

21 January 2025

To: *The independent board committee and the independent shareholders  
of True Partner Capital Holding Limited*

Dear Sir/Madam,

**CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF  
NEW SHARES BY SUBSTANTIAL SHAREHOLDER  
UNDER SPECIFIC MANDATE**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 21 January 2025 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 27 December 2024 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 19,500,000 Subscription Shares at the Subscription Price of HK\$0.40 per Subscription Share to the Subscriber.

With reference to the Board Letter, the Subscription constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

The Independent Board Committee comprising Mr. Jeronimus Mattheus Tielman, Ms. Wan Ting Pai and Mr. Ming Tak Ngai (being all independent non-executive Directors) has been formed to advise the Independent Shareholders on (i) whether the terms of the Subscription are on normal commercial terms and are fair and reasonable; (ii) whether the Subscription is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Subscription at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

## INDEPENDENCE

We were not aware of any relationships or interests between Gram Capital and the Company; nor any services provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

## BASIS OF OPINION

In formulating our opinion to the Independent Board Committee and the Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors 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 Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Subscription. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 17.96 of the GEM Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in 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 therein 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 in-depth investigation into the business and affairs of the Company, the 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 Subscription. Our opinion is necessarily based on the financial, economic, market 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 any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources and such sources are reliable.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Subscription, we have taken into consideration the following principal factors and reasons:

### Information on the Group

With reference to the Board Letter, the Company is a Hong Kong, Europe and US based fund management group with a focus on volatility trading in liquid markets. The Group principally manage funds and managed accounts on a discretionary basis using a global relative value volatility strategy and other volatility strategies developed by the Group. The Company may also engage in limited trading of proprietary capital, principally via derivatives, as part of its research into new strategies and markets that may be appropriate for inclusion in the mandates it runs for external clients. The Group's roots in Hong Kong in combination with its current global footprint allow the Group to capitalize on market opportunities in the Asia Pacific markets and particularly those in Hong Kong and the PRC.

Set out below is the consolidated financial information of the Group for the two years ended 31 December 2023 and for the six months ended 30 June 2024 (together with comparative figures) as extracted from the Company's annual report for the year ended 31 December 2023 (the "2023 Annual Report") and the Company's interim report for the six months 30 June 2024 (the "2024 Interim Report"):

	For the six months ended 30 June 2024 ("1H2024") HK\$'000 (unaudited)	For the six months ended 30 June 2023 ("1H2023") HK\$'000 (unaudited)	Year- on-year change %	For the year ended 31 December 2023 ("FY2023") HK\$'000 (audited)	For the year ended 31 December 2022 ("FY2022") HK\$'000 (audited)	Year- on-year change %
Revenue	5,026	8,690	(42.16)	13,289	44,793	(70.33)
– Fee income from funds and managed accounts	3,534	8,372	(57.79)	12,398	44,106	(71.89)
– Consultancy services	840	318	164.15	873	687	27.07
– Net gain on derivatives	652	Nil	N/A	18	Nil	N/A
Loss for the year/period	(26,871)	(29,704)	(9.54)	(67,001)	(33,508)	99.96

As illustrated in the above table, the Group's fee income from funds and managed accounts (comprised of management fees and performance fees) accounted for approximately 98.47% and 93.30% for FY2022 and FY2023 respectively. The Group's revenue decreased from approximately HK\$44.8 million for FY2022 to approximately HK\$13.3 million for FY2023, representing a decrease of approximately HK\$31.5 million or 70.33%. With reference to the 2023 Annual Report, such decrease was mainly due to shifts in product mix and a decrease in assets under management. The Group's assets under management were approximately US\$885 million as at 31 December 2023, representing a decrease of approximately US\$631 million or 41.62% as compared to that as at 31 December 2022, primarily driven by the investment portfolio adjustments of some investors in the Group's products.

Along with the significant decrease in revenue as aforementioned, the Group's loss for FY2023 increased by approximately HK\$33.5 million or 99.96% as compared to that for FY2022.

The Group's revenue for 1H2024 was approximately HK\$5.0 million, representing a decrease of approximately HK\$3.7 million or 42.16% as compared to that for 1H2023. With reference to the 2024 Interim Report, such decrease was primarily due to the decrease of the Group's revenue from funds and managed accounts that caused by the shifts in product mix over the period, which had the result of a decrease in the average revenue per unit of assets under management for 1H2024.

