The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.

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15 November 2022

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION
SUBSCRIPTION OF SHARES IN
THE SHANGHAI COMMERCIAL & SAVINGS BANK LIMITED

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Proposed Subscription. Details of the Proposed Subscription are contained in the circular of the Company dated 15 November 2022 (the "**Circular**"). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 13 August 2022, 13 October 2022 and 24 October 2022, SCSB announced the SCSB Share Offer, pursuant to which a total number of 380,000,000 new SCSB Shares will be offered for subscription at the subscription price of NT$37.00 each (equivalent to approximately HK$9), of which 285,000,000 new SCSB Shares, representing 75% of the total number of new SCSB Shares to be issued under the SCSB Share Offer, will be offered to the eligible shareholders of SCSB on the basis of 73.30651245 new SCSB Shares for every 1,000 SCSB Shares held on the record date of 6 November 2022. The remaining 57,000,000 and 38,000,000 new SCSB Shares, representing 15% and 10% of the total number of new SCSB Shares to be issued under the SCSB Share Offer, will be offered to employees and to the public for subscription, respectively. Payment for subscription by the eligible shareholders of SCSB shall be made between 8 November 2022 and 8 December 2022.

The Company held in aggregate 177,568,191 SCSB Shares as at the Latest Practicable Date through its two indirect wholly-owned subsidiaries, Bright Honest Investment Limited (as to 172,834,744

SCSB Shares) and Infinity Peace Limited (as to 4,733,447 SCSB Shares), representing approximately 3.96% of the issued share capital of SCSB. The Company intends to pursue the Proposed Subscription through these subsidiaries by subscribing for up to 13,016,904 new SCSB Shares, representing approximately 0.27% of the issued share capital of SCSB as enlarged by the SCSB Share Offer, being its full entitlement under the SCSB Share Offer. The Company is an investment holding company which holds investment properties and a portfolio of investment assets. The Group holds SCSB as one of the investments under its investment portfolio but otherwise has no business or other dealings with SCSB. While the Group's investment in SCSB has provided a solid return in investment to the Group, the Board has and will remain cautious in respect of the Group's investments in SCSB having considered the current global economy and equity market. The Company therefore has no intention to increase its shareholding in SCSB Shares or dispose of its investment in SCSB within 12 months from the date of this circular. Based on the subscription price of NT$37.00 per new SCSB Share (equivalent to approximately HK$9) as announced by SCSB on 24 October 2022, the aggregate consideration payable by the Group under the Proposed Subscription in taking up the Company's full entitlement under the SCSB Share Offer will be approximately NT$481.6 million (equivalent to approximately HK$117.2 million).

Following completion of the Proposed Subscription, the Group will own a total number of up to 190,585,095 SCSB Shares, representing approximately 3.92% of the enlarged issued share capital of SCSB and a slight drop in the Group's ownership in SCSB, from its current approximately 3.96% shareholding. If the Company does not pursue the Proposed Subscription, following completion of the SCSB Share Offer, the Group's interest in SCSB by virtue of its shareholding in the 177,568,191 SCSB Shares will drop from approximately 3.96% to approximately 3.65% of the enlarged issued share capital of SCSB.

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Proposed Subscription is more than 25% but less than 100%, the Proposed Subscription constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Lincoln C. K. Yung and Mr. John Con-sing Yung are both Directors of the Company, Mr. Lincoln C. K. Yung is also a non-executive director of SCSB while Mr. John Con-sing Yung is also the managing director of SCSB. Given that they are, together with members of their families, collectively interested in more than 10% of the total issued share capital of SCSB, the Proposed Subscription also constitutes a connected transaction of the Company under Rule 14A.28 of the Listing Rules, and is subject to the reporting, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Lincoln C. K. Yung, Mr. John Con-sing Yung and their respective associates shall abstain from voting at the SGM on the resolutions in connection with the approval of the Proposed Subscription. Votes at the SGM shall be conducted by poll.

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the Proposed Subscription is:

- in the ordinary and usual course of business of the Company;
- on normal commercial terms;
- fair and reasonable so far as the Independent Shareholders are concerned;
- in the interests of the Company and the Shareholders as a whole; and

and to give independent advice to the Independent Board Committee and the Independent Shareholders.

