
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Karfun Investments Limited, you should at once hand this Composite Document, together with the accompanying Form of Acceptance, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer.

J&A INVESTMENT LIMITED
(incorporated in the British Virgin Islands with limited liability)

KARFUN INVESTMENTS LIMITED
佳帆投資有限公司
(incorporated in the Hong Kong with limited liability)

COMPOSITE DOCUMENT RELATING TO THE
(1) CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY
INNOVAX CAPITAL ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE ALREADY OWNED BY OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES
ACTING IN CONCERT WITH IT)
(2) POSSIBLE COMPULSORY ACQUISITION

Financial adviser to the Offeror



Independent Financial adviser to the Independent Shareholders



Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed “Definitions” in this Composite Document.

A letter from Innovax Capital containing, among other things, the principal terms of the Offer is set out on pages 8 to 21 of this Composite Document. A letter from the Board is set out on pages 22 to 29 of this Composite Document. A letter from the Independent Financial Adviser to the Independent Shareholders in respect of the Offer and the principal factors considered by it in arriving at its advice is set out on pages 30 to 55 of this Composite Document.

The procedures for acceptance and settlement and the acceptance period of the Offer is set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Company Secretary by no later than 4:00 p.m. (Hong Kong time) on Thursday, 5 March 2026, (or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code).

Persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside of Hong Kong should read the section headed “Overseas Shareholders” in the letter from Innovax Capital and Appendix I to this Composite Document before taking any action. It is the responsibility of any person wishing to accept the Offer to satisfy himself, herself or itself as to full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction. Each such person is advised to seek professional advice on deciding whether to accept the Offer.

12 February 2026

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS

This Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong. The Offeror intends to make the Offer available to all Offer Shareholders, including those with registered addresses outside Hong Kong.

The making of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of the relevant jurisdictions or residence and it is the responsibility of each such Overseas Shareholder who wishes to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any transfer or other taxes due from such Overseas Shareholder in such relevant jurisdictions. The Offeror will comply with the requirements of the Takeovers Code in respect of Overseas Shareholders.

WARNING: Any acceptance tendered by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. Overseas Shareholders should consult their own professional advisers if in doubt.

NOTICE TO U.S. SHAREHOLDERS

The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong, which are different from those of the United States.

The Offer is being made for the securities of a company incorporated in Hong Kong with limited liability and is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in this Composite Document has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the U.S. pursuant to the applicable U.S. tender offer rules and otherwise in accordance with the requirements of the SFO. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

IMPORTANT NOTICES

The receipt of cash pursuant to the Offer by a U.S. holder of the Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of the Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

U.S. holders of the Shares may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as each of the Offeror and the Company is located in a country outside the United States and some or all of their respective officers and directors may be residents of a country other than the United States. U.S. holders of the Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. holders of the Shares may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, the Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance.

These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable law, including but not limited to the Takeovers Code, and is made outside the United States and (ii) if applicable, the Offer Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC and, to the extent required to be publicly disclosed under the Takeovers Code, will be available on the websites of the SFC at <http://www.sfc.hk>.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Composite Document include statements about the expected effects on the Company, the expected timing and scope of the Offer, and all other statements in this Composite Document other than historical facts.

IMPORTANT NOTICES

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the Condition, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror’s and/or the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or Group operate and regional or general changes in asset valuations and disruptions or reductions in operations due to natural or man-made disasters, pandemics, epidemics, or outbreaks of infectious or contagious diseases. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements

All written and oral forward-looking statements attributable to the Company, the Offeror or persons acting on behalf of it are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Latest Practicable Date.

Any forward-looking statement contained in this Composite Document based on past or current trends and/or activities of the relevant company should not be taken as a representation that such trends or activities will continue in the future. No statement in this Composite Document is intended to be a profit forecast or to imply that the earnings of the relevant company for the current year or future years will necessarily match or exceed its historical or published earnings. Each forward-looking statement speaks only as at the date of the particular statement. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of the Offeror and the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

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DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below, unless the context requires otherwise:

“3.5 Announcement”	the joint announcement issued by the Offeror and the Company dated 25 November 2025 in relation to the Offer made pursuant to Rule 3.5 of the Takeovers Code
“acting in concert”	has the meaning given to it in the Takeovers Code
“associate(s)”	has the meaning given to it in the Takeovers Code
“ATNT”	Asia Tele-Net and Technology Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 679)
“ATNT Group”	ATNT and its subsidiaries
“ATNT Share”	ordinary share(s) of HK\$0.01 each in the capital of ATNT
“Board”	the board of Directors
“Business Day”	a day on which The Stock Exchange of Hong Kong Limited is open for the transaction of business
“Closing Date”	5 March 2026, being the first offer closing date of the Offer, or any subsequent offer closing date of the Offer as may be extended or revised in accordance with the Takeovers Code
“Company”	Karfun Investments Limited, a company incorporated in Hong Kong with limited liability
“Company Secretary”	company secretary of the Company
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (as amended from time to time)
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company in connection with the Offer

DEFINITIONS

“Condition”	the condition precedent to the Offer, as set out in the paragraph headed “Condition to the Offer” in the section headed “Letter from Innovax Capital” of this Composite Document
“Director(s)”	director(s) of the Company
“Disinterested Shares”	Shares other than those which are owned by the Offeror and parties acting in concert with it
“Encumbrance”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance and transfer of Offer Shares in respect of the Offer
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Financial Adviser”	Alpha Financial Group Limited, the independent financial adviser appointed by the Company to advise the Independent Shareholders in relation to the Offer. Alpha Financial Group Limited is a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and parties acting in concert with it

