18 September 2026

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs/Madams,

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 18 September 2026 issued by the Company (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

References are made to the Announcement and the Supplemental Announcement, in relation to, among other things, the Subscription.

On 28 June 2026, the Company entered into the Subscription Agreement with Hong Bridge Capital, pursuant to which Hong Bridge Capital has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 2,425,755,601 Shares at the Subscription Price of HK$0.37 per Subscription Share.

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

The Independent Board Committee comprising all independent non-executive Directors, namely Dr. Wang Jiwei, Mr. Wang Baogang and Mr. Huang Yongzhong, has been established to advise the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder.

We, Alpha Financial Group Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect. We have been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders.

We are independent from and not connected with the Company, the Subscriber, any of their respective core connected persons or associates. During the past two years immediately preceding the Latest Practicable Date, save for the appointment as the independent financial adviser in respect of the acquisition of 51% equity interest in Juneng (Jiangsu) Power Technology Co., Ltd.* (聚能(江苏)动力科技有限公司) (details of which are set out in the announcement of the Company dated 21 August 2026) and this appointment as the Independent Financial Adviser in respect of the Subscription, we have no business relationship with the Company, the Subscriber, or any of their respective core connected persons or associates, which would be reasonably considered to affect our independence in performing our duties as set out in the GEM Listing Rules. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company, the Subscriber or any of their respective core connected persons or associates. Accordingly, we consider that we are independent pursuant to Rule 17.96 of the GEM Listing Rules.

BASIS OF OUR ADVICE

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in or referred to in the Circular and the information and representations as provided to us by the Directors and/or the management of the Company (the "**Management**"). Our review procedures include review of the annual report of the Group for the year ended 31 December 2025 (the "**2025 Annual Report**"), the half year report of the Group for the six months ended 30 June 2026 (the "**2026 Half Year Report**"), the Announcement, the Supplemental Announcement, the Acquisition Announcement, the Acquisition Supplemental Announcement, the Circular and other relevant announcements published by the Company. We have assumed that all information and representations that have been provided by the Directors and the Management are true, complete and accurate in all material respects at the time when they were made and up to the date of the EGM. 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 enquiries and careful consideration.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. The Directors have confirmed, having made all reasonable inquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statements in the Circular misleading.

While we have taken reasonable steps to satisfy the requirements under the Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company as set out in the Circular, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the Subscription.

This letter is issued for the information of the Independent Board Committee solely in connection with their consideration of the Subscription, 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 arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Subscription, we have considered the principal factors and reasons as set out below:

1. Background of the Subscription

References are made to the Announcement and the Supplemental Announcement in relation to, among other matters, the Subscription. On 28 June 2026, the Company entered into the Subscription Agreement with Hong Bridge Capital, pursuant to which Hong Bridge Capital has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 2,425,755,601 Shares at the Subscription Price of HK$0.37 per Subscription Share.

Completion is subject to the fulfilment or waiver (if capable of being waived) of the conditions precedent referred to in the paragraph headed "Conditions Precedent of the Subscription" of the Letter from the Board.

2. Information on the Group

(a) Principal business

With reference to the Letter from the Board, the Company is principally engaged in (i) research & development and production of lithium ion power batteries for new energy vehicles; and (ii) investment in the field of resources and resources exploration and trading and exploitation as at the Latest Practicable Date.

(b) Historical financial information

Set out below is a summary of the audited consolidated financial results of the Group for the years ended 31 December 2024 and 2025 ("**FY2024**" and "**FY2025**", respectively), as extracted from the 2025 Annual Report, and the unaudited consolidated results of the Group for the six months ended 30 June 2025 and 2026 ("**HY2025**" and "**HY2026**", respectively), as extracted from the 2026 Half Year Report:

Table 1: Historical financial information of the Group

	FY2024	**FY2025**	**HY2025**	**HY2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited) (Re-presented)	(audited)	(unaudited)	(unaudited)
Revenue from continuing operations	77,544	231,043	15,487	61,678
— Trading of mineral resources	—	205,304	—	52,035
— Lithium batteries production	77,544	25,739	15,487	9,643
Gross profit from continuing operations	16,987	9,520	213	4,302
Loss before income tax from continuing operations	(589,204)	(60,877)	(40,092)	(11,942)
Loss for the year/period from continuing operations attributable to owners of the Company	(400,874)	(46,625)	(31,798)	(8,530)

	As at 31 December		As at 30 June
	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)
Non-current assets	5,465,255	6,151,789	6,544,282
Current assets	222,166	622,599	499,563
Total assets	5,687,421	6,774,388	7,043,845
Non-current liabilities	2,018,843	2,177,713	2,303,079
Current liabilities	154,630	307,949	213,645
Total liabilities	2,173,473	2,485,662	2,516,724
Net current assets	67,536	314,650	285,918
Equity attributable to owners of the Company	3,559,289	4,348,302	4,592,455

