



MERDEKA CORPORATE FINANCE LIMITED

领智企业融资有限公司

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23 December 2025

To: The Independent Board Committee of Easy Smart Group Holdings Limited

Dear Sirs or Madams,

**MANDATORY UNCONDITIONAL CASH OFFER BY KINGSTON
SECURITIES LIMITED FOR AND ON BEHALF OF EVER GENIUS
INTERNATIONAL GROUP LIMITED TO ACQUIRE ALL THE ISSUED
SHARES OF EASY SMART GROUP HOLDINGS LIMITED (OTHER THAN
THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
EVER GENIUS INTERNATIONAL GROUP LIMITED AND PARTIES
ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the composite offer and response document dated 23 December 2025 (the “**Composite Document**”) jointly issued by Ever Genius International Group Limited (the “**Offeror**”) and Easy Smart Group Holdings Limited (the “**Company**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in this Composite Document unless the context requires otherwise.

As disclosed in the Joint Announcement, on 21 November 2025 (after trading hours), the Vendor as vendor, the Vendor’s Guarantor as guarantor and the Offeror as purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 306,000,000 Shares, representing 75% of the total issued share capital of the Company as at the Latest Practicable Date, for a total cash consideration of HK\$230,000,000 (representing approximately HK\$0.7517 per Sale Share). Completion took place on the Completion Date, being 21 November 2025. Immediately after Completion, the Vendor ceased to be a Shareholder.

Immediately prior to Completion, none of the Offeror, Galaxy Equity Investment SPC, Galaxy Equity Management Limited, Mr. Chu, Ms. Chu Wenjuan, Ms. Yeung and any parties acting in concert with any of them owns, control or has direction over any Share or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror, Galaxy Equity Investment SPC, Galaxy Equity Management Limited, Mr. Chu, Ms. Chu Wenjuan, Ms. Yeung and any parties acting in concert with any of them are in aggregate interested in 306,000,000 Shares, representing 75% of the total issued share capital of the Company, which together held voting rights in the Company of 75%. Save for the above, none of the Offeror, Galaxy Equity Investment SPC, Galaxy Equity Management Limited, Mr. Chu, Ms. Chu Wenjuan, Ms. Yeung and any parties acting in concert with any of them was interested in any other Shares as at the Latest Practicable Date.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offer for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lo Chi Wang, Prof. Pong Kam Keung and Ms. Cheng Shing Yan, who have no direct or indirect interest in the Offer, has been established in accordance with Rule 2.1 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. In our capacity as the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee as to whether the Offer is fair and reasonable and as to acceptance so far as the Independent Shareholders are concerned, and such appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

We, Merdeka Corporate Finance Limited, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Merdeka Corporate Finance Limited as the Independent Financial Adviser has been approved by the Independent Board Committee. Our role as the Independent Financial Adviser is to give our recommendation to the Independent Board Committee as to (i) whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Offer should be accepted.

We are independent of and not connected with the Company, the Vendor, the Vendor's Guarantor, the Offeror, any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Offer, there were no other engagements between Merdeka Corporate Finance Limited and the Group or the Offeror. 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, no arrangement exists whereby we shall receive any other fees or benefits from the Offeror and the Company or any of their respective substantial shareholders or any person acting, or deemed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Offer.

BASIS OF OUR ADVICE

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the statements, information, opinions, and representations contained in or referred to in this Composite Document and the information and representations as provided to us by the Directors and the management of the Company (the “**Management**”). Our review procedures include, among others, review of the annual reports of the Company for the year ended 30 June 2025 (the “**2025 Annual Report**”) and 2024 (the “**2024 Annual Report**”), this Composite Document, relevant announcements published by the Company, the industry trends of the Group’s principal business, the historical Share price performance and the trading liquidity of the Company, and comparable companies to 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 throughout the Offer Period and should there be any material changes thereto, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in this Composite Document were reasonably made after due enquiries and careful considerations.

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 Independent Shareholders will be notified of any material changes to such information provided in this Composite Document and our opinion as soon as possible. We have also assumed that all statements of opinion made by the Directors and the Management in this Composite Document were reasonably made after due enquiries and careful consideration.

The Directors have confirmed that, to the best of their information and knowledge, they believe that no material fact or information has been omitted from the information supplied and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in this Composite Document, including this letter, misleading.

While we have taken reasonable steps to satisfy the requirements under the Takeovers Code and 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 or the Offeror as set out in this Composite Document, 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 Offer.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

This letter is issued for the information of the Independent Board Committee solely in connection with their consideration of the Offer, and except for its inclusion in this Composite Document, 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 in relation to the Offer, we have considered the principal factors and reasons as set out below:

1. Background information on the Group

1.1 Principal business

As set out in the Board Letter, the Company was incorporated in the Cayman Islands with limited liability and its issued shares have been listed on the Main Board since 9 May 2023.

The Group is a subcontractor principally engaged in passive fire protection works in Hong Kong. The Group focuses on the provision of passive fire protection and ancillary works. The passive fire protection works generally involve the design, selection, procurement and installation of appropriate materials and components in a building to reduce or prevent the spread and effects of fire, heat or smoke without requiring detection or activation upon detection. Examples of passive fire protection materials and components include fire rated boards, fire resistant paints and fire resistant plasters. Given the application of passive fire protection works may involve ancillary works, such as, metal works for supporting frame and fixings of the relevant passive fire protection materials and components, the Group will generally perform such works as part of the Group's services.

1.2 Historical financial information

Set out below is a summary of the audited consolidated results of the Group for the years ended 30 June 2023 (“FY2023”), 2024 (“FY2024”) and 2025 (“FY2025”) as extracted from the 2024 Annual Report and the 2025 Annual Report.