Notwithstanding the aforesaid significant decrease in the Group's revenue, the Group's loss for 1H2024 decreased by approximately 9.54% as compared to that for 1H2023. With reference to the 2024 Interim Report, the aforesaid decrease in the Group's loss was mainly due to the decrease in the Group's general and administrative expenses.

With reference to the 2023 Annual Report and 2024 Interim Report, the Group's assets under management decreased from approximately US\$1,516 million as at 31 December 2022 to approximately US\$885 million as at 31 December 2023, and further decreased to approximately US\$512 million as at 30 June 2024, primarily driven by the investment portfolio adjustments of some investors in the Group's products. As further noted from the Company's announcement dated 15 January 2025, the Group's assets under management was approximately US\$501 million as at 31 December 2024.

#### **Information on the Subscriber**

With reference to the Board Letter, as at the Latest Practicable Date, the Subscriber is entitled to exercise control over approximately 15.58% of the total issued share capital of the Company. Therefore, the Subscriber is a substantial shareholder and a connected person of the Company under the GEM Listing Rules. Mr. Chan, through his control cover the Subscriber and other controlled corporations, is interested approximately 19.27% of the issued share capital of the Company as at the Latest Practicable Date and approximately 23.03% immediately after Completion. The Subscriber is an investment holding vehicle.

### **Reasons for and benefits of the Subscription**

With reference to the Board Letter, the Board considers that the Subscription offers a good opportunity to strengthen the Shares' liquidity and broaden the capital base of the Group so as to facilitate its future development.

### ***Financing alternative***

As noted from the Board Letter, the Board considered other alternative methods to strengthen the Shares' liquidity such as debt financing, rights issue or open offer, before resolving with the Subscription. The Board has considered that debt financing may incur financial costs on the Group, while rights issue or open offer will incur additional costs including but not limited to underwriting commission and other professional fee and require relatively longer time when compared to the Subscription. The Subscription represents a cost-effective mean to strengthen the Shares' liquidity comparing with debt financing and other equity financing.

With reference to the 2024 Interim Report, the Group did not have any borrowings during 1H2024 and the Group had no borrowings outstanding as at 30 June 2024. As further advised by the Directors, the Group intends to maintain a debt-free position to avoid incurring financial costs.

In respect of equity financing, we noted that rights issue and open offer may (i) incur additional costs and other professional fees as compared to the Subscription; and (ii) require relatively longer time as compared to the Subscription.

Based on the above, we concur with the Directors that the Subscription is an appropriate fundraising mean.

### ***Use of proceeds***

With reference to the Board Letter, the aggregate gross proceeds of the Subscription will be approximately HK\$7.8 million; the aggregate net proceeds of the Subscription, after the deduction of related fees and expenses, will be approximately HK\$7.3 million. Based on the level of expenses the Company incurred for the year ended 31 December 2024, the Company expects the net proceeds from the Subscription will be used to cover expenses such as salaries (approximately 58%), office administrative expenses (approximately 16%), professional fees such as audit and legal fees and financial printing fees (approximately 9%), and promotion, marketing, travelling and other general expenses (approximately 17%).

As noted from the 2023 Annual Report and 2024 Interim Report, the Group recorded general and administrative expenses of approximately HK\$74.1 million, HK\$78.3 million and HK\$31.7 million for FY2022, FY2023 and 1H2024, respectively, primarily consist of staff costs.

Based on our findings as detailed in the sub-section headed "Comparable transactions" under the section headed "Subscription price" below, 8 out of 11 of the underlying issuers of the Comparable Transactions (as defined below) intended to apply certain percentage of their net proceeds towards general working capital, particularly, 3 of which intended to apply all of their net proceeds from the Comparable Transactions towards general working capital.

Given the above, we do not doubt the reasonableness of applying net proceeds from the Subscription for the Group's general working capital.

In light of the above, we consider that although the Subscription is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

### **Principal terms of the Subscription**

Set out below is the principal terms of the Subscription under the Subscription Agreement, details of which are set out under the section headed "Principal Terms of the Subscription Agreement" of the Board Letter.