FY2024 vs FY2025

The revenue of the Group for FY2025 was approximately HK$231.0 million, representing an increase of approximately 198% as compared with that of approximately HK$77.5 million for FY2024. Revenue generated from ore trading business segment was approximately HK$205 million for FY2025. The Group commenced its bauxite-trading business in the second half of 2025 and approximately 400,000 tonnes of bauxite were delivered during the FY2025. The revenue generated from lithium battery segment has decreased by approximately 66.8% from approximately HK$77.5 million for FY2024 to approximately HK$25.7 million for FY2025, where such decrease was mainly due to reduced demand from a major customer for the lithium battery segment as compared to FY2024 and the unsatisfactory sales of the parking and starting battery for heavy truck (駐車電池).

The Group recorded a gross profit of approximately HK$9.5 million (gross profit margin: approximately 4.1%) for FY2025 as compared with the gross profit of approximately HK$17.0 million (gross profit margin: approximately 21.9%) that of the previous FY2024. In line with the change in revenue stream of the Company as mentioned above, the Group's gross profit in FY2025 was primarily derived from its ore trading business which was newly commenced in

the second half of 2025. As the gross profit margin generated from ore trading remained at a relatively low level of approximately 7%, it consequently dragged down the Group's overall gross profit margin. In addition, the gross profit margin was also affected by the decrease in sales of relative high gross profit margin product in the lithium battery production segment.

For FY2025, loss before income tax for the year from continuing operations of the Company was approximately HK$60.9 million (FY2024: loss of approximately HK$589.2 million). The decrease in loss for FY2025 was primarily attributable to no impairment provision related to the exploration and evaluation assets for the year (FY2024: impairment loss on exploration and evaluation assets of approximately HK$534.2 million and net of a deferred tax credit of approximately HK$181.6 million were recognised).

As a result, for FY2025, loss for the year from continuing operations attributable to owners of the Company was approximately HK$46.6 million (FY2024: loss of approximately HK$400.9 million).

HY2025 vs HY2026

The revenue of the Group for HY2026 was approximately HK$61.7 million, representing an increase of approximately 298.3% as compared with that of approximately HK$15.5 million for HY2025. Revenue generated from bauxite business segment was approximately HK$52.0 million for HY2026. The Group commenced its bauxite-trading business in the second half of 2025 and approximately 84,000 tonnes of bauxite were delivered during the HY2026. The revenue generated from lithium battery segment has decreased by approximately 37.7% from approximately HK$15.5 million for HY2025 to approximately HK$9.6 million for HY2026, where such decrease was mainly due to the decrease in number of orders of the parking and starting battery.

The Group recorded a gross profit of approximately HK$4.3 million (gross profit margin: approximately 7.0%) for HY2026 as compared with the gross profit of approximately HK$0.2 million (gross profit margin: approximately 1.4%) that of the previous HY2025. The gross profit margin for HY2025 was affected by the decrease in sales of relatively high gross profit margin products in the lithium battery production segment, whereas the improvement of gross profit margin for HY2026 was mainly due to improvement in the gross profit margin of the lithium-ion battery business segment, which increased from 1.4% for HY2025 to approximately 8.1% for HY2026, as well as the gross profit margin of approximately 6.8% generated by the bauxite business segment.

For HY2026, loss before income tax for the period from continuing operations of the Company was approximately HK$11.9 million (HY2025: loss of approximately HK$40.1 million). The decrease in loss for HY2026 was

primarily attributable to: (1) decrease in the loss of lithium-ion battery business segment from approximately HK$17.5 million for HY2025 to approximately HK$6.0 million for HY2026, driven by a decrease in expensed research and development costs, (2) decrease in the loss on financial assets at fair value through profit or loss from approximately HK$13.4 million for HY2025 to approximately HK$4.9 million for HY2026, and (3) the commencement of bauxite business in the second half of 2025, which generated a profit of approximately HK$4.6 million (HY2025: nil).

As a result, for HY2026, loss for the period from continuing operations attributable to owners of the Company was approximately HK$8.5 million (HY2025: loss of approximately HK$31.8 million).

31 December 2024 vs 31 December 2025

As at 31 December 2025, the Group held non-current assets of approximately HK$6,151.8 million (31 December 2024: approximately HK$5,465.3 million), and current assets of approximately HK$622.6 million (31 December 2024: approximately HK$222.2 million).

The Group recorded a net current asset position of approximately HK$314.7 million as at 31 December 2025 (31 December 2024: approximately HK$67.5 million), which primarily consisted of cash and cash equivalents balances of approximately HK$386.7 million (31 December 2024: approximately HK$65.8 million). Majority of the non-current assets held by the Group are exploration and evaluation assets amounting to approximately HK$6,088.2 million as at 31 December 2025 (31 December 2024: approximately HK$5,367.8 million).

