company entered into the CB Subscription Agreement with the CB Subscriber, pursuant to which the CB Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to issue the Convertible Bonds in the principal amount of HK\$28,600,000 under the Specific Mandate.

### 2. Information of the Company and the Group

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the GEM of the Stock Exchange (stock code: 8611).

The Group is an IT service provider based in Malaysia and principally engaged in the design, procurement, installation and maintenance of customised systems application for corporate customers. The services offered by the Group mainly include (i) system integration and development; (ii) IT outsourcing; and (iii) maintenance and consultancy.

Set out below is a summary of the audited consolidated financial information on the Group for the three years ended 30 November 2025 as extracted from the Company's annual report for the year ended 30 November 2024 (the "Annual Report 2024") and the annual results announcement of the Company for the year ended 30 November 2025 (the "Annual Results Announcement 2025"), respectively:

#### *Financial results*

	For the year ended 30 November		
	2023	2024	2025
	(audited)	(audited)	(audited)
	RM'000	RM'000	RM'000
Revenue			
– System integration and development services	11,315	12,946	19,046
– IT outsourcing services	563	187	–
– Maintenance and consultancy services	290	1,107	1,113
	<u>12,168</u>	<u>14,240</u>	<u>20,169</u>
Loss for the year/period	<u>(5,430)</u>	<u>(1,148)</u>	<u>(2,262)</u>

According to the Annual Results Announcement 2025, the Group's revenue was derived from three principal businesses namely, system integration and development services, IT outsourcing services and maintenance and consultancy services.

For the year ended 30 November 2025, the Group recorded an increase in total revenue by approximately 41.6% to approximately RM20.2 million (2024: approximately RM14.2 million). The increase in revenue was mainly due to increase in revenue generated from system integration and development services and maintenance and consultancy services offset against the decrease in the IT outsourcing services.

#### ***System integration and development services***

For system integration and development services, the revenue increased by approximately 47.1% to approximately RM19.0 million for the year ended 30 November 2025 (2024: approximately RM12.9 million). The increase was primarily due to the commencement of new projects involving the sales of externally purchased software and hardware.

#### ***IT outsourcing services***

For IT outsourcing services, the revenue decreased to nil for the year ended 30 November 2025 (2024: approximately RM0.2 million). The primary reason for the decline was a reduction in the amount of time devoted to outsourcing services, which was due to the allocation of the Company's staff to internal projects instead of provision of IT outsourcing services to external customers.

#### ***Maintenance and consultancy services***

For maintenance and consultancy services, the revenue increased by approximately 0.5% to approximately RM1.113 million for the year ended 30 November 2025 (2024: approximately RM1.107 million). This growth was mainly driven by the initiation of new projects. Furthermore, the confirmation of renewals for several maintenance projects also played a role in boosting revenue, leading to the increase observed for the year ended 30 November 2025.

As depicted by the above table, The Group recorded a loss of approximately RM2.3 million for the year ended 30 November 2025 (2024: approximately RM1.1 million). The increase in loss was mainly due to the (i) provision for impairment loss on trade receivables and contract assets, (ii) increase in administrative expenses, and (iii) increase of income tax expenses.

	<b>As at 30 November</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	(audited) <i>RM'000</i>	(audited) <i>RM'000</i>	(audited) <i>RM'000</i>
Total assets	11,311	9,886	45,919
– <i>Current Assets</i>	9,395	8,093	21,608
– <i>Non-current assets</i>	1,916	1,793	24,311
	<u>11,311</u>	<u>9,886</u>	<u>45,919</u>
Total liabilities	7,516	7,321	43,024
– <i>Current liabilities</i>	6,881	6,653	21,285
– <i>Non-current liabilities</i>	635	668	21,739
	<u>7,516</u>	<u>7,321</u>	<u>43,024</u>
Net Assets	<u>3,795</u>	<u>2,565</u>	<u>2,895</u>

The Group had total assets, total liabilities and net assets of approximately RM45.9 million, RM43.0 million and RM2.9 million as at 30 November 2025 respectively.

### 3. Reasons for and benefits of the CB Subscription

#### *Reasons for and benefits of entering into the CB Subscription Agreement*

The Group is principally engaged in the provision of system integration and development services, IT outsourcing services and maintenance and consultancy services.