In formulating our opinion, we have relied on the information and facts supplied to us by the Directors and/or management of the Company. We have reviewed, among other things:

(i) the announcement of the Company dated 25th October 2022;

(ii) the annual reports of the Company for each of the two financial years ended 31 December 2020 (the "**2020 Annual Report**") and 31 December 2021 (the "**2021 Annual Report**");

(iii) the audited annual reports of SCSB for the year ended 31 December 2020 (the "**SCSB 2020 Annual Report**") and 31 December 2021 (the "**SCSB 2021 Annual Report**") respectively; and

(iv) the consolidated statements of comprehensive income for the six months ended 30 June 2022 and the consolidated balance sheets as at 30 June 2022 of SCSB ("**SCSB 2022 Q2 Financial Statements**").

We have assumed that all information, facts, opinions and representations contained in the Circular and all information, statements and representations provided to us by the Directors and/ or the management of the Company, upon which we have relied, are true, complete and accurate and not misleading in all material respects as of the date hereof and we and the Independent Shareholders will be notified by the Company of any material changes thereof as soon as practicable. The Directors have confirmed that they take full responsibility for the contents of the Circular and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information and facts as set out in the Circular and of the information and representations provided to us by the Directors and/or management of the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Directors and/or management of the Company which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Company. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Proposed Subscription.

As at the Latest Practicable Date, we were independent from, and were not associated with, the Company or any other party to the Proposed Subscription, or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules and accordingly, are considered eligible to give independent advice on the Proposed Subscription. We will receive a fee from the Company for our role as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Subscription. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the Proposed Subscription or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

The Independent Board Committee, comprising Mr. Rudolf Bischof, Mr. Robert T. T. Sze and Mr. Wong Chi Kwong Patrick, has been established to advise the Independent Shareholders as to whether the Proposed Subscription is on normal commercial terms, in the ordinary and usual course of business of the Group, in the interests of the Company and the Shareholders as a whole, and as to whether the Independent Shareholders should vote in favour of the Proposed Subscription.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Proposed Subscription, we have taken into account the following principal factors:

1. Information on the Company

The Company is an investment holding company which holds investment properties and a portfolio of investments assets.

Financial highlights of the Group

Set out below are the highlights of certain financial information on the Group as extracted from the 2020 Annual Report and the 2021 Annual Report:

	For the year ended 31 December	
	2021	**2020**
	(audited)	*(audited)*
	HK$'000	*HK$'000*
Revenue	168,647	183,674
Profit attributable to equity holders of the Company	190,717	86,766

	As at 31 December	
	2021	**2020**
	(audited)	*(audited)*
	HK$'000	*HK$'000*
Total assets	5,553,540	5,068,499
Cash and cash equivalents	143,819	123,243
Total liabilities	86,601	89,591
Net asset value	5,466,939	4,978,908

The Group recorded a revenue of approximately HK$168.6 million for the year ended 31 December 2021 ("**FY2021**"), representing a decrease of 8.2% as compared with approximately HK$183.7 million for the year ended 31 December 2020 ("**FY2020**"). Such decrease was primarily attributable to (1) the decrease of the gross rental income from investment properties and (2) the decrease of dividend income from financial assets at fair value through other comprehensive income for FY2020.

The profit attributable to equity holders of the Company increased by approximately HK$103.9 million to approximately HK$190.7 million for FY2021 from approximately HK$86.8 million for FY2020, which was principally due to the fact that the Group recorded an increase of HK$102.7 million in the changes in fair value of investment properties in FY2021.

As at 31 December 2021, the Group has total assets of approximately HK$5,553.5 million, representing an increase of 9.57% as compared with the total assets of approximately HK$5,068.5 million as at 31 December 2020. Such increase was mainly due to (1) the increase in the financial assets at fair value through other comprehensive income as at 31 December 2021, and (2) the increase in the financial assets at fair value through profit or loss. The cash and cash equivalents of the Group amounted to approximately HK$143.8 million as at 31 December 2021, a 16.7% increase comparing with approximately HK$123.2 million as at 31 December 2020.

The total liabilities of the Group were approximately HK$86.6 million as at 31 December 2021, a drop from approximately HK$89.6 million as at 31 December 2020. In addition, the Group has net asset value of approximately HK$5,466.9 million as at 31 December 2021, an increase by 9.8% as compared with approximately HK$4,978.9 million as at 31 December 2020.