As at 31 December 2025, the gearing ratio of the Group which is calculated as net debt (total borrowings (excluding lease liabilities)) divided by equity attributable to the owners of the Company, was approximately 2.1% (31 December 2024: approximately 3.0%). The gearing ratio of the Group decreased, primarily because the total equity increased following the changes in the exchange reserve arising from the translation of Brazilian Reais against Hong Kong dollars, as well as the issuance of 4.7 billion new Shares under a share subscription on 27 March 2025.

31 December 2025 vs 30 June 2026

As at 30 June 2026, the Group held non-current assets of approximately HK$6,544.3 million (31 December 2025: approximately HK$6,151.8 million), and current assets of approximately HK$499.6 million (31 December 2025: approximately HK$622.6 million).

The Group recorded a net current asset position of approximately HK$285.9 million as at 30 June 2026 (31 December 2025: approximately HK$314.7 million), which primarily consisted of cash and cash equivalents balances of approximately HK$430.6 million (31 December 2025: approximately HK$386.7 million). Majority of the non-current assets held by the Group are exploration and evaluation assets amounting to approximately HK$6,480.9 million as at 30 June 2026 (31 December 2025: approximately HK$6,088.2 million).

As at 30 June 2026, the gearing ratio of the Group, which is calculated as net debt (total borrowings (excluding lease liabilities)) divided by equity attributable to the owners of the Company, remained at a similar level of approximately 2.02% (31 December 2025: approximately 2.1%).

3. Information on the Subscriber

As stated in the section headed "Information on the Subscriber" in the Letter from the Board, Hong Bridge Capital is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. As at the Latest Practicable Date, it held approximately 53.93% of the total issued Shares of the Company and was ultimately controlled by Mr. Li, one of the controlling shareholders of the Company. Accordingly, we believe the Subscription demonstrates the controlling shareholders' confidence and support in the Group's business and future prospects, as reflected by the Subscriber's increased shareholding in the Company.

4. Reasons for and benefits of the Subscription

As stated in the section headed "Reasons for and benefits of the Subscription" in the Letter from the Board, the Subscription serves as the primary source of funding for the Acquisition while conserving the Group's internal cash reserves. Compared with other fundraising methods, the Subscription positions the Company more favourably for the Group's long-term development, as it entails no interest burden, involves minimal cost, does not increase liabilities or gearing, and enables the transaction to be completed more efficiently and cost-effectively without protracted negotiations with financial institutions or extensive documentation.

With reference to the paragraphs headed "Use of Proceeds" in the Letter from the Board, the gross proceeds from the Subscription, that is the total consideration of the Subscription, will be HK$897,529,572.37 (exclusive of all taxes (if applicable), listing fee in relation to the Subscription Shares, bank charges, brokerage commissions, trading fee of the Stock Exchange and transaction levies (if any) arising from the Subscription which shall be borne by the Company and the Subscriber, respectively) and the estimated net proceeds from the Subscription, after deduction of relevant legal and advisory costs, will be approximately HK$895 million, whereas the Company intends to apply approximately HK$403.1 million of the net proceeds from the Subscription for satisfying

part of the consideration for the Acquisition, approximately HK$317.5 million towards the original intended uses of the 2024 Subscription (comprising HK$173.9 million for the development of the iron ore project in Brazil, approximately HK$99.3 million for investment in mineral-related projects, approximately HK$25.0 million for the working capital of Zhejiang Forever New Energy Company Limited and approximately HK$19.3 million for the working capital of the headquarters of the Group in Hong Kong), approximately HK$149.4 million for the operation and development of, and investment in, the copper mining project relating to the Acquisition, and the remaining approximately HK$25.0 million for the general working capital of the Group. For further details in relation to the use of proceeds of the Subscription, please refer to the section headed "Use of Proceeds" in the Letter from the Board.

As such, the proceeds from the Subscription is expected to be primarily utilised towards the settlement for the Acquisition's part of consideration, and supports the Group's long-term development and align with its future prospects by supporting the copper mining project relating to the Acquisition, the iron ore project in Brazil and invest in mineral-related projects.

We also understand that the Company has considered other alternative fundraising methods such as debt financing. However, debt financing may incur financial costs and may be subject to lengthy due diligence and negotiations with lenders. Given the Group's net losses over recent years, we consider that debt financing would increase the Group's financial burden, further undermine the Group's financial performance and is not the most appropriate financing method for the Company.

In respect of other equity financing methods, rights issue is the most commonly adopted equity financing method in the market. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market. Additional cost would be required for rights issue and open offer, including underwriting commission, as compared to the Subscription.