	For the year ended 30 June		
	2025	2024	2023
	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)
Revenue	314,469	352,922	336,503
– Passive fire protection works	314,399	352,712	336,164
– Passive fire protection information services	70	210	339
Gross profit	26,130	63,585	79,464
Other income	1,746	2,360	1,588
– Interest income	1,544	2,278	886
– Government subsidies (Note)	–	–	701
– Sundry income	202	82	1
(Loss)/profit before taxation	(68)	42,980	54,606
(Loss)/profit and total comprehensive (expense) income for the year	(476)	35,826	43,844

Note: Government subsidies mainly include subsidies from the Hong Kong Government's Employment Support Scheme, all are compensations for incurred expenses and not asset related.

For the years ended 30 June 2024 and 2025

Revenue of the Group, which was mainly derived from the public sector (accounting for approximately 80.5%), with the remaining approximately 19.5% contributed by the private sector, decreased from approximately HK\$352.9 million for FY2024 to approximately HK\$314.5 million for FY2025, representing a decrease of approximately 10.9% from FY2024. The decrease was mainly due to the completion or close to completion of a number of certain sizeable public sector projects, a public infrastructure and facilities project involving a passenger terminal at an airport in Hong Kong and a public infrastructure and facilities project involving a sports park at Kai Tak, which led to a decrease in the revenue derived from public sector projects from approximately HK\$298.2 million for FY2024 to approximately HK\$253.1 million for FY2025. As advised by the Management, as project costs are typically higher during the early stages of implementation, it is an industry norm that more revenue will be generally recognised in the initial phases of a project under the original contract works.

On the other hand, the revenue in the private sector increased from approximately HK\$54.7 million for FY2024 to approximately HK\$61.4 million for FY2025, representing an increase by approximately 12.1%. Such increase was mainly due to a commercial exhibition hall project near airport in Hong Kong and a commercial redevelopment building project in Causeway Bay. Nevertheless, as public sector projects accounted for over 80% of the Group's total revenue for FY2025 and the public sector recorded a year-on-year decrease of approximately HK\$45.2 million, the increase in private sector revenue of approximately HK\$6.8 million was insufficient to offset the decline in public sector revenue as mentioned above.

The Group's costs of services decreased from approximately HK\$289.3 million for FY2024 to approximately HK\$288.3 million for FY2025, representing a decrease of approximately 0.3%. The costs of services remained almost the same as FY2024 notwithstanding a decrease in revenue because of an increase in subcontractors' fees to expedite the progress of works for some projects.

The Group's gross profit amounted to approximately HK\$63.6 million for FY2024 and approximately HK\$26.1 million for FY2025 respectively, representing a decrease of approximately 59.0% for FY2025. The decrease in gross profit was mainly due to the increment of subcontractors' fees because of demands from certain customers to expedite the progress of works for some projects, and lower gross profit margin of the new tendered projects due to high market competition for FY2025.

The loss and total comprehensive expense for FY2025 was recorded at approximately HK\$0.5 million, while the Group recorded a profit of approximately HK\$35.8 million for FY2024. As advised by the Management, the turnaround from profit to loss was mainly attributable to a significant increase in the cost of sales for newly tendered projects, which were secured at very low gross profit margins. As further understood from the 2025 Annual report, the change from profit to loss was mainly due to (i) the decrease in the revenue for the corresponding period of approximately 10%; (ii) a substantial decrease in the gross profit of approximately 59.0% year-on-year, together with a decrease in gross profit margin from approximately 18.0% for FY2024 to approximately 8.3% for FY2025, both of which were primarily driven by an increase in subcontractors' fees to expedite the progress of works for some projects as well as lower gross profit margin of the new tendered projects due to high market competition for FY2025; (iii) decrease in the interest income from approximately HK\$2.2 million for FY2024 to approximately HK\$1.5 million for FY2025, mainly due to a reduction in time deposits placed by the Group during FY2025; and (iv) the increment of the impairment loss and write-offs, net of reversal, contributing by a written off a trade receivable of approximately HK\$2.0 million that was due from a customer which has been ordered winding-up by the High Court in March 2025.

For the years ended 30 June 2023 and 2024

Revenue of the Group, which was mainly derived from the public sector (accounting for approximately 84.5%), with the remaining approximately 15.5% contributed by the private sector, increased from approximately HK\$336.5 million for FY2023 to approximately HK\$352.9 million for FY2024, representing an increase of approximately 4.9% from FY2023.

The increase was mainly driven by the revenue contributed by certain sizeable public sector projects, a public infrastructure and facilities project involving a passenger terminal at an airport in Hong Kong and a public infrastructure and facilities project involving a sports park at Kai Tak, which led to an increase in the revenue derived from public sector projects for FY2024 of approximately HK\$155.8 million as compared to approximately HK\$142.4 million for FY2023. As advised by the Management, majority works of the aforesaid projects were conducted in FY2024 and therefore the revenue recognized for the aforesaid projects was higher than that recorded for FY2023.

On the other hand, the revenue in the private sectors dropped from approximately HK\$193.7 million for FY2023 to approximately HK\$54.5 million for FY2024, representing a decrease by 71.9%. Such decline was mainly due to the completion of a number of major private commercial projects in FY2023, such as a logistics centre and a commercial complex at an airport in Hong Kong. Despite that the revenue in private sectors recorded a substantial decrease of approximately HK\$139.2 million, such decrease was offset by the increase in the revenue derived from public sector projects as abovementioned.

The Group's costs of services increased from approximately HK\$257.0 million for FY2023 to approximately HK\$289.3 million for FY2024, representing an increase of approximately 12.6% from FY2023. As advised by the Management, the increase in cost of services was mainly due to the higher costs associated with a public infrastructure and facilities project involving a sports park at Kai Tak ("**Kai Tak Sports Park**") as additional workers were arranged to meet the expected completion schedule of the Kai Tak Sports Park in 2024.

The Group's gross profit amounted to approximately HK\$63.6 million for FY2024, representing a decrease of approximately 20.0% as compared to approximately HK\$79.5 million for FY2023. The decrease in gross profit was primarily due to the increase in cost of services for FY2024.