Pursuant to ongoing development strategies, the Group strives to enhance its technical infrastructure and delivery capabilities by investing in hardware to strengthen its core competencies in system integration, data management, and custom software development. This hardware investment will provide the necessary computational power and on-premise capacity to accelerate development, testing, and deployment of more efficient automated processing workflows, improved data handling capabilities, and advanced analytics features that directly support the Group's core service offerings for clients in finance, education, SMEs, and other sectors.

The net proceeds (the "Net Proceeds") of the CB Subscription are approximately HK\$28.6 million. The Company intends to utilise the Net Proceeds on technology upgrade, talent and operation expansion and working capital and contingencies.

Set forth below is the breakdown of the intended use of the Net Proceeds:

Intended use of the net proceeds	Net proceeds to be used	Expected timeframe
<p><b>Technology Upgrade</b></p> <p>Approximately 60%, or HK\$17.2 million, for hardware investments to enhance capabilities and support automated and analytics-driven solutions. In particular:</p> <ul style="list-style-type: none"> <li>Approximately HK\$10.3 million for high-performance GPUs and enterprise-grade servers with multi-core processors to boost capacity for predictive analytics, real-time data processing, and automated validation workflows. Of this, HK\$4.1 million will support Malaysia operations by accelerating local development and testing for existing financial and enterprise clients; HK\$6.2 million will support PRC operations by enabling localised development and compliance testing of data-intensive features under PRC regulations.</li> <li>Approximately HK\$6.9 million for secure high-capacity storage solutions and networking equipment to improve data handling, reliability, and secure testing environments. Of this, HK\$2.8 million enhance Malaysia-based testing and service delivery; HK\$4.1 million will ensure PRC-compliant storage and networking for regulatory-compliant integrations</li> </ul>	HK\$17.2 million	Procurement and installation to be substantially completed by 30 September 2026
<p><b>Talent and Operation Expansion</b></p> <p>Approximately 20%, or HK\$5.7 million, for headcount expansion and talent retention. In particular:</p> <ul style="list-style-type: none"> <li>Approximately HK\$3.4 million for recruitment of software developers and technical specialists to integrate hardware, optimise performance, and deploy enhanced solutions. Of this, HK\$1.4 million for 3 – 4 hires in Malaysia focused on local projects; HK\$2.0 million for 5 – 6 hires in the PRC for localised integration and compliance.</li> <li>Approximately HK\$2.3 million for retention incentives, training, and bonuses. Of this, HK\$0.9 million for Malaysia staff retention; HK\$1.4 million for PRC hires and compliance training.</li> </ul>	HK\$5.7 million	Recruitment and team expansion to be completed by 31 December 2026

<b>Intended use of the net proceeds</b>	<b>Net proceeds to be used</b>	<b>Expected timeframe</b>
<b>Working Capital and Contingencies</b>	HK\$5.7 million	To be utilised by 31 December 2026
Approximately 20%, or HK\$5.7 million, for general working capital, integration costs, administrative expenses, and contingencies.	_____	
<b>Total</b>	<b>HK\$28.6 million</b>	
	=====	

While the Group has maintained a stable liquidity position with bank balance and cash of approximately RM15.4 million and current assets of approximately RM21.6 million as at 30 November 2025, while the Group had current liabilities of approximately RM21.3 million as at 30 November 2025.

As demonstrated above, the estimated total amount of investments and working capital required for the above intended use of the Net Proceeds shall be approximately HK\$28.6 million (equivalent to approximately RM14.9 million), and thus the current bank and cash balances of the Group, taking into account the finance costs incurred/to be incurred in respect of the Group's bank borrowings, are insufficient to meet the abovementioned estimated sum of investments required. In order to meet the Group's development strategies as mentioned above, taking into account the initial capital investments required, the Board believes that it is imminent for the Group to obtain funds so as to capitalise on the aforesaid market opportunities in a timely manner.

Further to our discussion with the Board, we understood that the Board has considered other fund raising alternatives before resorting to the proposed issue of the Convertible Bonds, including but not limited to bank borrowing and equity financing.

*(a) Debt financing*

We understood that the Board is of the view that bank borrowing will incur relatively high finance costs for the Company in view of the substantial principal amount of the Convertible Bonds to be issued, which may have negative impact on the Group's financial performance. In addition, banks will usually request the Company to provide sufficient appropriate collaterals to secure the loan facilities applied for. We concur with the Directors view that the proposed Convertible Bonds bears no interest rate. Therefore, we concur with the Directors' view that obtaining debt financing from financial institutions may not be feasible, and higher interest rates from external new debts as compared with that of the Convertible Bonds will impose additional financial burden on the Group.

