25 August 2025

To the Independent Board Committee and the Independent Shareholders of Sino Splendid Holdings Limited

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

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 25 August 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 Rights Issue and the Placing Agreement and the respective transactions contemplated thereunder. The Company proposes to raise gross proceeds of up to approximately HK$17.7 million (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date) by way of issuing up to 221,311,395 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK$0.08 per Rights Share on the basis of three (3) Rights Shares for every two (2) existing Shares held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any).

Assuming there will be no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Issue, the maximum net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK$1.1 million) is expected to be approximately HK$16.6 million. The net price per Rights Share after deducting the relating expenses of the Rights Issue will be approximately HK$0.075. The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately 88.0% (or approximately HK$14.6 million) for repayment of the Group's account payables on or before 31 October 2025; and (ii) approximately 12.0% (or approximately HK$2.0 million), for general working capital of the Group on or before 31 December 2025.

There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten. There are no statutory requirements 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 accordance with Rule 10.24 and Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders by way of poll at the EGM at which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the resolution approving the Rights Issue.

As at the Latest Practicable Date, Mr. Wang Tao, being executive Director, interested in 962,500 shares of the Company, representing approximately 0.65% of the total issued share capital of the Company, is required to abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM.

The Company had not conducted any other equity fund-raising activities in the past twelve months immediately prior to the Latest Practicable Date. The Rights Issue does 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 10.44A of the GEM Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Yeung Man Sun, Ms. Chow Yee Ting and Ms. Lee Yim Wah, 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, taking into account the recommendations of the Independent Financial Adviser.

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 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 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 annual report of the Company for the year ended 31 December 2024 (the "Annual Report 2024"); (ii) the latest management account of the Group; (iii) the Placing Agreement; and (iv) 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 17.92 of the GEM 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 Group is principally engaged in (i) travel media operations with provision of advertising services through the internet and travel magazines, event organizing services and magazine publication; (ii) provision of contents and advertising services in multiple well known financial magazines distributed in The People's Republic of China ("PRC") and provision of advertising services through the internet and others media channels; (iii) investment in securities; (iv) money lending; and (v) virtual reality business.

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 31 December 2024 ("FY2024") and 31 December 2023 ("FY2023") which were extracted from the Annual Report 2024:

	For the year ended 31 December	
	2024	**2023**
	HK$'000	*HK$'000*
	(audited)	(audited)
Revenue	29,431	45,274
Gross profit	5,378	9,771
Loss for the year	(24,195)	(49,071)

	As at 31 December	
	2024	**2023**
	HK$'000	*HK$'000*
	(audited)	(audited)
Cash and cash equivalents	6,903	21,241
Total assets	65,961	85,099
Total liabilities	41,173	33,515
Net assets	24,788	51,584

FY2024 vs FY2023

According to the Annual Report 2024, the Group recorded revenue in the amount of approximately HK$29.4 million in FY2024, representing a decrease of approximately 35.0% as compared to the amount of approximately HK$45.3 million in FY2023. Such decrease was mainly due to the revenue decrease from financial magazine and other media business. We also note that the Group's gross profit of approximately HK$5.4 million in FY2024 decreased by approximately 45.0% from approximately HK$9.8 million in FY2023 due to the increase in cost of sales from the suppliers. The Group recorded a net loss in FY2024 in the amount of approximately HK$24.2 million, which improve from the loss in FY2023 in the amount of approximately HK$49.1 million. Such improvement was mainly due to the decrease in administration expenses by approximately HK$35.4 million.

The Group's cash and cash equivalents amounted to approximately HK$6.9 million as at 31 December 2024, which decreased by approximately HK$14.3 million, as compared to that of approximately HK$21.2 million as at 31 December 2023. The Group's total assets as at 31 December 2024 amounted to approximately HK$66.0 million and its total liabilities as at 31 December 2024 amounted to approximately HK$41.2 million. The Group's net assets amounted to approximately HK$24.8 million as at 31 December 2024, representing a decrease of approximately 51.9% as compared to that of approximately HK$51.6 million as at 31 December 2023. Such decrease was mainly due to the net loss incurred in FY2024. The gearing ratio, which is calculated based on the Group's net debts divided by shareholders' equity, was nil as at 31 December 2024 (2023: Nil).