The profit and total comprehensive income of the Group decreased from approximately HK\$43.8 million for FY2023 to approximately HK\$35.8 million for FY2024, representing a decrease of approximately 18.3%. The decrease was mainly attributable to (i) increase in cost of services for FY2024; (ii) increase in administrative expenses which was mainly due to the increase in staff costs and professional expenses for FY2024; and (iii) increase in impairment losses, net of reversal. As advised by the Management, the impairment losses mainly consist of expected credit loss in contract assets, retention receivables and trade receivables.

The increase in impairment losses was mainly attributable to a longer collection period for trade receivables as compared to FY2023, arising from delayed payments by a customer who acted as a subcontractor for a hospital project. The subcontractor encountered financial difficulties after the main contractor of the hospital project lodged delay claims that were unrelated to the Group's work, notwithstanding that the customer had certified the Group's completed works. In addition, impairment losses recognised in respect of contract assets associated with retention receivables also increased, as the balances of contract assets and retention receivables as at 30 June 2024 increased as compared with those as at 30 June 2023. The increase in retention receivables as at 30 June 2024 was mainly due to prevailing market practice whereby main contractors typically withhold payments due to subcontractors as retention money for a period of approximately two to three years. As previously retained amounts had not yet been released, while additional retention amounts were withheld during FY2024, the amount of retention receivables increased accordingly.

	As at 30 June		
	2025	2024	2023
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Non-current assets	7,494	9,289	5,418
Current assets	229,849	309,605	277,292
Total assets	237,343	318,894	282,710
Current liabilities	15,286	24,787	25,827
Non-current liability	–	1,398	–
Total liabilities	15,286	26,185	25,827
Net assets	222,057	292,709	256,883

As at 30 June 2025, the Group recorded total assets of approximately HK\$237.3 million, representing a decline of approximately 25.6% from HK\$318.9 million as at 30 June 2024. This followed an increase of approximately 12.8% from approximately HK\$282.7 million as at 30 June 2023. Over the same period, the Group's total liabilities decreased from approximately HK\$26.2 million as at 30 June 2024 to approximately HK\$15.3 million as at 30 June 2025, representing a reduction of approximately 41.6% (30 June 2023: approximately HK\$25.8 million). The Group's net assets declined by approximately 24.1%, from approximately HK\$292.7 million as at 30 June 2024 (30 June 2023: approximately HK\$256.9 million) to approximately HK\$222.1 million as at 30 June 2025.

2. Background and intention of the Offeror

2.1 Background information on the Offeror

The Offeror is a company incorporated in the British Virgin Islands on 13 November 2025 with limited liability. It is a special purpose vehicle under a segregated portfolio of Galaxy Equity Investment SPC.

Galaxy Equity Investment SPC was incorporated in the Cayman Islands on 9 December 2024 as an exempted company limited by shares and registered as a segregated portfolio company for an unlimited duration. It is registered with the Cayman Islands Monetary Authority as a private fund under the Private Funds Act (2021 Revision) of the Cayman Islands. As at the Latest Practicable Date, the fund size is US\$40,000,000, of which approximately US\$39.46 million has been entirely funded by Ms. Yeung and the remaining amount of approximately US\$0.54 million will be funded by Ms. Yeung as and when necessary. The investment objective of the segregated portfolio is to maximise capital appreciation and investment return by investing in a wide range of instruments, including but not limited to fixed-income debt securities such as bonds, listed and unlisted equities, and equity-related instruments, and controlling stakes in companies listed on the Stock Exchange. It is controlled, advised and managed by Galaxy Equity Management Limited in its capacity as investment manager. As at the Latest Practicable Date, save for (i) the investment in the equities listed on Shenzhen Stock Exchange; (ii) investment in the unlisted equities in the PRC; and (iii) the Acquisition, Galaxy Equity Investment SPC has not invested in any other debt securities and/or controlling stakes in companies listed on the Stock Exchange and/or other stock exchanges.

As at the Latest Practicable Date, the authorised share capital of Galaxy Equity Investment SPC comprises one management share owned by Galaxy Equity Management Limited which carries voting rights, and 394,588 participating non-voting shares, all of which are owned by Set Castle, a passive investor. The ultimate beneficial owner of Set Castle is Ms. Yeung.

Ms. Yeung, holds a degree in Bachelor of Business Administration from University of Management & Technology and is an individual investor with a diversified investment portfolio that includes real estate in Hong Kong and overseas markets, listed securities primarily in Asia, and investments in private funds. Her investment in the segregated portfolio of Galaxy Equity Investment SPC was funded from her own internal resources, consisting of proceeds from the realisation from time to time of (i) certain of her residential real estate in Hong Kong and (ii) a private investment fund with investments in securities listed on the Shenzhen Stock Exchange, together with her personal funds, and such investment was made solely in reliance on Mr. Chu's expertise and in response to a capital call made by the investment manager. She has no experience in the business conducted by the Group or the industries in which it operates. Ms. Yeung has confirmed that she has no intention, and will not, participate in the management or control of Galaxy Equity Investment SPC, the Offeror or the Company, and will remain a purely passive investor at all times.

Galaxy Equity Management Limited is a company incorporated in the British Virgin Islands and is registered as an approved investment manager under the Securities and Investment Business Act of the British Virgin Islands and the Investment Business (Approved Managers) Regulations of the British Virgin Islands. It is wholly owned and controlled by Mr. Chu, who, along with Ms. Chu Wenjuan, serves as a director. As directors of Galaxy Equity Management Limited, the investment manager of Galaxy Equity Investment SPC, Mr. Chu and Ms. Chu Wenjuan are responsible for the overall oversight and direction of Galaxy Equity Management Limited's operations, including supervising its investment management activities in relation to the segregated portfolio and ensuring compliance with applicable laws and regulations. Save for the management fee and performance fee (if any) to be received by Mr. Chu as the ultimate beneficial owner of Galaxy Equity Management Limited payable by Galaxy Equity Investment SPC for an on behalf of the Offeror, there is no other relationship between Mr. Chu and Ms. Yeung.