<b>Date</b>	27 December 2024 (after trading hours of the Stock Exchange)
<b>Parties</b>	(i) the Company, as issuer; and (ii) the Subscriber

### ***Subscription Shares***

With reference to the Board Letter, the Subscription Shares represented approximately 4.88% of the existing issued Shares of 400,000,000 Shares as at the Latest Practicable Date; and approximately 4.65% of the enlarged issued Shares of 419,500,000 Shares immediately following the Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Subscription Shares) between the Latest Practicable Date and Completion.

### ***Subscription price***

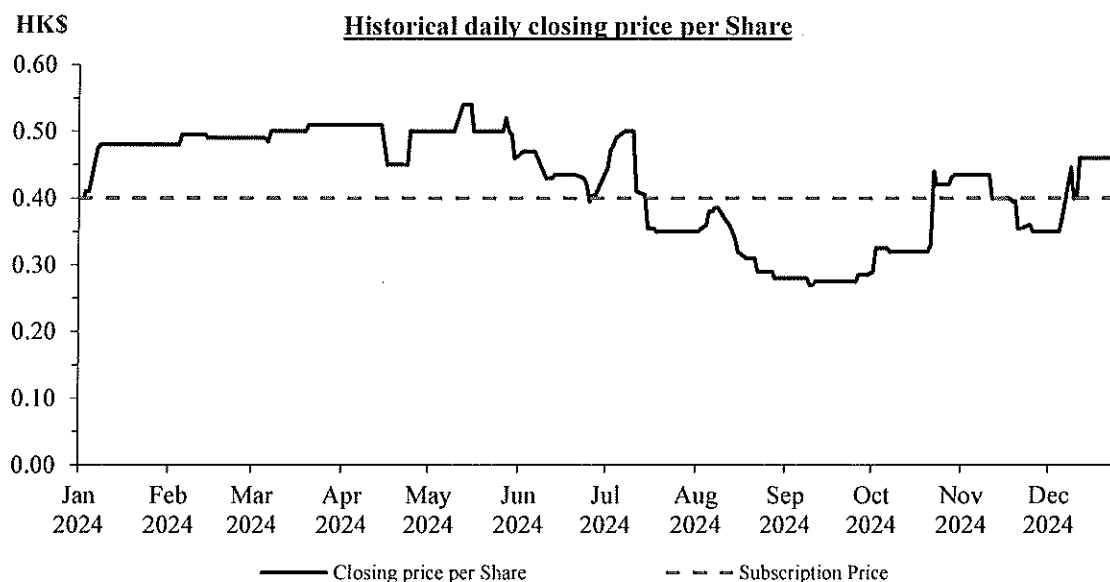
With reference to the Board Letter, the Subscription Price of HK\$0.40 per Subscription Share represents:

- (i) a discount of approximately 10.11% to the closing price of HK\$0.445 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 13.04% to the closing price of HK\$0.46 per Share as quoted on the Stock Exchange on 27 December 2024, being the Last Trading Day (the "**LTD Discount**");
- (iii) a discount of approximately 13.04% to the average closing price of approximately HK\$0.46 per Share for the last five trading days up to and including the Last Trading Day (the "**5 Days Discount**"); and
- (iv) a discount of approximately 13.04% to the average closing price of approximately HK\$0.46 per Share for the last 10 trading days up to and including the Last Trading Day (the "**10 Days Discount**").

With reference to the Board Letter, the Subscription Price was determined after arm's length negotiations between the Company and Subscriber after taking into account the prevailing market price of the Shares, the trading volume of the Shares, the existing capital market conditions and the funding needs.

### *Share price performance*

Set out below is a chart showing the movement of the closing prices of Shares during the period from 2 January 2024 up to and including the Last Trading Day (the "Review Period"), being approximately one-year period prior to the Last Trading Day, which as a commonly adopted period for analysis and we consider to be fair and representative on the basis that the duration of such period is sufficient for us to perform a thorough analysis on the historical closing price of Shares. The comparison of the daily closing price of Shares and the Subscription Price is illustrated as follows:



Source: the Stock Exchange's website

During the Review Period, the lowest closing price of Shares as quoted on the Stock Exchange was HK\$0.27 per Share as quoted on 10 September 2024 and 11 September 2024; and the highest closing price of Shares as quoted on the Stock Exchange were HK\$0.54 per Share as quoted on 13 May 2024, 14 May 2024 and 16 May 2024. The Subscription Price of HK\$0.40 per Share is within the range of the lowest and highest closing price of Shares.