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

As set out in the Board Letter, according to the annual report of the Company for the year ended 31 December 2024, the Group recorded account payables of approximately HK$41.1 million of which approximately HK$27.9 million is long outstanding for more than 180 days. Besides, the Company has negotiated and agreed with the services providers with agreement that 50% of long outstandings payable will be settled in coming 3 months and the balance will be further extended in order to ensure the supply chain continuity for the coming months. Thus, the Company proposed to raise approximately HK$14.6 million of the proceeds from the rights issues to settle the outstanding debts.

In order to strengthen the financial position of the Company and restore the suppliers relationship and ensuring supply chain continuity, demonstrating our commitment to partners and rebuilding vital trust, therefore, the Company proposes the Rights Issue to raise proceeds to repay account payables. After the repayment of the long outstandings account payables, the businesses can be sustained with its operating cash since the Company started making profit in 2025 and there are approximately HK$5 million of account receivables has received recently and there is a repayment of loan of approximately HK$7 million during the year and the repayment schedules and revised credit terms of the account receivables from some of the customers were also agreed. Resulting from the above, the Company can sustain its business with its operating cash.

The net proceeds of the Rights Issue, assuming full subscription, will be up to approximately HK$16.6 million (assuming no change in number of Existing Shares in issue on or before Record Date). The Company intends to use the net proceeds from the Rights Issue for the following purposes:

(i) approximately 88.0% of the net proceeds or approximately HK$14.6 million for repayment of the Group's account payables on or before 31 October 2025; and

(ii) approximately 12.0% of the net proceeds or approximately HK$2.0 million for general working capital of the Group on or before 31 December 2025.

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

With reference to Annual Report 2024, we noted that the Group recorded account payables of approximately HK$41.1 million of which approximately HK$27.9 million is long outstanding for more than 180 days. The Group extended the credit period for their major customers up to 180 days, hence the receipt of account receivables cannot catch up the settlement of the account payables of the Group. As at 31 December 2024, the cash and cash equivalents was approximately HK$6.9 million which was not sufficient to settle the long outstanding account payables. Therefore, part of the total net proceeds from the Rights Issue will be applied to repay the Group's account payable, allowing the Group to reduce its financial burden in order to ensure its operational stability and reliability. As discussed with the management of the Company and confirmed by the Directors, the Company has been in negotiation with its customers regarding collection of the long outstanding receivables. Given that the long-term relationship with its customers it is expected that approximately HK$19 million of the long outstanding receivables will be received by the end of 2025. In addition, in order to enhance the Company's liquidity management additional measures will be implemented, including but not limited to, (i) charge an upfront payment or deposit for around 15%-20% when renewing or entering into new contracts with the customers; (ii) shorten the credit period granted or to be granted to the customers; (iii) longer credit period will only be granted to those customers with sound financial background and fulfilled the Company's ongoing credit assessment; and (iv) enhance the ongoing credit monitoring system of the Group by introducing IT and AI functions. Having considered the above-mentioned measurements as well as latest status of the Group, we concur with the Directors' view that the Rights Issue are in the interests of the Company and the independent 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, placing, or open offer.

In respect of debt financing, we consider that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders. Debt financing will also result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner.

As for equity fund raising, we consider 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.

As opposed to an open offer which does not allow the trading of rights entitlements, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

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.

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 Company proposes to raise gross proceeds of up to approximately HK$17.7 million (assuming full subscription under the Rights Issue and no change in the number of Existing Shares on or before the Record Date) by issuing up to 221,311,395 Rights Shares at the Subscription Price of HK$0.08 per Rights Share on the basis of three (3) Rights

Shares for every two (2) Existing Shares held by the Qualifying Shareholders at the close of business on the Record Date. 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	:	three (3) Rights Shares for every two (2) Existing Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$0.08 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date	:	147,540,930 Shares
Number of Rights Shares	:	up to 221,311,395 Rights Shares (assuming no change in the number of Existing Shares in issue on or before the Record Date)
Aggregated nominal value of the Rights Shares	:	up to HK$8,852,455.8 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	up to 368,852,325 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue	:	approximately HK$17.7 million before expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date)
Net proceeds from the Rights Issue	:	approximately HK$16.6 million after expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date)
Rights of excess application and underwriter	:	There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten

Compensatory Arrangements	: Any Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any of the Rights Shares which remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly

As at the Latest Practicable Date, the Company has no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar rights which are convertible into or giving rights to subscribe for, convert or exchange into any Existing Shares.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 221,311,395 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 150% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) 60% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Subscription Price