Analysis of dividend income from investment in SCSB

We understand that the Group's equity stake in SCSB is a relatively significant part of the investment portfolio of the Group and provides solid contribution to the revenue of the Group. In assessing the dividend income from SCSB to the Group, we have compared it with the Group's total revenue for the four financial years ended 31 December 2021, and the result of our analysis is shown as follows:

	For the financial year ended 31 December			
	2021	**2020**	**2019**	**2018**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Dividend income from SCSB *(Note 1)*	66.1	74.6	64.3	59.5
total revenue	195.5	225.2	228.9	122.0
% of dividend income from SCSB to total revenue	33.8%	33.1%	28.1%	48.8%

Notes:

1. *only include the net cash dividend received after deducting the withholding tax.*

The above table illustrates that, for the period from FY2018 to FY2021, the Group consistently generated a relatively stable and substantial amount of dividend income from its financial investment in SCSB, from approximately HK$59.5 million for the year ended 31 December 2018 to approximately HK$66.1 million for the year ended 31 December 2021, representing 48.8% and 33.8% of the Group's total revenue, respectively. As such, we are of the view that the dividend income from the Group's investment in SCSB provides a solid and stable contribution to the Group's total revenue which is in the interests of the Company and the Shareholders as a whole.

Other than the dividend income from SCSB, we note that the Group's income from its investment portfolio is well diversified, including property investment and financial assets. In addition, we understand that, as part of the Company's risk management process, the Board reviews the risks and performance of the Group's investment portfolio on a regular basis, as well as monitoring market conditions, among other factors, and will take appropriate measures, if needed, on the basis of such regular review and monitoring.

2. Information on SCSB

SCSB is a company incorporated under the laws of Taiwan with limited liability whose shares are listed on the Taiwan Stock Exchange Corporation. SCSB is principally carrying on a banking business in Taiwan and is the holding company of Shanghai Commercial Bank (the "**SCB**"), a licensed bank in Hong Kong, holding an approximately 57.6% interest therein.

Financial highlights of SCSB

Set out below are the highlights of certain financial information as extracted from the SCSB 2020 Annual Report, the SCSB 2021 Annual Report, and the SCSB 2022 Q2 Financial Statements.

	For the year ended 31 December		
	2021 *(audited)* *(NT$ million)*	**2020** *(audited)* *(NT$ million)*	**Change YoY** (%)
Net interest income	26,470.3	26,388.6	0.31%
Consolidated net revenue	38,172.5	37,831.8	0.9%
Profit before income tax	22,139.3	21,553.8	2.72%
Consolidated net income	18,670.6	17,814.6	4.81%
Return on assets ("**ROA**")	1.05%	1.03%	0.02%
Return on equity ("**ROE**")	9.11%	8.72%	0.39%

	As at 30 June 2022 *(audited)* *(NT$ Billion)*	**As at 31 December 2021** *(audited)* *(NT$ Billion)*	**Change (%)**
Total assets	2,208.9	2,139.6	3.24%
Total equity attributable to owners of SCSB	149.0	157.8	(5.58%)

As indicated in the above table, SCSB recorded net interest income of approximately NT$26,470.3 million for FY2021, representing a slight increase of 0.31% compared to approximately NT$26,388.6 million for FY2020. The consolidated net revenue of SCSB amounted to approximately NT$38,172.5 million for FY2021, a slight increase of approximately 0.9% compared to NT$37,831.8 million for FY2020. SCSB recorded profit before income tax of NT$22,139.3 million for FY2021, representing an increase of approximately 2.72% compared to NT$21,553.8 million for FY2020. SCSB recorded consolidated net income of NT$18,670.6 million for FY2021, representing an increase of 4.81% compared to NT$ 17,814.6 million for FY2020.