As there is also uncertainty in the amount of funds which could be raised under pre-emptive offers such as a rights issue or an open offer and additional time would be required, which may not be able to support the full amount of approximately HK$720.6 million for satisfying the consideration of the Acquisition and approximately HK$149.4 million for the operation and development of, and investment in, the copper mining project relating to the Acquisition. Furthermore, a sizeable discount to the prevailing market price is typically required to incentivize shareholders to participate in a rights issue or an open offer, which would also result in a much higher and substantial dilution effect for the Shareholders and will not be in the best interest of the Company and its Shareholders as a whole. Therefore, we consider that pre-emptive offers such as rights issue and open offer are not the most appropriate financing methods for the Company to meet funding requirements of the Company.

Having taken into consideration the above factors, we consider that although the Subscription is not conducted in the ordinary and usual course of business of the Company, the Subscription is in the interests of the Company and the Shareholders as a whole.

5. Principal terms of the Subscription

With reference to the Letter from the Board, the principal terms of the Subscription Agreement are set out as follows:

Date	28 June 2026
Parties	(1) the Company (as issuer); and (2) Hong Bridge Capital (as subscriber)
Number of shares to be issued	2,425,755,601 Shares, representing: (a) approximately 16.67% of the existing issued share capital of the Company as at the Latest Practicable Date; and (b) approximately 14.29% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares immediately after completion of the Subscription, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the Latest Practicable Date and the date of Completion.
Subscription Price	The Subscription Price of HK$0.37 per Subscription Share represents: (a) a discount of approximately 36.21% to the closing price of HK$0.58 per Share as quoted on the Stock Exchange on 26 June 2026, being the last full trading day of the Shares on the Stock Exchange immediately prior to the date of the Subscription Agreement (the "**Last Trading Date**");

(b) a discount of approximately 33.69% to the average closing price of HK$0.56 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;

(c) a discount of approximately 30.99% to the average closing price of HK$0.54 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date; and

(d) a discount of approximately 21.60% to the average closing price of HK$0.47 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including the Last Trading Date.

For further details of the Subscription, please refer to the section headed "2. CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE" in the Letter from the Board.

5.1 The Subscription Price

The Subscription Price of HK$0.37 per Subscription Share represents:

(a) a discount of approximately 36.21% to the closing price of HK$0.58 per Share as quoted on the Stock Exchange on 26 June 2026, being the last full trading day of the Shares on the Stock Exchange immediately prior to the date of the Subscription Agreement (the "**Last Trading Date**") (the "**LTD Discount**");

(b) a discount of approximately 33.69% to the average closing price of HK$0.56 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date (the "**5-Day Discount**");

(c) a discount of approximately 30.99% to the average closing price of HK$0.54 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date; and

(d) a discount of approximately 21.60% to the average closing price of HK$0.47 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including the Last Trading Date.

As disclosed in the Letter from the Board, the Subscription Price was agreed between the Company and the Subscriber with reference to the prevailing market price of the Shares, the prevailing market conditions and the business prospects of the Group. For further details, please refer to the paragraphs headed "Prevailing Market Price of the Shares", "Prevailing Market Conditions" and "Business Prospects of the Group" in the section headed "2. CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE" in the Letter from the Board.

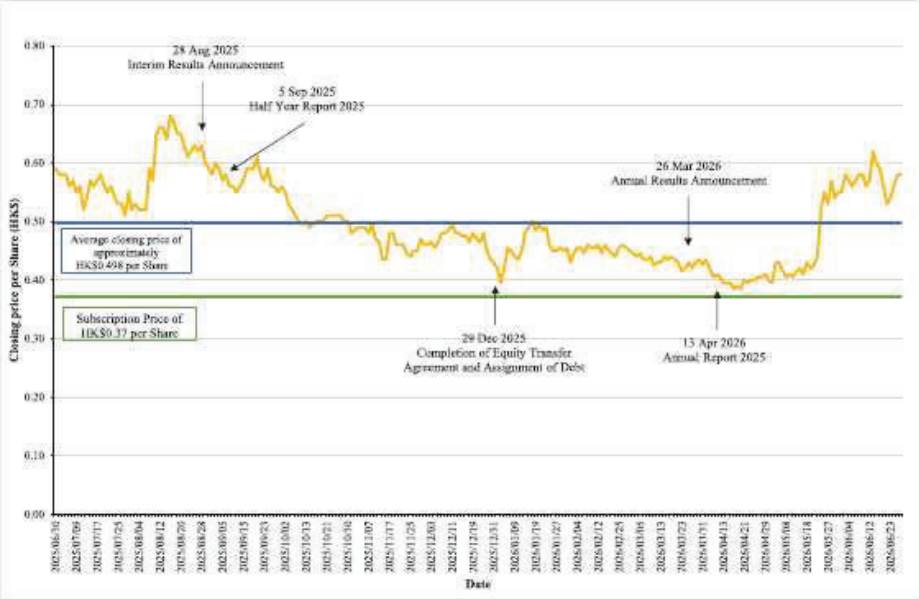
In addition, the Subscription Price also represents a premium of approximately 23.85% over the net asset value per Share calculated based on the Group's audited consolidated net assets attributable to the Shareholders of approximately HK$4,348,302,000 as at 31 December 2025 and 14,554,533,606 Shares in issue as at the Latest Practicable Date.