The Subscription Price is HK$0.08 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of 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 37.0% to the closing price of HK$0.127 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 11.1% to the closing price of HK$0.09 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 12.1% to the average of the closing prices of HK$0.091 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 13.0% to the average of the closing prices of approximately HK$0.092 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

(v) a discount of approximately 4.8% to the theoretical ex-rights price of approximately HK$0.084 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK$0.09 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

(vi) a discount of approximately 4.8% to the theoretical ex-rights price of approximately HK$0.084 per Share as adjusted for the effect of the Rights Issue, based on the benchmarked price of HK$0.09 per Existing Share (as defined under Rule 10.44A of the GEM Listing Rules);

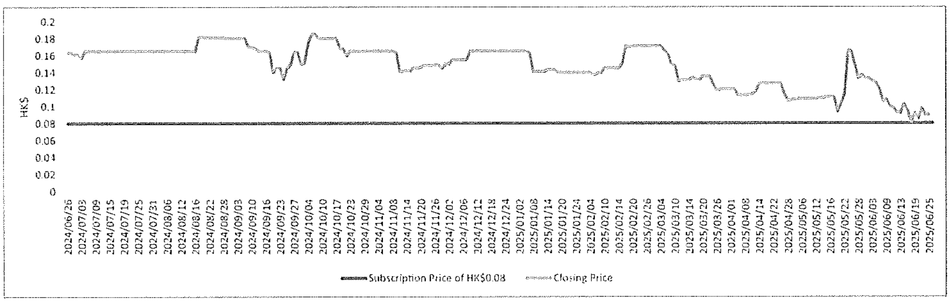
(vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 6.7% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK$0.084 per Existing Share and the benchmarked price of approximately HK$0.09 per Existing Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK$0.09 per Existing Share and the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of approximately HK$0.0894 per Existing Share); and

(viii) a discount of approximately 52.4% over the consolidated net asset value per Existing Share of approximately HK$0.168 (based on the latest published consolidated net asset value of the Company of HK$24,788,000 and 147,540,930 Shares in issue as at 31 December 2024).

As stated in the Board Letter, the Subscription Price was determined by the Company with reference to, among others, (i) the recent closing prices of the Shares; (ii) prevailing market conditions and financial position of the Group; (iii) the amount of funds the Company intends to raise under the Rights Issue; and (iv) the reasons as discussed in the section headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" 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 Existing 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$0.08 per Share:



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

As shown above, the Closing Price have been fluctuated during the entire Review Period. We note that the Closing Price remained generally stable and reached at its highest point at HK$0.185 per Share on 7 October 2024 and 8 October 2024. After that, the Company announced change of auditors on 30 October 2024. The prices of the Shares had been fluctuated between HK$0.137 and HK$0.185 until early of March 2025. The prices of the Shares had then dropped from HK$0.171 since 4 March 2025 and reached at its second lowest point of HK$0.094 per Share on 20 May 2025. The annual results and annual report for the year ended 31 December 2024 had been announced on 31 March 2025 and 30 April 2025, respectively. The price of the Shares was sharply rebounded in few days to HK$0.166 on 23 May 2025 and then dropped to the lowest point at HK$0.082 on 18 June 2025. It closed at HK$0.09 per Share on the Last Trading Day.

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 advised by the management of the Company, the Company is also not aware of any reasons for the aforementioned Share price fluctuations.

The Closing Price of the Share during the Review Period ranged from HK$0.082 per Share (the "Lowest Closing Price") to HK$0.185 per Share (the "Highest Closing Price"), with an average of approximately HK$0.148 per Share (the "Average Closing Price") and a median of approximately HK$0.155 per Share (the "Median Closing Price").

We noted from the above that during the Review Period, the Shares have been traded above the Subscription Price and that the Subscription Price of HK$0.08 represents (i) a discount of approximately 2.44% to the Lowest Closing Price; (ii) a discount of approximately 56.76% to the Highest Closing Price; (iii) a discount of approximately 45.93% to the Average Closing Price; and (iv) a discount of approximately 48.39% to the Median Closing Price. We note that the Closing Price was higher than Subscription Price throughout the Review Period. As such, the attractiveness of the Rights Issue, for the Qualifying Shareholders to participate and maintain their respective shareholding interests in the Company, would have been enhanced accordingly with the Subscription Price offered at discounts to the Lowest Closing Price, the Highest Closing Price, the Average Closing Price and the Median Closing Price respectively.