(b) *Equity financing*

With respect to equity financing alternatives (such as placing of new Shares, rights issue and open offer), We understood that the Board negotiated with a placing agent to explore equity fund-raising opportunities, but determined that it would be unlikely to successfully raise the required capital for its business plan due to prevailing uncertainty in the IT services industry resulting in limited investor appetite. Besides, rights issue or open offer will involve the issue of listing documents with other application and administrative procedures involving the public Shareholders which may require relatively longer time and incur additional administrative costs as compared to the issue of the Convertible Bonds. Furthermore, equity financing alternatives will result in an immediate dilution effect on the shareholding of the existing Shareholders. On the other hand, the Directors consider that the issue of the Convertible Bonds is an effective means of raising additional capital since (i) it will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (ii) in the event that the Convertible Bonds are converted into Shares, the Company can broaden its capital base, benefiting the long-term development of the Company. As discussed with the Company, as at the Latest Practicable Date, other than the CB Subscriber, no investor has shown any interest in providing equity financing to the Company. We concur with the Directors' view that it may take more time to seek for potential investors for placing of new Shares and more documentation is required for rights issue or open offer. Furthermore, the CB Subscription provides a higher degree of certainty, whereas the outcome of a rights issue or open offer or placing of new Shares for the fundraising amount would be subject to the uncertainty of the subscription level.

After considering the aforementioned as discussed above, we consider that entering into the CB Subscription is in the interests of the Company and the Shareholder as a whole.

**4. Principal terms of the CB Subscription Agreement and the Convertible Bonds**

*The CB Subscription Agreement*

On 24 October 2025 (after trading hours), the Company entered into the CB Subscription Agreement with the CB Subscriber, pursuant to which the Company conditionally agreed to issue and the CB Subscriber conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$28,600,000, subject to the terms and conditions of the CB Subscription Agreement as below:

Date : 24 October 2025

Issuer : The Company

Subscriber : Mr. Zhang Rongxuan, who is an executive Director

As at the Latest Practicable Date, Mr. Zhang Rongxuan does not hold any shares of the Company

Issue price : 100% of the principal amount

Principal amount	:	HK\$28,600,000
Conversion price	:	The Conversion Price per Conversion Share shall be HK\$0.550 which represents: <ul style="list-style-type: none"> <li>(i) a discount of approximately 30.4% to the closing price of HK\$0.790 per Share as quoted on the Stock Exchange on the Latest Practicable Date;</li> <li>(ii) a discount of approximately 17.9% to the closing price of HK\$0.670 per Share as quoted on the Stock Exchange on the Last Trading Day;</li> <li>(iii) a discount of approximately 11.3% to the average closing price of approximately HK\$0.620 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Last Trading Day; and</li> <li>(iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 1.8% represented by the theoretical diluted price of approximately HK\$0.66 to the benchmarked price of approximately HK\$0.67 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.67 and the average closing price of HK\$0.62 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Announcement).</li> </ul>
Interest rate	:	The Convertible Bonds bear no interest
Conversion Shares	:	Based on the principal amount of the Convertible Bonds of HK\$28,600,000, the Convertible Bonds are convertible into 52,000,000 Conversion Shares at the initial conversion price of HK\$0.550 per Conversion Share (subject to adjustments)
Conversion Period	:	The period commencing from the date of the completion, or subject to the mutual agreement between the Company and the Bondholder(s) from the date of the issue of the Convertible Bond, and ending on the maturity date (as defined below) (both dates inclusive)
Conversion rights and restrictions	:	The holder(s) of the Convertible Bonds shall, subject to compliance with the procedures set out in the terms and conditions thereunder, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in its name into the Conversion Shares provided further the exercise of the conversion rights attached to the Convertible Bonds will not cause the Company to be unable to meet the public float requirement under the GEM Listing Rules

Ranking	:	The Conversion Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the relevant conversion date including the right to all dividends other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the relevant conversion date
Maturity date	:	The date falling twenty-four (24) months after the date of the issue of the Convertible Bonds
Voting rights	:	The holder(s) of the Convertible Bonds shall not have any right to attend or vote in any general meeting of the Company
Transferability	:	Subject to compliance with the GEM Listing Rules, the Convertible Bond shall not be assigned or transferred in whole or in part except with the prior written consent of the Company, which consent shall not be unreasonably withheld
Security	:	The obligations of the Company under the Convertible Bonds are unsecured

Upon full conversion of the Convertible Bonds at the Conversion Price of HK\$0.550 each, a maximum of 52,000,000 Shares will be allotted and issued which represents approximately 11.11% of the total number of Shares as at the Latest Practicable Date and approximately 10.00% of the total number of Shares as enlarged by the allotment and issue of the 52,000,000 Conversion Shares, assuming that there is no other change to the total number of Shares from the Latest Practicable Date to the date when the Convertible Bonds are converted in full.