Galaxy Equity Management Limited acts as the investment manager of Galaxy Equity Investment SPC (for its segregated portfolio) under an investment management agreement. It manages the portfolios on a fully discretionary basis and is authorised to deal with administrators, custodians, brokers, dealers and counterparties as it considers appropriate in performing its duties. Both Set Castle and Ms. Yeung (as passive investor) take no part in the control, investment decisions, strategy or day-to-day management of Galaxy Equity Investment SPC or the Offeror. The decision to pursue the Acquisition was made solely by Mr. Chu in his capacity as the person who controls the investment manager of Galaxy Equity Investment SPC.

Mr. Chu, as one of the directors of Galaxy Equity Management Limited, is the key person responsible for making all operating and financial decisions for Galaxy Equity Investment SPC. He holds a tertiary qualification in Economics Management and brings over 20 years of extensive experience in business operations, strategic project management, and leadership in the manufacturing and real estate sectors. He has held senior executive and entrepreneurial leadership roles in a logistics and material handling equipment manufacturer, a diversified investment holding company with a broad portfolio in real estate development and property services, and a tourism information consulting company. Mr. Chu has successfully founded and managed a diverse portfolio of businesses primarily in real estate development.

As the Group is a subcontractor principally engaged in passive fire protection works in Hong Kong, Mr. Chu's extensive experience in business operations and strategic project management in the manufacturing and real estate sectors is expected to provide complementary industry knowledge and connections, enabling the Group to broaden its client network, enhance its competitiveness, and capture future business opportunities.

2.2 *Intentions of the Offeror regarding the Group*

Immediately following Completion, the Offeror, Galaxy Equity Investment SPC, Galaxy Equity Management Limited, Mr. Chu, Ms. Chu Wenjuan, Ms. Yeung and any parties acting in concert with any of them became the controlling shareholder of the Company and are interested in 75% of the issued share capital of the Company.

The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate). The Offeror will, depending on the business operations and development of the Group in the future, constantly review the employee structure of the Group so as to meet the needs of the Group from time to time. The Offeror also intends to continue the existing principal business of the Group immediately following Completion. As at the Latest Practicable Date, the Offeror has no intention, understanding, negotiation or arrangement to downsize, cease or dispose of any of the existing business of the Group. However, the Offeror also intends to review the operation and business activities of the Group to formulate a long-term business strategy for the Group. Subject to the results of such review, the Offeror may explore other business opportunities suitable for the Group and/or seek to expand the geographical coverage or types of services of the principal business of the Group.

Save for the Offeror's intention regarding the Group as set out above, (i) the Offeror has no intention to make material changes to the employment of the employees of the Group (except for a proposed change to the members of the Board at a time no earlier than permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate); (ii) the Offeror has no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary and usual course of business; and (iii) as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

As at the Latest Practicable Date, the Offeror has not formulated any concrete or detailed plan for any acquisition of assets and/or business, and/or disposal of any assets and/or existing business of the Group.

The Offeror intends to nominate new director(s) to the Board with effect from a date which is no earlier than such date as permitted under the Listing Rules and the Takeovers Code or such later date as the Offeror considers to be appropriate. As at the Latest Practicable Date, the Offeror has not identified any potential candidate to be appointed as new director(s) to the Board. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate. The Offeror intends all five Directors to resign from office with effect from the date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the publication of the closing announcement on the first closing date of the Offer). Any changes to the members of the Board will be made in compliance with the Takeovers Code and/or the Listing Rules. Further announcement will be published by the Company in respect of the changes to the Board pursuant to the Takeovers Code and Listing Rules as and when appropriate.

As at the Latest Practicable Date, no proposed Director has been identified.

3. Prospects and outlook of the Group

As noted from the listing document of the Group, we understood that the passive fire protection works market is a subset of the building protection works market which in turn is a subset of the construction industry. As further noted from the 2025 Annual Report, the Group's revenue was solely derived from Hong Kong, and over 80% of the total revenue was derived from the provision of services in the public sector in Hong Kong for FY2024 and FY2025, therefore, we conducted research on the prospect of the construction market in Hong Kong.

According to the Census and Statistics Department, during 2020 to 2024, the gross value of construction works performed by main contractors in Hong Kong has increased slightly at an overall CAGR of approximately 9.07% from approximately HK\$131.7 billion in 2020 to approximately HK\$203.3 billion in 2024.

According to the 2025 Policy Address announced in September 2025, the Hong Kong Government introduced a series of policy initiatives aimed at strengthening the housing supply and supporting the long-term development of the property sector. Key measures include (i) increasing the overall public housing production target to approximately 189,000 units over the next five years; (ii) expediting the delivery of Light Public Housing, with 30,000 units scheduled for completion by the first half of 2027; and (iii) enhancing the housing ladder through adjustments to various schemes, such as (a) revising the quota allocation between Green Form and White Form applicants, (b) raising the quota under the White Form Secondary Market Scheme, and (c) relaxing alienation restrictions to improve circulation of subsidised housing units. In addition, the 2025 Policy Address emphasised the accelerated implementation of the Northern Metropolis development project, positioning it as a strategic driver of Hong Kong's future urban expansion. We consider that the planned increase in public housing output, together with the rollout of Light Public Housing and major new development areas such as the Northern Metropolis, is expected to generate sustained demand for construction works, engineering services, and related professional support in the medium to long term.

As noted from the official website of Northern Metropolis, the Northern Metropolis, which will involve extensive public infrastructure works, mainly consists of four zones. As advised by the Management, the construction of Northern Metropolis will require the use of passive fire protection materials, which is aligned with the Group's principal business. The Group has submitted its tenders for the construction of the first zone in the Northern Metropolis (i.e. Innovation & Technology Hub) in the year of 2025, and no tender was awarded as at the Latest Practicable Date. For the remaining three zones, major tenders relating to passive fire protection works are expected to be launched around next year, and the Group intends to continue submitting tenders to main contractors for the project. As at the Latest Practicable Date, the Group has been engaged as subcontractors for aluminum feature wall works in the superstructure construction at Ho To West for one of the power companies in Hong Kong as well as for a new railway station near Kwu Tung North.