Although the Subscription Price is at all time lower than the closing price of the Shares during the Share Price Review Period as mentioned above, after considering that (i) the low liquidity of the Shares as discussed in sub-section headed "Liquidity of the Shares" below in this letter; (ii) the funding needs to settle part of the overdue long outstanding account payables as discussed in the section headed "2. Reasons for and benefits of the Rights Issue and the use of proceeds" above in this letter; (iii) 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 (iv) 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 trading volume of the Shares in the month/period *(Note 1)*	Percentage of average daily trading volume to total number of Shares *(approximately)* *(Note 2)*
2024				
June (from 26 June 2024 to 30 June 2024 (both days inclusive))	13,787	3	4,596	0.0031%
July	158,899	22	7,223	0.0049%
August	21,773	22	990	0.0007%
September	496,548	19	26,134	0.0177%
October	298,359	21	14,208	0.0096%
November	35,924	21	1,711	0.0012%
December	67,161	20	3,358	0.0023%
2025				
January	105,474	19	5,551	0.0038%
February	254,675	20	12,734	0.0086%
March	3,014,760	21	143,560	0.0973%
April	73,861	19	3,887	0.0026%
May	253,783	20	12,689	0.0086%
June (up to and including the Last Trading Day)	1,521,075	18	84,504	0.0573%

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 0.0007% to approximately 0.0973% of the total number of issued Shares for each of their respective month/period. Given that the liquidity of the Shares was 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 16 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, net asset value, 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 (Note 1) (%)	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 net asset value per share (Note 2) (%)	Premium/ (discount) of theoretical dilution effect (Note 3) (%)	Excess Application/ Placing (Note 4)	Placing commission (Note 2) (%)	Underwriting arrangement	Underwriting fee (%)	Minimum placing commission HK$
1	17/6/2025	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
2	10/6/2025	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
3	10/6/2025	Pinestone Capital Limited	804	3 for 2	60.00	(40.71)	(41.55)	(Note 5) N/A	(24.93)	Placing	5.00	Non-underwritten	N/A	No
4	4/6/2025	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
5	2/6/2025	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
6	23/5/2025	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
7	22/5/2025	China Health Group Limited	673	3 for 10	23.08	(28.60)	(37.10)	12.40	(Note 5) N/A	Placing	2.00	Fully underwritten	0.00	No
8	15/5/2025	Zhongzheng International Company Limited	943	1 for 2	33.33	-	-	(54.50)	-	Placing	2.00	Fully underwritten	0.00	No
9	13/5/2025	Shougang Century Holdings Limited	103	3 for 20	13.04	12.30	14.30	(40.10)	-	Excess application	N/A	Non-underwritten	N/A	No
10	13/5/2025	Capital Realm Financial Holdings Group Limited	204	3 for 1	75.00	4.17	21.36	(86.28)	-	Placing	3.00	Non-underwritten	N/A	No
11	9/5/2025	China Sci-Tech Industrial Investment Group Limited	339	1 for 2	33.33	(43.10)	(47.40)	Net liabilities	(16.20)	Placing	1.50	Non-underwritten	N/A	No
12	7/5/2025	SEEC Media Group Limited	205	1 for 2	33.33	(23.61)	(26.17)	(51.54)	-	Placing	3.00	Non-underwritten	N/A	100,000
13	25/4/2025	Melco International Development Limited	200	1 for 2	33.33	(72.93)	(71.03)	3,328.67	(24.31)	Excess application	N/A	Non-underwritten	N/A	No
14	16/4/2025	Bonjour Holdings Limited	653	3 for 1	75.00	(25.93)	(27.93)	(75.91)	(20.95)	Placing/excess application	2.00	Non-underwritten	N/A	No
15	16/4/2025	AustAsia Group Ltd.	2425	2 for 5	28.57	(29.11)	(29.11)	(80.95)	(8.23)	Excess application	N/A	Non-underwritten	N/A	No
16	11/4/2025	ISP Holdings Limited	2340	1 for 2	33.33	(74.50)	(73.38)	(85.59)	(24.85)	Excess application	N/A	Non-underwritten	N/A	No
	Maximum				83.33	12.30	21.36	3,328.67	-		5.00		7.07	150,000
	Minimum				13.04	(74.50)	(73.38)	(88.80)	(24.93)		0.50		0.00	100,000
	Average				43.51	(29.28)	(28.79)	208.99	(12.85)		2.40		2.36	125,000
	Median				33.33	(28.86)	(31.06)	(54.50)	(16.20)		2.00		0.00	125,000
	The Company		**8006**		**60.00**	**(11.10)**	**(12.10)**	**(52.40)**	**(6.67)**	**Placing**	**2.50**	**Non-underwritten**	**N/A**	**No**

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

Notes:

1. Maximum dilution on the shareholdings is calculated as the number of rights shares divided by the total number of shares as enlarged by the allotment and issue of the rights shares.