From the start of the Review Period to 8 January 2024, the closing prices of Share increased sharply from HK\$0.40 to HK\$0.48. During the period from 8 January 2024 up to 16 April 2024, the closing prices of Shares remained relatively stable between the closing price range of HK\$0.48 per Share to HK\$0.51 per Share. On 17 April 2024, the closing price of Shares dropped to HK\$0.45 per Share and remained unchanged up to 24 April 2024 before it rebounded and reached the highest closing price of Shares during the Review Period of HK\$0.54 per Share on 13 May 2024, 14 May 2024 and 16 May 2024.

From 17 May 2024 to 26 June 2024, the closing price of Shares formed a decreasing trend and reached HK\$0.40 per Share on 26 June 2024 before it spikes and reached HK\$0.50 on 8 July 2024, 9 July 2024, 10 July 2024 and 11 July 2024. Thereafter, the closing price of Shares decreased sharply and reached the lowest closing price of Shares during the Review Period of HK\$0.27 per Share on 10 September 2024 and 11 September 2024. From 2 October 2024, the closing price of Shares recovered and reached HK\$0.46 per Share as recorded on the Last Trading Day.

#### *Comparable transactions*

As part of our analysis, we also identified connected transactions in relation to subscription of new ordinary shares under specific mandate for cash consideration (i.e. excluding loan capitalisation and set-off of debt in whole or in part) during the six-month period from 28 June 2024 up to and including the Last Trading Day, with the following criteria: (i) the subscription transactions were not lapsed or terminated up to the Latest Practicable Date; and (ii) the subscription transactions do not involve the issuance of A shares, H shares or domestic shares, as announced by companies listed on the Stock Exchange (the “Comparable Transactions”). We consider the selection criteria and the sampling period adopted enable us to identify sufficient samples of recently announced subscription transactions that are of similar nature as that of the Subscription. We found 11 transactions which met the said criteria and they are exhaustive. Shareholders should note that although the businesses, operations, market capitalisation and prospects of the Company are not the same as the subject companies of the Comparable Transactions, the Comparable Transactions can demonstrate the recent market practices of subscription transactions conducted by Hong Kong listed companies.



Company name (stock code)	Date of announcement	Market capitalisation as at the date of announcement (HK\$ million)	Amount of gross proceeds raised (HK\$ million)	Premium/ (discount) of the subscription price over/ to the closing price per share on last trading date prior to the entering into of the subscription agreement (%)	Premium/ (discount) of the subscription price over/to the average closing price per share for the five consecutive trading days prior to and including the last trading day prior to the entering into of the subscription agreement (%)	Premium/ (discount) of the subscription price over/to the average closing price per share for the 10 consecutive trading days prior to and including the last trading day prior to the entering into of the subscription agreement (%)	% of proceeds intended to be applied as general working capital
Winshare Science Company Limited (209)	8 July 2024	26.9	4.6	(9.09)	(9.09)	(9.09)	100%
Well Link Securities Holdings Limited (8350)	2 September 2024	130.8	40.0	65.56	65.59	64.37	Nil
China Hoagwang Holdings Limited (8646)	4 September 2024	239.5	42.9	(42.80)	(38.63)	(27.04)	Unspecified
Sunway International Holdings Limited (58)	27 September 2024	9.2	3.6	96.03 <sup>(10%)</sup>	96.68 <sup>(10%)</sup>	89.04	100%
CircuTech International Holdings Limited (8051)	4 October 2024	72.2	7.8	(2.60)	(0.92)	4.68	Nil
			20.3	26.62	28.80	36.68	
Virtual Mind Holding Company Limited (1520)	10 October 2024	219.6	10.0	13.64	29.87	42.05	100%
Honbridge Holdings Limited (8137)	17 October 2024	3,153.5	376.0	(75.00)	(77.01)	(73.47)	Approximately 24%
Zhi Sheng Group Holdings Limited (8370)	21 October 2024	69.0	13.5	(60.53)	(60.73)	(59.18)	Approximately 4%
China Resources Power Holdings Company Limited (836)	23 October 2024	99,816.7	3,311.8	(5.06)	(3.48)	(3.98)	Nil
IDT International Limited (167)	1 November 2024	46.8	234.0	(44.44)	(46.81)	(47.09)	Approximately 22%
DevGreat Group Limited (755)	3 December 2024	238.1	29.8	(18.75)	(17.72)	(20.25)	Approximately 2%
	Maximum (excluding outlier, if any):			65.56	66.59	89.04	
	Minimum (excluding outlier, if any):			(75.00)	(77.01)	(73.47)	
	Average (excluding outlier, if any):			(13.86)	(11.71)	(0.33)	
	Median (excluding outlier, if any):			(9.09)	(9.09)	(6.53)	
The Subscription		160.0	7.8	(13.04)	(13.04)	(13.04)	100%