Given the industry has recorded steady growth, as evidenced by a CAGR of approximately 9.07% from 2020 to 2024, and we expect this upward momentum to continue, driven by the Government's ambitious public housing initiatives and major development projects such as the Northern Metropolis, which are anticipated to support sustained demand for construction and related services in the medium to long term, we are of the view that the outlook for Hong Kong's construction and construction-related services industry is positive. Having considered (i) the principal activities of the Group; (ii) the Group's intention to submit tenders for projects under the Northern Metropolis Plan and public housing construction; and (iii) the assumption that the Group successfully secures such tenders, we are of the view that the Group's future prospects in the construction industry remain positive.

4. Principal terms of the Offer

Kingston Securities, for and on behalf of the Offeror, is making the Offer to acquire all the Offer Shares in compliance with the Takeovers Code and on the terms set out in this Composite Document and in the Form of Acceptance on the following basis:

Offer Price for each Offer Share HK\$0.7517 in cash

The Offer Price of HK\$0.7517 per Offer Share is the same as the price per Sale Share paid by the Offeror (rounded up to four decimal places) under the Sale and Purchase Agreement.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

As at the Latest Practicable Date, the Company has 408,000,000 Shares in issue and the Company does not have any other outstanding Shares, options, warrants, derivatives or other securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and has not entered into any agreement for the issue of such options, derivatives, warrants or other relevant securities which are convertible or exchangeable into Shares.

The Company confirms that as at the Latest Practicable Date, (i) it has not declared any dividend which is not yet paid; and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the date of closing of the Offer. If, after the Latest Practicable Date, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror will reduce the Offer Price by an amount equal to the gross amount of such dividend or other distribution receivable by the Independent Shareholders pursuant to Note 3 to Rule 26.3 and Note 11 to Rule 23.1 of the Takeovers Code.

The Offeror will not increase the Offer Price. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

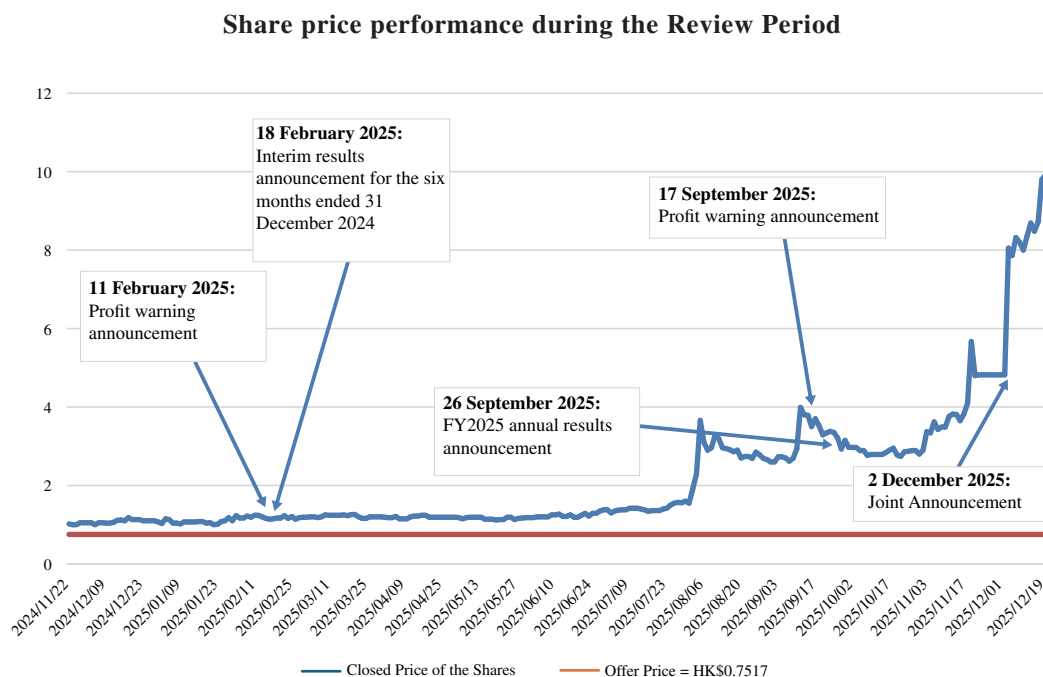
4.1 Analysis on the Offer Price

The Offer Price of HK\$0.7517 per Offer Share represents:

- (i) a discount of 92.29% to the closing price of HK\$9.75 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 84.34% to the closing price of HK\$4.80 per Share as quoted on the Stock Exchange on the Last Full Trading Day (i.e., 20 November 2025);
- (iii) a discount of approximately 84.40% to the closing price of HK\$4.82 per Share as quoted on the Stock Exchange on the Last Trading Day (i.e., 21 November 2025);
- (iv) a discount of approximately 83.81% to the average closing price of approximately HK\$4.6420 per Share based on the daily closing prices as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day (the “**5-day Average Price**”);
- (v) a discount of approximately 81.99% to the average closing price of approximately HK\$4.1740 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day (the “**10-day Average Price**”);
- (vi) a discount of approximately 77.80% to the average closing price of approximately HK\$3.3857 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day (the “**30-day Average Price**”); and
- (vii) a premium of approximately 38.10% over the Group’s audited consolidated net assets attributable to the Shareholders per Share of approximately HK\$0.5443 as at 30 June 2025 (based on a total of 408,000,000 Shares as at the Latest Practicable Date and the Group’s audited consolidated net assets attributable to the Shareholders of approximately HK\$222.057 million as at 30 June 2025).

4.2 Historical performance of the Shares

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 22 November 2024, being the twelve-month period prior to the Last Trading Day (i.e. 21 November 2025), up to and including the Latest Practicable Date (the “Review Period”):



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

Note: The trading of the Shares on the Stock Exchange was suspended at 13:01 p.m. on 21 November 2025 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 3 December 2025.

We have reviewed the movements in the closing price of the Shares for the Review Period. We consider the length of the Review Period to be reasonably long enough to illustrate the relationship between the historical trend of the closing price of the Shares and the Offer Price.