5.2 Historical performance of the Shares

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the movements in the closing price of the Shares for the period commencing from 27 June 2025, being approximately the twelve-month period and up to and including the Last Trading Date (the "**Review Period**"). We consider that

the length of the Review Period to be reasonably long enough to illustrate the historical trend of the closing price of the Shares. Set out below is the chart showing the daily closing price of the Shares as quoted on GEM during the Review Period:

Daily closing price of the Shares on GEM



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

We noted from the above chart that, during the Review Period, the Shares closed on GEM within the range of the lowest of HK$0.385 per Share on 16 and 20 April 2026 to the highest of HK$0.68 per Share on 15 August 2025, whereas the average closing price was approximately HK$0.498 per Share during the Review Period.

The Subscription Price represents an average discount of approximately 24.3% to the closing prices of the Shares from the start of the Review Period up to the Last Trading Date. During the Review Period, we observed that the closing price of the Shares has demonstrated a generally decreasing trend since August 2025 up to April 2026, from the highest of HK$0.68 per Share on 15 August 2025 and the lowest of HK$0.385 per Share on 16 and 20 April 2026.

The closing price of the Shares experienced a hike in late May 2026 from HK$0.44 per Share on 21 May 2026 that coincided with a corresponding spike in trading volume in the same period, which subsequently closed at HK$0.58 per Share on the Last Trading Date. As described in the paragraphs headed "5.3 Historical trading volume of the Shares" in this letter, the liquidity of the Shares had been

inactive during the Review Period, hence the price of the Shares may not be sustainable with the recent hike in closing prices of the Shares coinciding with the spike in trading volume. We noted no apparent announcement published by the Company or other information that could reasonably account for such a hike in the closing price and trading volume of the Shares during the relevant period, such movement therefore appears to be incidental in nature. Together with the generally decreasing trend of the closing price of the Shares for a considerable length over the Review Period, we believe the closing price of the Shares before the hike in Share price serves a representative benchmark for the Independent Shareholders when assessing the reasonableness of the Subscription Price. For reference, the Subscription Price represents a discount of approximately 15.9% to the closing price of HK$0.44 per Share on 21 May 2026 before the recent hike in late May 2026. As such, we are of the view that the average closing price of the Shares during the Review Period serves a representative benchmark for assessing the fairness and reasonableness of the Subscription Price. The average closing price of the Shares was approximately HK$0.498 per Share during the Review Period. In comparison, the Subscription Price represents a discount of approximately 25.7% to the average closing price of the Shares during the Review Period.

Save for the possible market reactions on the announcements or reports as set out in the above chart, we do not notice any other reasons for the abovementioned movements of the closing price of the Shares during the Review Period after reviewing the Company's announcements and reports disclosed in the website of the Stock Exchange during the Review Period. As discussed with the management of the Company, they were not aware of any particular reasons that contributed to the fluctuations in the closing price of the Shares during the Review Period.

In summary, we note that the Subscription Price of HK$0.37 per Subscription Share is (i) below the range of the closing price of the Shares during the Review Period of HK$0.385 to HK$0.68 per Share; (ii) representing a discount of approximately 25.7% to the average closing price of the Shares during the Review Period; and (iii) representing a discount of approximately 15.9% to the closing price of HK$0.44 per Share before the recent hike in share price in late May 2026 that coincided with a corresponding spike in trading volume in the same period.

In order to assess the fairness and reasonableness of the Subscription as a whole, we also take into account of other factors such as the historical trading volume of the Shares, the recent market practices of subscriptions of new ordinary shares under specific mandate for cash consideration, previous equity fund-raising activity of the Company and reasons and benefits of the Subscription under other sections of this letter.