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

3. 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.

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

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

According to our research, we observed that (i) 13 of the 16 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) 13 of the 16 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 16 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 a premium of approximately 12.30% to a discount of approximately 74.50% with average and median discounts of approximately 29.28% and 28.86% respectively. The discount of approximately 11.10% 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 a premium of approximately 21.36% to a discount of approximately 73.38% with average and median discounts of approximately 28.79% and 31.06% respectively. The discount of approximately 12.10% 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 3,328.67% to a discount of approximately 88.80% with average premium of approximately 208.99% and median discount of approximately (54.50)% respectively. The discount of approximately 52.40% 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 but is close to the median of the Comparables.

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 12.85% and 16.20% respectively. The theoretical dilution effect of the Rights Issue of approximately 6.67% 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 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 and is close to the median 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 10 out of 16 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 are shown below:

Date	:	25 June 2025 (after trading hours of the Stock Exchange)
Issuer	:	The Company
Placing Agent	:	Suncorp Securities Limited, a corporation licensed to engage in Type 1 (dealing in securities) regulated activity 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 ES Unsold Rights Shares during the Placing Period. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.
Commission and expenses	:	Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong Dollars, of 2.5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement.
Placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares	:	The placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares shall be not less than the Subscription Price. The final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares and ES Unsold Rights Shares during the process of placement.

Placees	:	The Unsubscribed Rights Shares and ES Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and none of the placees shall be a party acting in concert (as defined in the Takeovers Code) with any of them or other placees. For the avoidance of doubt, no placee shall become a substantial shareholder of the Company. The Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing. The Company will continue to comply with the public float requirement under the GEM Listing Rules upon completion of the Placing and the Rights Issue.

For further details, please refer to section headed "Placing Agreement for the Unsubscribed Rights Shares and ES 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 market comparables, 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 16 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 2.40% and a median of 2.00%. Given the commission rate of 2.50% charged by the Placing Agent falls within the range of the Comparables and close to the average and median of the Comparables. In addition, 14 out of 16 Comparables had no minimum or fixed placing commission, we noted that it is common not to have fixed fee as placing commission. Therefore, 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 10.31(1)(b) of the GEM Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering these Shares to independent Placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the 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 as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules. The Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed by the Placing Agent to independent Placees on a best effort basis for the benefits of the No Action Shareholders and Excluded Shareholders. If all or any of the Unsubscribed Rights Shares and ES Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders and Excluded Shareholders.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded 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 "CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE" in the Board Letter.

Immediately upon completion the Rights Issue, (i) assuming all Qualifying Shareholders have taken up all the entitled Rights Shares, their shareholding interests in the Company will remain unchanged after the Rights Issue; and (ii) assuming none of the Qualifying Shareholders has taken up any entitled Rights Shares and to Independent Third Parties under the Placing, the shareholding interests of the Qualifying Shareholders will be diluted by up to a maximum of 60.00%, 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; and (b) an additional channel of participation in the Rights Issue for the Qualifying Shareholders and Excluded Shareholders; and (c) a compensatory mechanism for the No Action Shareholders and the Excluded 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 audited consolidated net tangible assets of the Group attributable to owners of the Company was approximately HK$19.6 million as at 31 December 2024, while the audited consolidated net tangible assets per Share before completion of the Rights Issue was approximately HK$0.13; 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$36.2 million, while the unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Rights issue was approximately HK$0.10.

Gearing ratio and liquidity

According to the Annual Report 2024, as at 31 December 2024, the unaudited cash and cash equivalents of the Group was approximately HK$6.9 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$16.6 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$16.6 million. The gearing ratio was nil as at 31 December 2024.

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 31 December 2024; (ii) its net loss making performance in FY2024; (iii) the funding needs of the Group to settle most of the overdue long outstanding payables; (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.