Source: the Stock Exchange's website

Note: We adopted the mean and standard deviation outlier detection method to identify outliers in the sampled data and the premium represented by the subscription price of the relevant transaction were exceptionally high as it is more than two standard deviations away from the mean and were considered as outliers.

According to the above table, we noted that the premium/discount represented by the subscription prices of the Comparable Transactions:

- ranged from a discount of approximately 75.00% to a premium of approximately 65.56% (excluding outlier), with average discount of approximately 13.86% and median discount of approximately 9.09% to the respective closing prices of the shares on the last trading day prior to the entering into of the agreement in relation to the respective subscription.
- ranged from a discount of approximately 77.01% to a premium of approximately 66.89% (excluding outlier), with average discount of approximately 11.71% and median discount of approximately 9.09% to the respective average closing prices of the shares for the five consecutive trading days prior to and including the last trading day prior to the entering into of the agreement in relation to the respective subscription.
- ranged from a discount of approximately 73.47% to a premium of approximately 89.04%, with average discount of approximately 0.33% and median discount of approximately 6.53% to the respective average closing prices of the shares for the 10 consecutive trading days prior to and including the last trading day prior to the entering into of the agreement in relation to the respective subscription.

The LTD Discount, 5 Days Discount and 10 Days Discount are within the respective premium/discount range of the Comparable Transactions; while the LTD Discount represented smaller discount to the average of the Comparable Transactions (excluding outlier) and a slightly deeper discount to the median of the Comparable Transactions (excluding outlier), the 5 Days Discount and the 10 Days Discount represented deeper discount to the average and median of the Comparable Transactions (excluding outlier, if any).

Given the wide premium/discount ranges of the Comparable Transactions despite the exclusion of outlier (if any), we identified the Comparable Transactions with part or whole of its proceeds intended to be applied as general working capital to maintain sufficient sample size for our further analysis (the “GWC Comparable Transactions”). Set out below are extracts of the GWC Comparable Transactions based on the above table:

Company name (stock code)	Date of announcement	Market capitalisation as at the date of announcement (HK\$ million)	Amount of gross proceeds raised (HK\$ million)	Premium/ (discount) of the subscription price over/to the average closing price per share for the five consecutive trading days prior to the last trading date prior to the entering into of the subscription agreement (%)	Premium/ (discount) of the subscription price over/to the average closing price per share for the 10 consecutive trading days prior to and including the last trading day prior to the entering into of the subscription agreement (%)	Premium/ (discount) of the subscription price over/to the average closing price per share for the 10 consecutive trading days prior to and including the last trading day prior to the entering into of the subscription agreement (%)	% of proceeds intended to be applied as general working capital
Winshine Science Company Limited (209)	8 July 2024	26.9	4.6	(9.09)	(9.09)	(9.09)	100%
China Hongguang Holdings Limited (8646)	4 September 2024	229.5	42.9	(42.80)	(38.63)	(27.04)	Unspecified
Sunway International Holdings Limited (58)	27 September 2024	9.2	3.6	96.08 <sup>(1)(2)</sup>	96.08 <sup>(1)(2)</sup>	89.04 <sup>(1)(2)</sup>	100%
Virtual Mind Holding Company Limited (1520)	10 October 2024	219.6	10.0	13.64	29.87	42.05	100%
Honbridge Holdings Limited (8137)	17 October 2024	3,153.5	376.0	(75.00)	(77.01)	(73.47)	Approximately 24%
Zhi Sheng Group Holdings Limited (8370)	21 October 2024	69.0	13.5	(60.33)	(60.73)	(59.18)	Approximately 4%
IDT International Limited (167)	1 November 2024	46.8	234.0	(44.44)	(46.81)	(47.09)	Approximately 22%
DevGreat Group Limited (755)	3 December 2024	238.1	29.8	(18.75)	(17.72)	(20.25)	Approximately 2%
	Maximum (excluding outlier):			13.64	29.87	42.05	
	Minimum (excluding outlier):			(75.00)	(77.01)	(73.47)	
	Average (excluding outlier):			(33.85)	(31.45)	(27.73)	
	Median (excluding outlier):			(42.80)	(38.63)	(27.04)	
The Subscription		160.0	7.8	(13.04)	(13.04)	(13.04)	100%