The Shares have been trading above the Offer Price during the entire Review Period. The highest and lowest closing price of the Shares during the Review Period were HK\$10.0 per Share recorded on 18 December 2025 and HK\$1.0 per Share recorded on various dates, including 25 and 26 November 2024, 3 December 2024 and 21 January 2025, as quoted on the Stock Exchange. The average daily closing price of the Shares during the Review Period is approximately HK\$2.234 per Share. The Offer Price of HK\$0.7517 per Share represents (i) a discount of approximately 92.5% to the highest closing price of HK\$10.0 per Share; (ii) a discount of approximately 24.8% to the lowest closing price of HK\$1.0 per Share; and (iii) a discount of approximately 66.4% to the average daily closing price of approximately HK\$2.234 per Share during the Review Period.

Pre-Announcement Period

During the period under review from 22 November 2024 to 21 November 2025 (being the Last Trading Day) (the “**Pre-Announcement Period**”), the lowest closing price of the Shares during the Pre-Announcement Period was HK\$1.0 per Share recorded on various dates, including 25 and 26 November 2024, 3 December 2024 and 21 January 2025, as quoted on the Stock Exchange. The highest closing price of the Share during the Pre-Announcement Period was HK\$5.67, recorded on 19 November 2025. The Offer Price of HK\$0.7517 per Share represents (i) a discount of approximately 86.7% to the highest closing price of HK\$5.67 per Share; (ii) a discount of approximately 24.8% to the lowest closing price of HK\$1.0 per Share; and (iii) a discount of approximately 58.5% to the average daily closing price of approximately HK\$1.81 per Share during the Pre-Announcement Period.

As illustrated in the above chart, the Share price demonstrated a clear upward trend throughout the Pre-Announcement Period. The Share price recorded at HK\$1.00 on 25 November 2024, which also represented the lowest closing price during the Pre-Announcement Period, and remained relatively stable prior to July 2025. Thereafter, the Share price began to rise significantly, from HK\$1.55 at the end of July 2025 to HK\$3.66 on 5 August 2025. This was followed by a short-term drop, with the Share price declining to HK\$2.62 on 8 September 2025, before climbing again to HK\$3.99 on 11 September 2025. The Share price then fell to HK\$2.74 on 22 October 2025. Subsequently, the Share price continued to increase and reached its highest closing level of HK\$5.67 during the Pre-Announcement Period. Towards the end of the Pre-Announcement Period, the Share price remained at a relatively high level and closed at HK\$4.82 on 21 November 2025 (being the Last Trading Day). We have observed that the Company (i) published a profit warning announcement on 11 February 2025; (ii) announced its interim results for the six months ended 31 December 2024 on 18 February 2025; (iii) published a profit warning announcement on 17 September 2025; and (iv) announced its annual results for FY2025 on 26 September 2025. We have made inquiries with the Management and were advised that, save for the publication of announcements of the Company as described above, the Directors were not aware of any specific reasons that may have an impact on the fluctuations of Share prices during the Pre-Announcement Period.

Post-Announcement Period

During the period under review from 3 December 2025 (i.e. day of resumption of trading after publication of the Joint Announcement) up to and including the Latest Practicable Date, (the “**Post-Announcement Period**”), the Offer Price of HK\$0.7517 per Share represents (i) a discount of approximately 92.5% to the highest closing price of HK\$10.0 per Share; (ii) a discount of approximately 90.4% to the lowest closing price of HK\$7.86 per Share during the Post-Announcement Period; and (iii) a discount of approximately 91.4% to the average daily closing price of approximately HK\$8.780 per Share during the Post-Announcement Period.

As mentioned above, we noted that the Offer Price represented a premium of approximately 38.10% over the Group’s audited consolidated net assets attributable to the Shareholders per Share of approximately HK\$0.5443 as at 30 June 2025. Despite that, we consider that the market price of the Company serves as a more accurate reflection of the actual value that could bring to Shareholders, in this regard, we are of the view that the Offer Price is unattractive.

Having considered: (i) a discount of approximately 92.29% to the closing price of HK\$9.75 on the Latest Practicable Date; (ii) a discount of approximately 66.4% to the average closing price of approximately HK\$2.234 during the Review Period; and (iii) the Shares have consistently traded at a price higher than the Offer Price during the entire Review Period, we are of the view that the Offer Price is unattractive and therefore not fair and not reasonable.

Independent Shareholders should note that the information set out above is not an indicator of the future performance of the Shares and that the price of the Shares may increase or decrease from the closing price of the Shares after the Latest Practicable Date.

4.3 Dividends

The Group declared and distributed a dividend of HK\$0.172 per Share for FY2024. Although a final dividend of HK\$0.05 per Share was announced for FY2025, the relevant resolution was not approved at the annual general meeting held on 3 November 2025 and, accordingly such final dividend was not distributed, as disclosed in the Company's announcement dated 4 November 2025. As advised by the Management, the resolution was voted down by the major Shareholder primarily because, despite the Group's financial flexibility, the major Shareholder preferred to retain a higher level of reserves for future project budget allocations – such as projects in the Northern Metropolis – and to maintain the current workforce for projects with lower gross profit margins in order to preserve the Group's market competitiveness.

4.4 Historical trading volume of the Shares

The following table sets out the historical monthly trading volumes of the Shares and the percentage of the number of Shares traded as compared to the total number of Shares in issue during the Review Period.