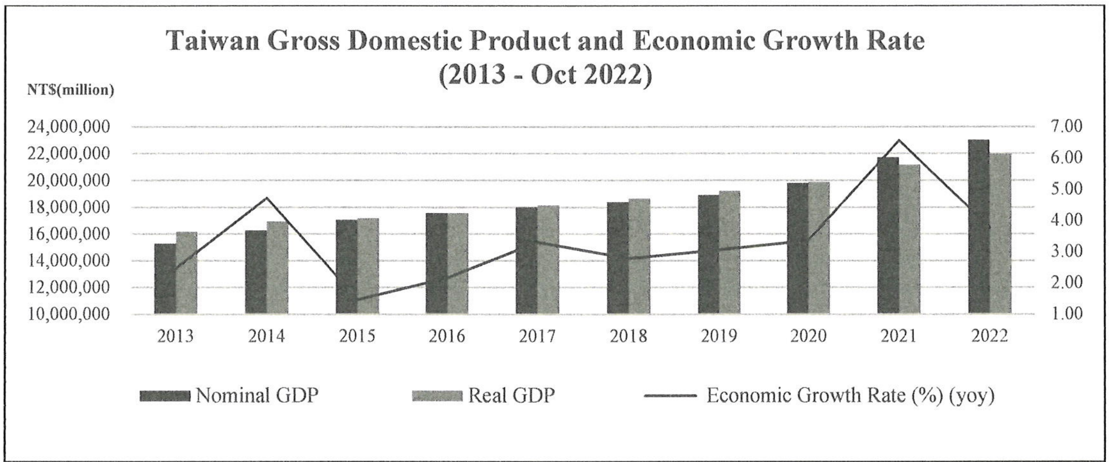
In addition, the ROA of SCSB was 1.05% for FY2021 compared to 1.03% for FY2020, while the ROE was 9.11% for FY2021 compared to 8.72% for FY2020, representing an increase of 0.39% on a year-on-year basis.

SCSB reported total assets of approximately NT$2,208.9 billion as at 30 June 2022, an increase of approximately 3.24% compared to approximately NT$2,139.6 billion as at 31 December 2021, while the net assets of SCSB was approximately NT$149.0 billion as at 30 June 2022, a decline of approximately 5.58% compared to approximately NT$157.8 billion as at 31 December 2021.

3. Overview of Taiwan's banking industry

From a macroeconomic perspective, Taiwan has a dynamic capitalist economy that is driven by industrial manufacturing, and especially exports of electronics, machinery, and petrochemicals. Since the global financial crisis of 2009, the economy of Taiwan has rebounded and prompted accelerating economic growth. According to the National Statistics of Republic of China (Taiwan), the real gross domestic product (the "**GDP**") of Taiwan for the year ended 31 December 2013 was approximately NTD16,172 billion. Since 2013, the economy of Taiwan grew steadily until 2021, when it encountered various economic problems (including geopolitical tensions and COVID-19 and the resultant supply chain crisis, close-to-record-high inflation and the prolonged lockdown by China) which have also affected a number of other nations. In spite of this, the economic growth of Taiwan in real GDP terms remains robust, standing at NTD21,163 billion and NTD21,958 billion in 2021 and 2022, representing an increase of 6.57% and 3.76% on a year-on-year basis.

Below is the chart illustrating the GDP of Taiwan in both nominal and real forms, and the growth rate on year-on-year basis, spanning a decade starting from the year ended 2013 to October 2022:

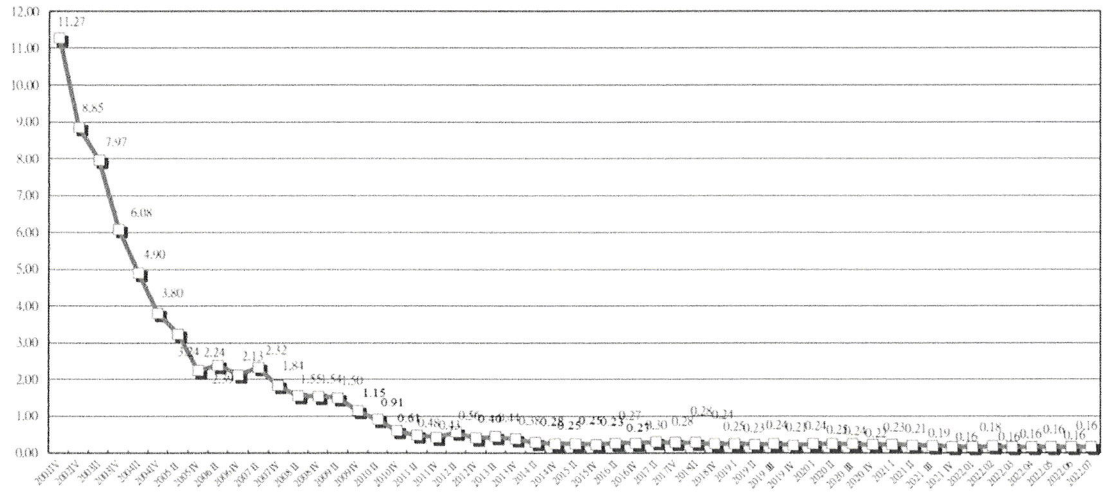


Source: Statistics published by the National Statistics of Republic of China (Taiwan)

According to the Central Bank of the Republic of China (Taiwan), the banking and financial system remains healthy, regulated and competitive, with 39 domestic banks holding in aggregate total assets of approximately US$2.1 trillion as of 31 December 2021.