5.3 Historical trading volume of the Shares

Set out below is the table showing the average daily trading volumes of the Shares on GEM during the Review Period:

Month/Period	No. of trading days	Average daily trading volume	% of total issued shares[(1)]	% of public float[(2)]
Jun 2025 (from 27 Jun 2025)	2	746,000	0.0051	0.0072
Jul 2025	22	2,004,364	0.0138	0.0194
Aug 2025	21	5,359,810	0.0368	0.0520
Sep 2025	22	3,239,000	0.0223	0.0314
Oct 2025	20	2,223,100	0.0153	0.0216
Nov 2025	20	1,841,200	0.0127	0.0178
Dec 2025	21	610,000	0.0042	0.0059
Jan 2026	21	2,543,429	0.0175	0.0247
Feb 2026	17	2,180,824	0.0150	0.0211
Mar 2026	22	1,725,727	0.0119	0.0167
Apr 2026	19	2,773,579	0.0191	0.0270
May 2026	19	5,783,895	0.0397	0.0563
Jun 2026 (up to the Last Trading Date)	19	11,929,842	0.0820	0.1161

Notes:

(1) Calculated based on average daily trading volume over the month/period divided by the total number of 14,554,533,606 Shares in issue as at the end of each month/period during the Review Period.

(2) Calculated based on average daily trading volume over the month/period divided by the total number of public shares at each month/period end, according to the announcements/ circulars of the Company disclosing relevant information regarding the public float of the Company and relevant public disclosures.

Trading volume of the Shares during the Review Period

The daily trading volume of the Shares on GEM has been thin during the Review Period, given that it had only recorded 22 out of 245 trading days with more than 0.05% of the issued share capital of the Company as at the Latest Practicable Date (i.e. 7,227,267 Shares) during the Review Period.

The average daily trading volume of the Shares on GEM amounted to approximately 3,433,506 Shares during the Review Period, representing approximately 0.024% of the Company's issued share capital as at the Latest

Practicable Date. The average daily trading volume of the Shares also represents a range from approximately 610,000 Shares in December 2025 (approximately 0.0042% in terms percentage to the number of total issued Shares and approximately 0.0059% in terms of percentage to the public float of the Company) to approximately 11,929,842 Shares in June 2026 (approximately 0.0820% in terms percentage to the number of total issued Shares and approximately 0.1161% in terms of percentage to the public float of the Company).

The above indicates that the liquidity of the Shares had been inactive during the Review Period. Given the low liquidity of the Shares as illustrated above, it is reasonable to set the Subscription Price at a discount to the closing price of the Shares as at the Last Trading Date.

5.4 Comparative analysis

In order to further assess the fairness and reasonableness of the Subscription Price, we have conducted a search of comparable subscription of new ordinary shares under specific mandate for cash consideration which were announced by Hong Kong-listed companies during the six-month period from 29 December 2025 up to and including the Last Trading Date. We consider the six-month review period to be reasonable as it allows us to identify sufficient comparable transactions recently announced up to and including the Last Trading Date.

Based on the abovementioned criteria, we have identified an exhaustive list of 17 transactions (the "**Transaction Comparables**") by searching through published information on the Stock Exchange's website. Shareholders should note that the businesses, operations, financial positions and prospects of the Company are not the same as the subject companies of the Transaction Comparables. Nevertheless, the Transaction Comparables can demonstrate recent market practices of Hong Kong listed companies.

The table below illustrates the details of the Transaction Comparables:

Announcement date	Company name (Stock code)	Premium/ (discount) of the subscription price to the closing price per share	Premium/ (discount) of the subscription price to the last five consecutive trading days closing price per share
8 Jun 2026	Contel Technology Company Limited (1912)	–34.8%	–22.8%
1 Jun 2026	Top Standard Corporations (8510)	–20.0%	–20.0%
29 May 2026	CAI Corp (0080)	10.0%	6.8%
27 May 2026	Risecomm Group Holdings Limited (1679)	–11.5%	–13.2%
26 May 2026	Huicheng International Holding Limited	88.7% *(Note 2)*	93.8% *(Note 2)*
17 Apr 2026	Tesson Holdings Limited (1201)	–21.1%	–33.6%
1 Apr 2026	Congyu Intelligent Agricultural Holdings Limited (0875)	–11.8%	–18.5%
30 Mar 2026	Mediwelcome Healthcare Management & Technology Inc. (2159)	0.7%	1.5%
22 Mar 2026	Chifeng Jilong Gold Mining Co., Ltd. (6693)	–28.3%	–25.6%
11 Mar 2026	China Financial International Investments Limited (0721)	–29.8%	–26.5%
5 Mar 2026	Synertone Communication Corporation (1613)	–20.0%	–20.0%
13 Feb 2026	China Silver Group Limited (0815)	–17.7%	–19.3%
10 Feb 2026	Prosperity Investment Holdings Limited (0310)	–16.7%	–20.0%
22 Jan 2026	Smart Fish Wealthlink Holdings Limited (0139)	–8.6%	–13.0%
20 Jan 2026	Virtual Mind Holding Company Limited (1520)	5.1%	7.4%
20 Jan 2026	ITC Properties Limited (0199)	–19.7%	–14.8%
16 Jan 2026	China Youran Dairy Group Limited (9858)	–8.8%	–17.8%