The issue of the Convertible Bonds and the allotment and issue of the Conversion Shares will be issued pursuant to the specific mandate to be sought, approved and granted by the Shareholders at the EGM to allot and issue a total of 52,000,000 Conversion Shares (the “**Specific Mandate**”). Accordingly, the EGM will be convened and held to consider and approve, among others, the CB Subscription Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate for the allotment and issue of the Conversion Shares.

#### ***Conditions of the CB Subscription Agreement***

The conditions of the CB Subscription is conditional upon fulfilment of the following conditions:

- (i) the passing by the Independent Shareholders of relevant resolution(s) at the EGM in compliance with the requirements of the GEM Listing Rules approving:
  - (a) the CB Subscription Agreement and the transactions contemplated thereunder; and

- (b) the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares to holder(s) of the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds, including the grant of the Specific Mandate at the EGM;
- (ii) all necessary consents and approvals (including but not limited to the approvals from the board of directors to the CB Subscription Agreement) required to be obtained on the part of the Company in respect of the CB Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (iii) all necessary consents and approvals required to be obtained on the part of the CB Subscriber in respect of the CB Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (iv) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds; and
- (v) the CB Subscriber and persons acting in concert with it not triggering any obligation to make a mandatory general offer for the relevant securities of the Company under Rule 26 of the Takeovers Code as a result of the conversion of the Convertible Bonds.

As at the Latest Practicable Date, conditions (ii) and (iii) have been fulfilled.

The CB Subscription Agreement shall complete within 3 Business Days after the day on which the conditions set out above are fulfilled or, as the case may be, waived (or such later date as may be agreed between the Company and the CB Subscriber in writing).

## **5. Our assessment on the Conversion Price**

In assessing the fairness and reasonableness of the Conversion Price, we have primarily taken into account (i) the financial position of the Group, which has been discussed in the section headed “(II) Background and financial performance of the Group” above in this letter; (ii) the historical Share price performance; and (iii) the market comparables in respect of recent issuance of convertible bonds/notes.

The initial Conversion Price of HK\$0.550 per Conversion Share represents:

- (i) a discount of approximately 30.4% to the closing price of HK\$0.790 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 17.9% to the closing price of HK\$0.670 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (iii) a discount of approximately 11.3% to the average closing price of approximately HK\$0.620 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Last Trading Day; and
- (iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 1.8% represented by the theoretical diluted price of approximately HK\$0.66 to the benchmarked price of approximately HK\$0.67 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.67 and the average closing price of HK\$0.62 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Announcement).

***Review on the historical closing price of the Shares***

We have reviewed the chart illustrates the historical daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 25 April 2025 (being the approximately six months prior to the Last Trading Day) up to and including the Last Trading Date (the “Review Period”). We consider that the Review Period is adequate as it represents a reasonable period to reflect a general overview of the recent price movement of the Shares. The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:

*Chart 1: Daily closing prices of the Shares during the Review Period*



Source: The Stock Exchange’s website

The closing price of the Shares fluctuated during the Review Period, with an increase from HK\$0.95 on 25 April 2025 to the highest at HK\$0.99 on 13 May 2025 then decreased to the lowest at HK\$0.34 on 6 June 2025, and rose to HK\$0.67 on the Last Trading Date.

As shown in the Chart 1 above, during the Review Period, the daily closing prices of the Shares ranged from the lowest of HK\$0.34 per Share on 6 June 2025, to the highest of HK\$0.99 per Share on 13 May 2025. The Conversion Price of HK\$0.55 per Conversion Share is within the range during the Review Period.