According to data disclosed by the Financial Supervisory Commission of Republic of China (Taiwan), as shown in the chart below, the non-performing loan ratio (the "**NPL ratio**"), has remained below 1% since 2010. As of the end of July 2022, the NPL ratio of 39 domestic banks remained at 0.16%, which has improved by 5 basis points as compared to the same month in 2021, implying an improving creditworthiness and repayment ability of the overall banking market.

Non-performing Loan Ratio from Year 2012 to Year 2022



Source: Financial Supervisory Commission of Republic of China (Taiwan)

In addition, the average Capital Adequacy Ratio ("**CAR**") was 14.91% as of 31 March 2022, slightly improving by 8 basis points on a quarterly basis compared to 14.83% as of 31 December 2021. The compound annual growth rate (the "**CAGR**") from the year ended 31 December 2019 to the year ended 31 December 2021 is 2.67%. We are of the view that the capital adequacy for domestic banks as a whole remains satisfactory. The average liquidity reserve ratio (the "**LRR**") was 30.77% for domestic banks as a whole as at 31 December 2021, increasing by 43 basis points compared with that as at 30 September 2021, while the CAGR of average LRR was 1.2% from the year ended 31 December 2018 to the year ended 31 December 2021.

To sum up, given that the major financial and performance ratios of the Taiwan banking sector are of a steady growth, and the growth of domestic GDP in spite of the political tension between the PRC and the US, we are of the view that the current state of the banking industry in Taiwan remains satisfactory and stable.

4. Reasons for and benefits of the Proposed Subscription

As stated in the letter from the Board, the Directors believe that the Proposed Subscription allows the Group to maintain the Company's pro-rata interest in SCSB to the extent permissible under the terms of the SCSB Share Offer and it will be beneficial to the Group to maintain its interest in SCSB. We note that the Group has been receiving a steady stream of dividends from its financial investment in the shares of SCSB and this dividend income received from SCSB has contributed significantly to the Group's total revenue on a consistent basis over the past four years. As we have explained in the above section headed "Analysis of dividend income from investment in SCSB", we consider that the Group's investment in SCSB has provided a consistently reasonable return to the Group, representing a good opportunity to make a sound investment in high yielding financial assets.

Taiwan, through the signing of the Economic Cooperation Framework Agreement, the financial services pact with the People's Republic of China, has allowed banks in Taiwan to tap into the PRC banking market and has created the opportunity for banks on both sides of Taiwan Strait to invest in each other. The cross-strait liberalisation has enhanced the business prospects of Taiwan's financial institutions. With (i) 72 branches in Taiwan, one each in Hong Kong, Vietnam, Singapore and Wuxi, China; and (ii) three representative offices, one each in Jakarta, Indonesia, Bangkok, Thailand and Phnom Penh, Cambodia as at the Latest Practicable Date, SCSB has been expanding its branch network both in Taiwan and overseas. As at the Latest Practicable Date, SCSB held an approximately 57.6% interest in SCB, which had 44 branches in Hong Kong, three in China and four branches overseas. In addition, we understand from the management of the Company that they are confident as to the business prospects of SCSB and its subsidiaries, including SCB, given its sound operational and financial performance consistently over the past few years.

In light of the above, we are of the view that the Proposed Subscription is in the ordinary and usual course of business of the Group and is in line with the strategy of the Group as well as in the interests of the Company and Shareholders as a whole.