Month/Period	Total trading volume for month/period (number of Shares)	Number of trading days during the month (days)	Average daily trading volume for month/period (number of Shares)	Percentage of average daily trading volume to total number of the Shares in issue as at the Latest Practicable Date (note 3)	Percentage of average daily trading volume to total number of the Shares held by public Shareholders as at the Latest Practicable Date (note 4)
2024					
November 22 to November 30	260,000	6	43,333	0.0106%	0.0425%
December	396,000	20	19,800	0.0049%	0.0194%
2025					
January	2,138,000	19	112,526	0.0276%	0.1103%
February	2,170,000	20	108,500	0.0266%	0.1064%
March	948,000	21	45,143	0.0111%	0.0443%
April	2,274,000	19	119,684	0.0293%	0.1173%
May	574,000	20	28,700	0.0070%	0.0281%
June	928,000	21	44,190	0.0108%	0.0433%
July	1,100,000	22	50,000	0.0123%	0.0490%
August	7,908,000	21	376,571	0.0923%	0.3692%
September	2,726,000	22	123,909	0.0304%	0.1215%
October	1,188,000	20	59,400	0.0146%	0.0582%
November 1 to 21	3,428,000	15	228,533	0.0560%	0.2241%
From December 3 up to and including the Latest Practicable Date	15,004,180	13	1,154,168	0.2829%	1.1315%
		Minimum	19,800	0.0049%	0.0194%
		Maximum	1,154,168	0.2829%	1.1315%
		Average	179,604	0.0440%	0.1761%

Source: www.hkex.com.hk

Notes:

1. *The Review Period commenced on 22 November 2024.*
2. *The trading of the Shares on the Stock Exchange was suspended at 13:01 p.m. on 21 November 2025 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 3 December 2025.*
3. *Based on 408,000,000 Shares in issue as at the end of each month/period.*
4. *Based on 102,000,000 Shares held by public Shareholders as at the Latest Practicable Date.*

As illustrated above, the average daily trading volume of the Shares as a percentage of the total number of the Shares in issue as at the Latest Practicable Date ranged from the lowest of approximately 0.0049% in December 2024 to the highest of approximately 0.2829% in December 2025, with an average daily trading volume of approximately 0.0440% of the total number of issued Shares as at the Latest Practicable Date.

If only Shares held by public Shareholders (the “**Free Float Shares**”) are considered in calculating the percentage of average daily trading volume of the Shares as at the respective month/period under the Review Period, the average trading volume of the Free Float Shares during the Review Period ranged from the lowest of approximately 0.0194% in December 2024 to the highest of approximately 1.1315% in December 2025 with an average daily trading volume of approximately 0.1761% of the total number of Free Float Shares as at the Latest Practicable Date. Given that the percentage of average daily trading volume to total number of Shares in issue and to total number of Shares held by public Shareholders ranges from 0.0194% to 0.1761% for most of the month/period during the Review Period, therefore, we consider that the trading volume of the Shares was generally thin in the Review Period and illiquid in the open market.

Given the overall thin historical trading volume of the Shares during the entire Review Period, the Independent Shareholders (especially those with relatively sizeable shareholdings) may find it difficult to dispose of a large volume of Shares in the open market at a fixed cash price within a short period of time without exerting downward pressure on the Share price. The Independent Shareholders are also advised to consider selling their Shares in the open market instead of accepting the Offer given the closing prices of the Shares had been staying well above the Offer Price during the entire Review Period, after taking into account the possible pressure on the Share price when selling in bulk, if net proceeds from such sale of Shares would exceed the net amount receivable under the Offer. Independent Shareholders should also be aware that they may have to sell their Shares in the market by batches if they do not accept the Offer.

4.5 *Comparable Analysis*

In assessing the fairness and reasonableness of the Offer Price, we have considered using the price-to-earnings ratio (the “**P/E ratio**”) analysis, the price-to-sales ratio (the “**P/S ratio**”) analysis, the price-to-book ratio (the “**P/B ratio**”) analysis, and dividend yield analysis, which are commonly adopted valuation methods for comparing the market valuation of companies. Given that (i) the Group was loss-making for FY2024; (ii) no dividend was distributed by the Company for FY2025; (iii) the Group’s principal business (i.e. subcontracting passive fire protection works in Hong Kong) is generally characterised by high operating expenses and substantial initial capital requirements for project commencement, ongoing operations and the issuance of surety bond; and (iv) a large portion of the Group’s assets comprised contract assets and trade receivables which together accounted for approximately 67.7% of its total assets and approximately 72.3% of its net asset value as at 30 June 2025, we consider that the P/E ratio analysis, P/S ratio analysis and the dividend yield analysis are not applicable. We have therefore adopted the P/B ratio analysis as the most appropriate valuation approach.

Based on the Offer Price of HK\$0.7517 per Offer Share and the total number of issued Shares of 408,000,000 as at the Latest Practicable Date, the Company is valued at approximately HK\$306.7 million. The P/B Ratio of the Company implied by the Offer Price is approximately 1.38 times (the “**Implied P/B Ratio**”) based on the audited consolidated net assets of the Group of approximately HK\$222.06 million as at 30 June 2025.

Given that the Group is a subcontractor principally engaged in passive fire protection works in Hong Kong, for the purpose of our comparable analysis, we have identified comparable companies based on the following criteria: (i) the shares of which are listed on the Stock Exchange; (ii) engages in a principal business similar to those of the Group (i.e. provision of fire safety services); and (iii) generated more than 50% of its revenue from the provision of fire safety services in most recent completed financial year. Based on such criteria, we have identified an exhaustive list of 2 comparable companies (the “**Comparable Companies**”).

Despite differences in market capitalisation between the Company and the Comparable Companies, we consider the Comparable Companies to be fair and representative after taking into account that: (i) the Comparable Companies engage in similar principal business activities; and (ii) the Comparable Companies’ shares are listed on the Stock Exchange.

Company name (stock code)	Principal activity	Fire safety services revenue proportion (%) (Note 1)	Market capitalisation as at the Last Trading Day (Note 2) (HK\$' million)	P/B ratio (times) (Note 3)
HSC Resources Group Limited (stock code: 1850)	The group is a registered fire service installation contractor engaged in installation, maintenance, repair or inspection of fire safety systems in Hong Kong.	100%	96.77	0.33
Lumina Group Limited (stock code: 1162)	The company is an investment holding company and its subsidiaries are principally engaged in the provision of fire safety services in Hong Kong and production of short videos and animation in the PRC.	73.94%	123.60	2.02
			Maximum	2.02
			Minimum	0.33
			Average	1.175
The Company			306.69 (Note 4)	1.38 (Note 5)

Sources: the website of the Stock Exchange (www.hkex.com.hk) and the financial reports of the respective Comparable Companies

Notes:

1. The proportion of revenue attributable to construction services of each of the Comparable Companies was referred to the information set out in their respective latest available annual reports.
2. The market capitalisation of the Comparable Companies was calculated based on the closing share prices and the total issued shares of the Comparable Companies as at the Last Trading Day.
3. The P/B Ratio was based on the then market capitalisation of Comparable Companies as at the Last Trading Day, divided by the net asset value of the Comparable Companies as stated in their respective latest available annual report or interim report.