Announcement date	Company name (Stock code)	Premium/ (discount) of the subscription price to the closing price per share	Premium/ (discount) of the subscription price to the last five consecutive trading days closing price per share
	Maximum	10.0%	7.4%
	Average	-14.6%	-15.6%
	Median	-17.2%	-18.9%
	Minimum	-34.8%	-33.6%
29 Jun 2026	The Company	-36.2%	-33.7%

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

Notes:

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

2. Considered as outlier, and has been excluded from the analysis.

According to the above table, the subscription prices of the Transaction Comparables (excluding the outlier) ranged from a discount of approximately 34.8% to a premium of approximately 10.0%, with an average discount and a median discount of approximately 14.6% and 17.2%, respectively, over the closing prices of the shares on the last full trading day immediately prior to the agreement date in relation to respective subscription (the "**LTD Discount/Premium Range**"). The LTD Discount of approximately 36.2% that the Subscription represents falls close to the minimum of the LTD Discount/Premium Range of approximately 34.8%.

As further noted from the above table, the subscription prices of the Transactions Comparables (excluding the outlier) ranged from a discount of approximately 33.6% to a premium of approximately 7.4% with an average discount and a median discount of approximately 15.6% and 18.9%, respectively, over the respective average closing prices of the shares for the last five consecutive full trading days immediately prior to the agreement date in relation to the respective subscription of new shares (the "**5-Day Discount/Premium Range**"). The 5-Day Discount of approximately 33.7% that the Subscription represents falls close to the minimum of the 5-Day Discount/Premium Range.

With reference to the recent spike in the closing price of the Shares since late May 2026, as discussed in the section headed "5.2 Historical performance of the Shares" in this letter, such spike in closing price of the Shares has coincided with a corresponding spike in trading volume in the same period, as discussed in the section headed "5.3 Historical trading volume of the Shares" in this letter, which may not be sustainable and therefore may not provide a reliable indication of the Shares' longer-term trading price. Accordingly, we also take reference of the average closing price during the Review Period of approximately HK$0.498 per Share, which the Subscription Price represents a discount of approximately 25.7% to, and is within range of the LTD Discount/Premium Range and the 5-Day Discount/Premium Range.

While most of the companies of other Transaction Comparables that are listed on Main Board of the Stock Exchange, we are of the view that the Transaction Comparables forms a fair representation of the recent market practices for subscription of new ordinary shares under specific mandate for cash consideration of Hong Kong listed companies as the number of similar transactions for companies listed on GEM is limited with only one during the same period. We consider that the transaction nature of the Transaction Comparables, in particular being subscriptions for new ordinary shares for cash consideration under specific mandate, are relevant to the assessment of the Subscription Price. In view of the limited number of GEM-listed transactions satisfying the selection criteria, the inclusion of Main Board-listed issuers provides a meaningful reference to recent Hong Kong market practice for the Independent Shareholders.

As the Company is listed on GEM, which has been positioned as a market that a higher investment risk may be attached than the most of the companies of other Transaction Comparables that are listed on the Stock Exchange, where securities traded on GEM may be more susceptible to high market volatility than securities

traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM. With reference to the section headed "5.3 Historical trading volume of the Shares" in this letter, the liquidity of the Shares had been inactive during the Review Period. Such liquidity profile is a relevant factor in assessing the Subscription Price and may distinguish the Company from other Main Board-listed Transaction Comparables, having regard to the relatively higher volatility and investment risks generally associated with securities listed on GEM. Accordingly, having regard to the observed inactive trading liquidity of the Shares and the potentially higher execution and liquidity risks associated with a subscription for a substantial block of Shares, adopting a higher discount as compared to the other Main Board-listed Transaction Comparables is considered fair and reasonable so far as the Independent Shareholders are concerned.

As a whole, considering (i) the Subscription Price represents a discount of approximately 25.7% to the average closing price of the Shares during the Review Period that is within range of the LTD Discount/Premium Range and the 5-Day Discount/Premium Range, and (ii) having regard to the observed inactive trading liquidity of the Shares and the potentially higher execution and liquidity risks associated with a subscription for a substantial block of Shares as compared to the other Main Board-listed Transaction Comparables, we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned from a recent comparable subscription market practice standpoint.

5.5 Previous equity fund-raising activity of the Company

With reference to the Company's announcement dated 27 March 2025, on the same date the Company completed a subscription of new shares under a specific mandate at a subscription price of HK$0.08 per Share, which represented discounts of approximately 75.0% to the last trading date and approximately 77.0% to the average closing price for the last five consecutive trading days up to and including the last trading date.