5. The Subscription Price

The subscription price of NT$37.00 per SCSB Share (equivalent to approximately HK$9) under the SCSB Share Offer represents:

(i) a discount of approximately 19.6% to the closing price of NT$46 per SCSB Share as quoted on the Taiwan Stock Exchange Corporation on the Last Trading Date;

(ii) a discount of approximately 20.7% to the average closing price of approximately NT$46.63 per SCSB Share as quoted on the Taiwan Stock Exchange Corporation for the five consecutive trading days up to and including the Last Trading Date;

(iii) a discount of approximately 21.7% to the average closing price of approximately NT$47.26 per SCSB Share as quoted on the Taiwan Stock Exchange Corporation for the ten consecutive trading days up to and including the Last Trading Date;

(iv) a premium of approximately 11.3% over the net asset value per SCSB Share of NT$33.25; and

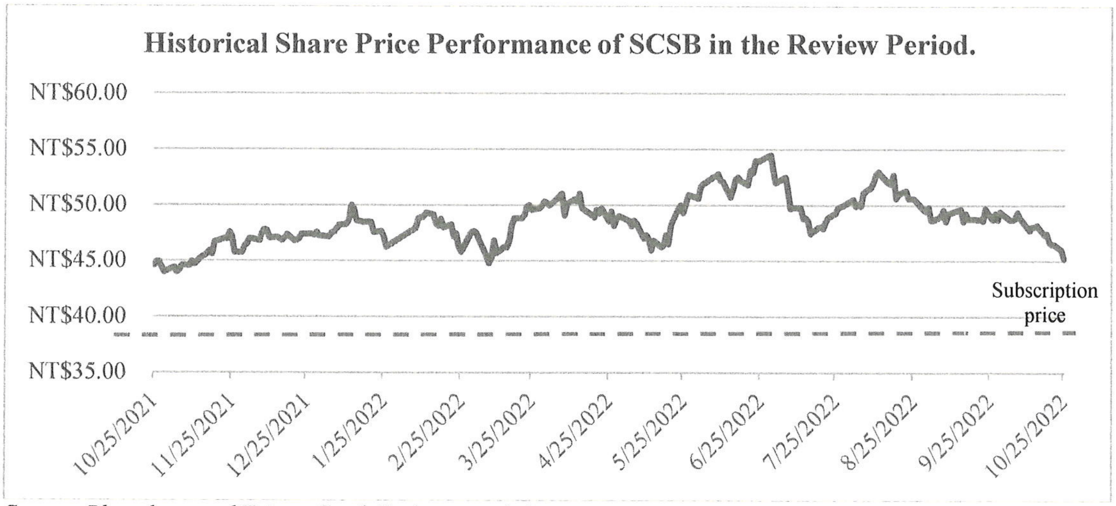
(v) a discount of approximately 18.3% to the theoretical ex-rights price of NT$45.3 per SCSB Share (after taking into account the effect of the SCSB Share Offer) based on the closing price of NT$46 per SCSB Share as quoted on the Taiwan Stock Exchange Corporation on the Last Trading Date.

The cash and cash equivalents of the Group was HK$119,884,000 as at 30 June 2022.

To assess the fairness and reasonableness of the Subscription Price, we set out the following analysis for illustration purpose:

Review of SCSB share prices

The stock performance chart below shows the daily closing price of the SCSB Shares as quoted on the Taiwan Stock Exchange Corporation during the period commencing from 25 October 2021 up to and including the Last Trading Date (the "**Review Period**"), an approximately 12-month period which we believe is commonly adopted for analysis and demonstration purposes, and which we consider is fair and reasonable for shareholders' reference with regard to the Subscription Price:



Source: Bloomberg and Taiwan Stock Exchange website

During the Review Period, we note that, despite various economic problems (including geopolitical tensions and COVID-19 and the resultant supply chain crisis, close-to-record-high inflation and the prolonged lockdown by Mainland China), the share price of SCSB has remained relatively stable for the previous one year, ranging between NT$44.00 and NT$54.50 per SCSB

Share with an average closing price of NT$48.69 per SCSB Share.

We note that the Subscription Price of NT$37.00 represents a discount of approximately 15.91% over the lowest closing price of NT$44.00, a discount of approximately 32.11% to the highest closing price of NT$54.50 and a discount of approximately 24.01% to the average closing price of NT$48.69 during the Review Period. As such, we are of the view that the Subscription Price provides the Group with a moderate safety cushion against a drop from the current price and is fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole. We consider that it offers a good opportunity for the Company to subscribe for SCSB Shares at an attractive price.

Comparable Companies analysis

We have conducted an analysis in relation to the fairness and reasonableness of the Subscription Price. As part of our analysis, we have identified companies which we believe are comparable to the Group (the "**Comparable Companies**") based on the following criteria: (i) companies currently listed on the Taiwan Stock Exchange with market capitalization over NT$10 billion, and (ii) companies which are principally engaged in commercial and retail banking businesses and activities.