*Note:* We adopted the mean and standard deviation outlier detection method to identify outliers in the sampled data and the premium represented by the subscription price of the relevant transaction were exceptionally high as it is more than two standard deviations away from the mean and were considered as outliers.

According to the above table, we noted that the premium/discount represented by subscription prices of the GWC Comparable Transactions:

- ranged from a discount of approximately 75.00% to a premium of approximately 13.64% (excluding outlier), with average discount of approximately 33.85% and median discount of approximately 42.80% to the respective closing prices of the shares on the last trading day prior to the entering into of the agreement in relation to the respective subscription.

- ranged from a discount of approximately 77.01% to a premium of approximately 29.87% (excluding outlier), with average discount of approximately 31.45% and median discount of approximately 38.63% to the respective average closing prices of the shares for the five consecutive trading days prior to and including the last trading day prior to the entering into of the agreement in relation to the respective subscription.
- ranged from a discount of approximately 73.47% to a premium of approximately 42.05% (excluding outlier), with average discount of approximately 27.73% and median discount of approximately 27.04% to the respective average closing prices of the shares for the 10 consecutive trading days prior to and including the last trading day prior to the entering into of the agreement in relation to the respective subscription.

The LTD Discount, 5 Days Discount and 10 Days Discount are within the respective premium/discount range of the GWC Comparable Transactions and represented smaller discounts than the average and median of the GWC Comparable Transactions (excluding outlier). Furthermore, among the seven GWC Comparable Transactions (excluding outlier), only the subscription price for shares of Virtual Mind Holding Company Limited (stock code: 1520) represented premium over the then recent closing prices of its shares and the discounts represented by five out of six of the remaining GWC Comparable Transactions were deeper than the LTD Discount, 5 Days Discount and 10 Days Discount.

Having considered our analysis on the Comparable Transactions and the GWC Comparable Transactions; and that the Subscription Price is within the closing price range of Shares during the Review Period, we are of the view that the Subscription Price is fair and reasonable.

#### ***Completion of the Subscription***

Completion will take place at 5:00 p.m. (Hong Kong time) on the third Business Day after the date (not being later than the Long Stop Date) the last condition has been satisfied, or such other date as the parties may agree in writing. At Completion, the Company will allot and issue 19,500,000 Subscription Shares to the Subscriber, and the Subscriber will make payments by electronic funds transfer.

Taking into account the above principal terms of the Subscription (including the Subscription Price), we consider that the terms of the Subscription are fair and reasonable.

#### **Possible dilution effect on the shareholding interests of Independent Shareholders**

According to the table set out under the section headed “Effect of the Subscription on Shareholding Structure of the Company” of the Board Letter, assuming there are no other changes in the share capital of the Company between the Latest Practicable Date and the date of the Completions, the shareholding interests held by existing public Shareholders would be diluted by approximately 0.67 percentage points as a result of the Subscription. We consider the said level of dilution to the shareholding interests of public Shareholders as a result of the Subscription to be acceptable.

## RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the Subscription are on normal commercial terms and are fair and reasonable; and (ii) although the Subscription is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscription and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**



**Graham Lam**  
*Managing Director*

*Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has around 30 years of experience in investment banking industry.*