As such, the LTD Discount of approximately 36.21% and 5-Day Discount of approximately 33.69% of the Subscription is of a lesser discount relative to the previous subscription, which in our view demonstrates the Subscriber's confidence in the Group's long-term prospects.

5.6 Conclusion

We noted that:

(i) while the Subscription Price represents LTD Discount of approximately 36.21% and 5-Day Discount of approximately 33.69%, respectively, the Subscription Price also represents a premium of approximately 23.85% to the net asset value per Share of the Company as at 31 December 2025, as discussed in "5.1 The Subscription Price";

(ii) the closing price of the Shares has demonstrated a generally decreasing trend since August 2025 up to April 2026, from the highest of HK$0.68 per Share on 15 August 2025 and the lowest of HK$0.385 per Share on 16 and 20 April 2026, as discussed in "5.2 Historical performance of the Shares", where the recent spike in the closing price of the Shares since late May 2026 has coincided with a corresponding spike in trading volume in the same period, which may not be sustainable and therefore may not provide a reliable indication of the Shares' longer-term trading price;

(iii) as the liquidity of the Shares had been inactive during the Review Period, it is reasonable to set the Subscription Price at a discount to the closing price of the Shares as at the Last Trading Date, as discussed in "5.3 Historical trading volume of the Shares";

(iv) the Subscription Price represents a discount of approximately 15.9% to the closing price of HK$0.44 per Share on 21 May 2026 before the recent hike in late May 2026, which both falls within the LTD Discount/Premium Range and 5-Day Discount/Premium Range and represents a lesser discount to and close to the average of approximately 14.6% and the median of approximately 17.2% represented by the Transaction Comparables, as discussed in "5.3 Historical trading volume of the Shares";

(v) while the LTD Discount and 5-Day Discount falls close to the minimum of the LTD Discount/Premium Range and 5-Day Discount/Premium Range, as the recent increase in the closing price of the Shares since late May 2026 has coincided with a corresponding spike in trading volume in the same period, which may not be sustainable and therefore may not provide a reliable indication of the Shares' longer-term trading price, we also take reference of the average closing price during the Review Period of approximately HK$0.498 per Share, which the Subscription Price represents a discount of approximately 25.7% to, and is within range of the LTD Discount/Premium Range and 5-Day Discount/Premium Range, as discussed in "5.4 Comparative analysis";

(vi) the Company recorded losses for the year/period from continuing operations attributable to owners of the Company of approximately HK$400.9 million, HK$46.6 million and HK$8.5 million for FY2024, FY2025 and HY2026, respectively, as discussed in "2. Information on the Group — (b) Historical financial information";

(vii) excluding the proceeds from the share subscription which was completed in March 2025, the Company has experienced decrease in cash and cash equivalents of approximately HK$52.9 million and HK$97.3 million during the years ended 31 December 2024 and 31 December 2025, respectively; and

(viii) the LTD Discount of approximately 36.21% and the 5-Day Discount of approximately 33.69% of the Subscription are of lesser discounts relative to the previous subscription which was completed in March 2025 of approximately 75.0% and 77.0%, respectively, which demonstrates the Subscriber's confidence in the Group's long-term prospects, as discussed in "5.5 Previous equity fund-raising activity of the Company".

Accordingly, having taken into consideration the factors and reasons as stated above, we are of the opinion that the terms of the Subscription are on normal commercial terms and are fair and reasonable.

6. Possible dilution effect

With reference to the shareholding table in the section headed "Effect on shareholding Structure" in the Letter from the Board, the shareholding interests of the other public Shareholders would be diluted from approximately 29.40% as at the Latest Practicable Date to approximately 25.20% immediately after Completion (assuming no other change in the issued share capital of the Company from the Latest Practicable Date to the date of Completion). Taking into account (i) the aforementioned reasons for and benefits of the Subscription; (ii) the net proceeds will improve the Group's financial position and enable the Group to deploy resources for the intended use of the proceeds as mentioned in the section headed "4. Reasons for and benefits of the Subscription" in this letter (hence, benefit the Company and the Shareholders as a whole), whereas the other public Shareholders are not required to further invest into the Company; and (iii) the terms of the Subscription being fair and reasonable, we are of the view that the aforesaid dilution is acceptable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, 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 Group 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(s) in this regard.

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited

pp.

Cheng Chi Ming, Andrew
Managing Director

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited

Irene Ho
Head of Corporate Finance,
Senior Vice President

Mr. Cheng Chi Ming, Andrew is the Managing Director of Alpha Financial Group Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheng has over 23 years of experience in the corporate finance industry in Hong Kong.

Ms. Irene Ho is the Head of Corporate Finance and Senior Vice President of Alpha Financial Group Limited and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activities (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 not subject to the same condition). Ms. Ho has over 12 years of experience in the corporate finance industry in Hong Kong.