A total of nine Comparable Companies were selected based on the above criteria. We have used the price-to-book ratio ("**P/B ratio**") to compare each of the Comparable Companies, which we consider to be a market practice and suitable benchmark often used to compare and value banks. Details of findings are shown as below:

No.	**Company Name**	**Ticker**	**Market Capitalisation (NT$ Billion)** *(Note 1)*	**P/B(x)** *(Note2)*
1	Chang Hwa Commercial Bank	2801 TT	179.03	1.07
2	Taiwan Business Bank	2834 TT	99.97	0.97
3	Taichung Commercial Bank	2812 TT	61.69	0.92
4	Union Bank of Taiwan	2838 TT	57.68	0.92
5	Far Eastern Intl Bank	2845 TT	43.75	0.78
6	King's Town Bank	2809 TT	37.50	0.94
7	Entie Commercial Bank	2849 TT	28.58	0.86
8	O-Bank Co Ltd	2897 TT	22.34	0.71
9	E.Sun Financial Holding Co	2884 TT	334.75	1.71
			Maximum	1.71
			Median	0.92
			Average	0.99
			Minimum	0.71
	SCSB with the implied Subscription Price		**165.82** *(Note3)*	**0.82**

Source: Bloomberg, latest published financial statements of the Comparable Companies

Notes:

1. *the market capitalization of the Comparable Companies is based on the Latest Practicable Date.*

2. *P/B ratio is calculated based on the market capitalization as at the Latest Practicable Date divided by the net asset value attributable to the shareholders of the company as extracted from the latest published financial statements of the Comparable Companies.*

3. *The implied market capitalization of SCSB is calculated by the total SCSB shares in issue as at the Latest Practicable Date multiplied by the subscription price of NT$37.00 per SCSB share.*

Based on the table above, the P/B ratios of the Comparable Companies range from approximately 0.71x to approximately 1.71x (the "**Comparable Companies P/B Range**") with an average of approximately 0.99x (the "**Average of Comparable Companies P/B**"). The implied P/B ratio of SCSB of the Proposed Subscription is approximately 0.82x, which is within the lower range of the Comparable Companies P/B Range and lower than both the average and median P/Bs of Comparable Companies. Therefore, we consider that the Subscription Price is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Comparable Transactions analysis

As part of our analysis and assessment as to the fairness and reasonableness of the Subscription Price, we have also (1) considered previous transactions of rights issues announced by banks listed on the Taiwan Stock Exchange (excluding issuance of preferred shares) within the past 36 months, and (2) identified 3 comparable transactions (the "**Comparable Transactions**"), which we believe is an exhaustive list of Comparable Transactions that is similar, in terms of transaction nature, to the Proposed Subscription based on the abovementioned criteria. The list is aimed to provide an overall understanding to the Shareholders regarding the recent market practice of the transactions of a similar nature to the Proposed Subscription in Taiwan.

Comparable Transactions analysis on Subscription Price:

Date of Announcement	**Ticker**	**Company Name**	**Market Capitalisation (NT$ Billion)** *(Note1)*	**Subscription Price (NT$)**	**Discount/ Premium of the subscription price to/over the closing price on the last trading day** *(Note1)*	**Discount/ Premium of the subscription price to/over the theoretical ex-rights price ("TERP")** *(Note2)*
07/15/2021	2812TT	Taichung Commercial Bank Co Ltd	NT$ 60.28	11.15	-6.69%	-6.42%
07/09/2020	2812TT	Taichung Commercial Bank Co Ltd	NT$ 60.28	10.2	-5.73%	-5.40%
05/05/2022	2845TT	Far Eastern International Bank	NT$ 41.92	9.62	-20.03%	-17.99%
				Average Discount	-10.82%	-9.94%
				Median	-6.69%	-6.42%
				Subscription Price	**-19.57%**	**-18.32%**

Source: Bloomberg and the Taiwan Stock Exchange

Notes:

1. *Market capitalization indicated herein is referred to as at the date of the relevant announcement.*

2. *The last trading day was referred to the date immediately preceding the date of the announcement date.*

3. *TERP is calculated based on the formula of (closing price on the last trading day*total issued shares before the*

shares to be issued).