#### ***Comparison with recent issuance of convertible bonds/notes***

To further assess the fairness and reasonableness of the Conversion Price, we have conducted a research on the website of the Stock Exchange, using our best endeavours, of recent issue, placing and subscription of convertible bonds/notes exercises (excluding A-share convertible bonds), announced by companies listed on the Main Board of the Stock Exchange. The selection criteria was based on the following: (i) the issuers are listed on the Stock Exchange, of which the shares were not in prolonged suspension at the date of the announcement; (ii) the market capitalization of the issuers exceeded HK\$100 million on the respective announcement dates regarding the issuance of the convertible bonds; (iii) the issuers announced to issue or appoint a placing agent to place the convertible bonds/notes during the last six-month immediately preceding the date of the CB Subscription Agreement (the “**Comparable Period**”); (iv) the duration of the convertible bonds/notes is at least one year and is not perpetual; (v) the proposed issue of the convertible bonds/notes has not been terminated or lapsed as at the Latest Practicable Date; and (vi) the issuers need to issue convertible bonds/notes through specific mandate rather than general mandate.

We have excluded perpetual convertible bonds/notes in our analysis as they are considered not comparable to the Convertible Bonds in terms of the credit risk and interest rate risk incurred from the maturity of the convertible bonds/notes. Based on the above criteria, we identified an exhaustive list of five convertible securities (the “**Comparable Transactions**”). We consider that the Comparable Transactions were determined under similar market conditions and sentiment, and hence represent fair and representative samples and provide a general reference of this type of transaction in the market. We also consider that the Comparable Period is appropriate (i) to reflect the prevailing market conditions and sentiments in the Hong Kong stock market; (ii) to provide a general reference of the recent convertible securities transactions being conducted under similar market conditions; and (iii) to generate a reasonable and meaningful number of samples for the purpose of our analysis. Set out below is the Comparable Transactions analysis:

Company name (stock code)	Date of announcement	Connected transaction (Yes/No)	Market Capitalization on the respective announcement date (HK\$ million)	Interest rate per annum	Conversion Price premium over/discount to the average closing price per Share for the last 5 consecutive trading days immediately prior to and including the date of agreement in relation to the respective issuance of convertible bonds/note		Theoretical dilution effect
					Conversion Price premium over/discount to the closing price per Share on the last trading day/agreement date immediately prior to the date of agreement in relation to the respective issuance of convertible bonds/note	Conversion Price premium over/discount to the average closing price per Share for the last 5 consecutive trading days immediately prior to and including the date of agreement in relation to the respective issuance of convertible bonds/note	
China Carbon Neutral Development Group Limited (1372)	30 May 2025	No	1,092.96	5.00%	(83.53)%	(80.14)%	20.29%
USPACE Technology Group Limited (1725)	22 July 2025	Yes	393.16	0.00%	(19.23)%	(20.25)%	0.99%
Dingyi Group Investment Limited (508)	31 July 2025	Yes	263.71	2.00%	5.81%	2.82%	N/A
Pengo Holdings Group Limited (1865)	1 August 2025	No	187.86	3.00%	(14.50)%	(19.30)%	8.62%
China Rongzhong Financial Holdings Company Limited (3963)	3 September 2025	Yes	145.89	2.75%	0.00%	(0.17)%	N/A
Karrie International Holdings Limited (1050)	13 October 2025	Yes	5,014.09	2.00%	(7.26)%	(15.57)%	0.49%
			Maximum:	5.00%	5.81%	2.82%	20.29%
			Minimum:	0.00%	-83.53%	-80.14%	0.49%
			Average:	2.46%	-19.79%	-22.10%	7.60%
<b>Mindtell Technology Limited (8611)</b>	<b>24 October 2025</b>	<b>Yes</b>		<b>0.00%</b>	<b>(17.9)%</b>	<b>(11.3)%</b>	<b>1.80%</b>

Source: The Stock Exchange's website

*(a) Conversion Price*

We note that (i) the premium over/discount to the closing price per share on the last trading day/agreement date immediately prior to the date of agreement in relation to the respective issuance of convertible bonds/notes ranged from a discount of approximately 83.53% to a premium of approximately 5.81%, with the average being discount of approximately 19.79%; and (ii) the premium over/discount to the average closing price per share for the last 5 consecutive trading days immediately prior to and including the date of agreement in relation to the respective issuance of convertible bonds/notes ranged from a discount of approximately 80.14% to a premium of approximately 2.82%, with the average being discount of approximately 22.1%. The discount of the Conversion Price is within the range and lower than the average of the Comparable Transactions. As such, the Conversion Price of the Convertible Bonds is acceptable.