4. *The market capitalisation of the Company is calculated based on the Offer Price of HK\$0.7517 and the number of issued Shares as at the Last Trading Day (i.e. 408,000,000 Shares).*
5. *The Implied P/B Ratio of approximately 1.38 times is based on (a) the implied market capitalization of the Company of approximately HK\$306.69 million based on the Offer Price and the issued number of Shares as at the Last Trading Day; and (b) the audited consolidated net assets of the Group of approximately HK\$222.06 million as at 30 June 2025.*

As set out in the table above, the P/B ratios of the Comparable Companies ranged from approximately 0.33 times to approximately 2.02 times, with an average of approximately 1.175 times. The Implied P/B ratio of approximately 1.38 times, based on the Offer Price, falls within the range of the Comparable Companies and above the average.

Notwithstanding that the Implied P/B Ratio is within the range of P/B ratios of the Comparable Companies which indicates that the Offer Price is consistent with the market valuation range of the Comparable Companies, we consider the Offer Price to be unattractive given that Offer Price represents a substantial discount of approximately 92.29% to the closing price of HK\$9.75 per Share as at the Latest Practicable Date. Taking into account the prevailing market price level of the Shares, we consider that the Offer is not fair and not reasonable.

5. Public float and maintaining the listing status of the Company

As stated in the “Letter from Kingston Securities” contained in this Composite Document, the Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that: (a) a false market exists or may exist in the trading of the Shares; or (b) that there are insufficient Shares in public hands to maintain an orderly market; it will consider exercising its discretion to suspend dealings in the Shares.

Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror has undertaken and the new Director(s) (if any) to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The steps that the Offeror may take include but not limited to placing down or selling sufficient number of accepted Shares it acquired from the Offer to the Independent Third Parties or in the market. As at the Latest Practicable Date, no arrangements had been confirmed or put in place; and (ii) neither the Offeror, Galaxy Equity Investment SPC, Galaxy Equity Management Limited, Mr. Chu, Ms. Chu Wenjuan, Ms. Yeung nor any person acting in concert with any of them made any understanding, arrangements or agreement or special deal (as defined under Rule 25 of the Takeovers Code) with any other Shareholders.

RECOMMENDATION

Notwithstanding the fact that the Group recorded weaker financial performance in FY2025 as compared with FY2024, we have considered the following factors and reasons in arriving at our conclusion and recommendation in relation to the Offer:

- (i) given the industry has recorded steady growth, as evidenced by a CAGR of approximately 9.07% from 2020 to 2024, and we expect this upward momentum to continue, driven by the Government's ambitious public housing initiatives and major development projects such as the Northern Metropolis, which are anticipated to support sustained demand for construction and related services in the medium to long term, we are of the view that the outlook for Hong Kong's construction and construction-related services industry remains positive;
- (ii) Mr. Chu's extensive experience in business operations and strategic project management in the manufacturing and real estate sectors is expected to provide complementary industry knowledge and connections, enabling the Group to broaden its client network, enhance its competitiveness, and capture future business opportunities;
- (iii) the Company has declared or distributed final dividend for FY2024 and has announced the final dividend for FY2025 but was not approved at the annual general meeting held on 3 November 2025, due to the major Shareholder's concerns regarding the Group's financial flexibility and his preference on retaining a higher level of reserves for future project budget allocations (i.e. projects in Northern Metropolis), and maintaining the current workforce to preserve the Group's market competitiveness, which in turn may enhance potential returns to the Shareholders; and
- (iv) (i) the closing prices of the Shares has been trading above the Offer Price during the entire Review Period; (ii) the Offer Price represents a discount of approximately 84.40%, 83.81%, 81.99%, and 77.80% to the closing price as quoted on the Last Trading Day, 5-day Average Price, 10-day Average Price, and 30-day Average Price, respectively; and (iii) the Offer Price represents a discount of approximately 92.29% to the closing price of the Shares of HK\$9.75 as at the Latest Practicable Date,

we are of the view that the Offer Price is unattractive, rendering the Offer not fair and not reasonable and we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer.

For those Independent Shareholders who wish to realise their investments, we recommend that they consider disposing of their Shares in the open market. Nevertheless, the Independent Shareholders should also note that (i) there is no guarantee that the Share price will sustain at a level above the Offer Price and/or after the Offer Period; and (ii) the Independent Shareholders (regardless to their amount of shareholdings) may not be able to realise their investments in the Shares at a price higher than the Offer Price when they are going to dispose of their partial or entire holdings. In such circumstances, the Offer might provide an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares at the Offer Price of HK\$0.7517. However, for those Independent Shareholders who intend to accept the Offer, we would remind them to closely monitor the market price and liquidity of the Shares during the Offer Period, and having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from such sale of Shares would be higher than that receivable under the Offer. For those Independent Shareholders who intend to dispose of large blocks of Shares in the open market, we would also remind them of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the market prices of the Shares as a result of the thin trading in the Shares.

Those Independent Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the financial performance of the Group and be aware of the potential difficulties they may encounter in disposing of their investments in the Shares at a price higher than the Offer Price after the Offer Period, given the generally low trading volume during the Review Period.

Yours faithfully,
For and on behalf of
Merdeka Corporate Finance Limited



Wallace So
Managing Director

Mr. Wallace So is a licensed person registered with the Securities and Futures Commission of Hong Kong, a responsible officer of Merdeka Corporate Finance Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and a licensed representative of Merdeka Investment Management Limited to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Mr. Wallace So has over 13 years of experience in corporate finance industry.