As shown in the table above, the subscription prices of the Comparable Transactions cover a range from a discount of approximately 5.73% to a discount of approximately 20.03% to their respective closing prices of their shares on the last trading days prior to the date of the announcements, with a median discount of approximately 6.69%. The subscription prices ranged between a discount of approximately 5.4% to a discount of approximately 17.99% to the TERP, with the median discount of approximately 6.42%.

The subscription price of the Proposed Subscription represents a discount of approximately 19.57% to the closing price of the Shares on the Last Trading Date and a discount of approximately 18.32% to the TERP.

Given that the discount of the subscription price of the Proposed Subscription to (1) the closing price on the Last Trading Date and (2) the TERP is much greater than the average discount and the median discount in the Comparable Transactions, respectively, we are of the view that the subscription price of the Proposed Subscription is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

6. Financial effects of the Proposed Subscription

6.1 Effect on net assets value ("NAV")

We understand from the management of the Company that the Company will subscribe for the SCSB Shares on a pro-rata basis ("**Pro-Rata Shares**") and that there is no excess application arrangement under the SCSB Share Offer. Based on the unaudited pro forma financial information of the Group following completion of the Proposed Subscription as set out in Appendix III to the Circular, assuming that completion of the Proposed Subscription had taken place on 30 June 2022, we note that (i) the non-current assets would have increased by approximately HK$0.12 billion to approximately HK$5.17 billion; (ii) the total current assets would have decreased by approximately HK$0.12 billion to approximately HK$0.46 billion; (iii) the total current liabilities would have increased by approximately HK$3.5 million to approximately HK$77.6 million; and (iv) the net assets of the Group would not be affected.

We are given to understand that the Pro-Rata Shares would be initially recognised as financial assets at fair value initially measured at the subscription price and the transaction costs for the purpose of preparing the unaudited pro forma financial information, while the Pro-Rata Shares would be subject to a fair value adjustment at the date of completion of the Proposed Subscription and the next financial reporting date of the Company. For illustration purpose, we think that the Proposed Subscription would have a positive impact on the NAV of the Group as long as the share price of SCSB Shares on such date of completion or the next financial reporting date is higher than the Subscription Price.

6.2 Effect on cash and working capital

According to the 2021 Annual Report, the Company has cash and cash equivalent of approximately HK$143.8 million as at 31 December 2021. We note that the consideration for the Proposed Subscription will be funded by the Company's existing funds and working capital. We consider that the Proposed Subscription would not have a material impact on the working capital of the Company.

In light of the above, in particular that (i) the Proposed Subscription will have a positive impact on the NAV of the Group on the above mentioned basis; and (ii) the Proposed Subscription will not have any material impact on the working capital of the Group and will provide an opportunity for the Group to maintain its investment in SCSB and also to receive additional future dividend income from SCSB, we are of the view that the Proposed Subscription will overall have a positive financial effect on the Group.

RECOMMENDATION

We have considered the above principal factors and reasons and, in particular, have taken into account the following in arriving at our opinion:

(i) the Group's investment in SCSB provides a solid and stable contribution to the Group's total revenue which is in the interests of the Company and the Shareholders as a whole;

(ii) further investment in SCSB through the Proposed Subscription is in the ordinary and usual course of the business of the Group and is in line with the business strategy of the Group;

(iii) the current state of the banking industry in Taiwan remains satisfactory and stable;

(iv) the subscription price of the Proposed Subscription is fair and reasonable and is in the interests of the Company and the Shareholders as a whole based on (i) our review of the SCSB share price during the Review Period, (ii) our Comparable Companies analysis, and (iii) our Comparable Transactions analysis; and

(v) the Proposed Subscription will overall have a positive financial effect on the Group.

Having considered the above principal factors and reasons, we are of the opinion that the Proposed Subscription is (i) in the ordinary and usual course of business of the Company, (ii) on normal commercial terms, (iii) fair and reasonable and (iv) in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolutions to be proposed at the SGM to approve the Proposed Subscription.

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited

Liu Chee Ming
Managing Director

Loretta Lau
Director of Corporate Finance

Mr. Liu Chee Ming and Ms. Loretta Lau are licensed persons registered with the Securities and Futures Commission and responsible officers of Platinum Securities Company Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Each of Mr. Liu Chee Ming and Ms. Loretta Lau has over thirty years of experience in corporate finance industry.