The Conversion Price represents a discount to the closing price of the Shares on the date of the CB Subscription Agreement and the average closing prices of the Shares on the last five trading days and ten trading days immediately preceding the date of the CB Subscription Agreement taking into account that (i) despite the prevailing positive market sentiment of the Hong Kong stock market, the Hong Kong stock market remains to be subject to the Sino-US tension to a large extent, which casts uncertainty as to the prevailing market condition from time to time; and (ii) the Company and the CB Subscriber have agreed at a lower interest rate of 2.0% per annum which would, in turn, alleviate the future interest burden of the Company.

As set out in table under above, the theoretical dilution ranged from approximately 20.29% to approximately 0.49%. We noted that the theoretical dilution effect of the CB Subscription of approximately 1.80% falls within the above range and is below the average of the of approximately 7.60%.

*(b) Interest rate*

The conversion feature aside, the zero-interest rate structure effectively enables the Company to utilise the capital secured from the Convertible Bonds at no funding cost and is in the interest of the Company and Shareholders as a whole.

## 6. Shareholding structure and possible dilution effect of the Convertible Bonds

The table below sets out the Company's shareholding structure as at the Latest Practicable Date and immediately upon full conversion of the Convertible Bonds, assuming no further issue or repurchase of Shares and no conversion of any of the convertible securities of the Company:

Controlling Shareholder, Substantial Shareholders and Directors	As at the Latest Practicable Date		Immediately upon full conversion of the Convertible Bonds at the Conversion Price	
	Number of Shares	Approx %	Number of Shares	Approx %
Delicate Edge Limited (Note 1)	98,280,000	21.00%	98,280,000	18.90%
King Nordic Limited (Note 2)	98,280,000	21.00%	98,280,000	18.90%
CB Subscriber	—	—	52,000,000	10.00%
Other public shareholders	271,440,000	58.00%	271,440,000	52.20%
<b>Total</b>	<b>468,000,000</b>	<b>100.00%</b>	<b>520,000,000</b>	<b>100.00%</b>

Notes:

1. Delicate Edge Limited is wholly and beneficially owned by Mr. Chong Yee Ping, which holds 98,280,000 Shares.
2. King Nordic Limited is wholly and beneficially owned by Mr. Siah Jiin Shyang, which holds 98,280,000 Shares.

Upon full conversion of the Convertible Bonds at the Conversion Price, the Convertible Bonds will be convertible into 52,000,000 new Shares, representing approximately 11.11% of the total number of issued Shares and approximately 10.00% of the total number of issued Shares as enlarged by the allotment and issue of the Conversion Shares as at the Latest Practicable Date.

Assuming no outstanding Share Options being exercised and that there is no change in the number of issued Shares from the Latest Practicable Date up to the date when the Conversion Rights are exercised in full, the existing shareholding of the Independent Shareholders will be diluted from approximately 58.00% before full conversion of the Convertible Bonds to approximately 52.20% immediately after full conversion of the Convertible Bonds.

Despite the dilution to the Independent Shareholders, taking into account (i) the reasons for and benefits of the CB Subscription as set out in the section headed "(III) Reasons for and benefits of the CB Subscription" in this letter above; and (ii) the terms of the CB Subscription Agreement being fair and reasonable and in the interest of the shareholders as a whole; and (iii) the minimum public float requirement of the Listing Rules and relevant restrictions under the CB Subscription Agreement; and (iv) the theoretical dilution effect would not result in a dilution effect of 25% or more and result in an immediate dilution effect on the shareholding of the existing Shareholders, we are of the view that the extent of dilution to the shareholding interests of the Independent Shareholders as a result of the full conversion of the Convertible Bonds is acceptable.

## OPINION AND RECOMMENDATION

We are of the view that the CB Subscription and the Convertible Bonds are not conducted in the ordinary and usual course of business of the Group, the terms of the CB Subscription Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolution approving the terms of the CB Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Yours faithfully,  
for and on behalf of  
**Silverbricks Securities Company Limited**



**Yau Tung Shing**  
*Director*

*Mr. Yau Tung Shing is a licensed person and responsible officer of Silverbricks Securities Company Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the (under the licensing condition that in the capacity as an adviser to a client on matters/ transactions falling within the ambit of the Takeovers Code, act together with another adviser) SFO and has over 9 years of experience in the corporate finance industry.*