DEFINITIONS

“Innovax Capital”	Innovax Capital Limited, the financial adviser to the Offeror in respect of the Offer. Innovax Capital is a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Last Trading Day”	24 November 2025, being the last trading day of the ATNT Shares before the date of the 3.5 Announcement
“Latest Practicable Date”	9 February 2026, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document
“Long Stop Date”	the date which is 60 calendar days after the posting of the Composite Document, unless the date has been extended by the Offeror with the consent of the Executive
“Macau”	the Macau Special Administrative Region of the PRC
“Offer”	the conditional voluntary general cash offer by Innovax Capital on behalf of the Offeror to acquire all the issued shares of the Company (other than those already owned or agreed to be acquired by the Offeror or parties acting in concert with it) in accordance with the Takeovers Code
“Offer Period”	has the meaning given to it under the Takeovers Code, which, in respect of the Offer, means the period from the date of the 3.5 Announcement until the Closing Date
“Offer Price”	the price at which the Offer will be made, being HK\$1.85 per Offer Share
“Offer Shares”	any and all of the issued Share(s) (other than the Shares owned or agreed to be acquired by the Offeror or parties acting in concert with it)
“Offer Shareholders”	in respect of the Offer, the Shareholder(s) other than the Offeror and parties acting in concert with it
“Offeror”	J & A Investment Limited, a company incorporated in the British Virgin Islands with limited liability

DEFINITIONS

“Offeror Concert Parties”	in relation to the Offeror, persons acting in concert with the Offeror
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company during the acceptance period under the Offer and whose addresses as shown on such register are outside Hong Kong
“PRC”	the People’s Republic of China, which expression, solely for the purpose of construing this Composite Document, except where the context requires, does not include Hong Kong, Macau or Taiwan
“Relevant Period”	the period commencing on 25 May 2025, being the date falling six months prior to date of the 3.5 Announcement, and ending on and including the Latest Practicable Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holders of Share(s)
“Share(s)”	issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“%”	per cent.
“*”	English translations of company names from the Chinese language are marked with “*” and are provided for identification purposes only

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

Unless otherwise expressly stated, references to times and dates in this Composite Document and the Form of Acceptance are to Hong Kong times and dates.

Event	Time and date
Despatch date of this Composite Document and the accompanying Form of Acceptance and the commencement of the Offer ⁽¹⁾	Thursday, 12 February 2026
First Closing Date ⁽²⁾	Thursday, 5 March 2026
Latest time and date for acceptance of the Offer ⁽²⁾	By 4:00 p.m. on Thursday, 5 March 2026
Announcement of the results of the Offer (or its extension or revision, if any) as at the first Closing Date, to be posted on the website of the SFC	By 7:00 p.m. on Thursday, 5 March 2026
Latest date for posting of cheques for the amounts in respect of the valid acceptances received under the Offer at or before 4:00 p.m. on the first Closing Date (assuming the Offer becomes or is declared unconditional on the first Closing Date) ^{(2), (3)}	Monday, 16 March 2026
Final Closing Date (assuming the Offer becomes or is declared unconditional on the first Closing Date) ⁽⁴⁾	Thursday, 19 March 2026
Latest time and date for the acceptance of the Offer on the Final Closing Date (assuming the Offer becomes or is declared unconditional on the first Closing Date) ⁽⁴⁾	By 4:00 p.m. on Thursday, 19 March 2026
Announcement of the results of the Offer as at the Final Closing Date to be posted on the website of the SFC (assuming the Offer becomes or is declared unconditional on the first Closing Date) ⁽⁴⁾	By 7:00 p.m. on Thursday, 19 March 2026

EXPECTED TIMETABLE

Event	Time and date
Latest date for posting of cheques for the amounts due in respect of valid acceptances received under the Offer at or before 4:00 p.m. on the Final Closing Date (assuming the Offer becomes or is declared unconditional on the first Closing Date) ⁽³⁾	Monday, 30 March 2026
Latest time and date by which the Offer can become or be declared unconditional ⁽⁵⁾	By 7:00 p.m. on Monday, 13 April 2026

Notes:

1. The Offer is made on Thursday, 12 February 2026, the date of this Composite Document, and is capable of acceptance on and from that date for the whole of the Offer Period.
2. The latest time and date for acceptances to be lodged under the Offer on the first Closing Date is 4:00 p.m. on Thursday, 5 March 2026, being a date no less than 21 days from the date of this Composite Document, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offer, which will state either the next Closing Date or, if the Offer is at that time unconditional, a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Shareholders who have not accepted the Offer.
3. Remittances in respect of the consideration for the Shares tendered under the Offer, less seller's ad valorem stamp duty payable, will be despatched to those Shareholders validly accepting the Offer by ordinary post at their own risk as soon as possible but in any event no later than 7 Business Days after the later of (i) the date of receipt of a complete and valid acceptance in respect of the Offer or (ii) the date on which the Offer becomes or is declared unconditional.
4. In accordance with the Takeovers Code, where the Offer becomes or is declared unconditional, the Offer should remain open for acceptance for not less than 14 days thereafter. When the Offer becomes or is declared unconditional, at least 14 days' notice in writing must be given before the Offer is closed to those Shareholders who have not accepted the Offer. The Offeror has the right, subject to the Takeovers Code, to extend the Offer until such date as the Offeror may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement in relation to any extension of the Offer, which will state the next Offer Closing Date or, if the Offer has become or is at that time unconditional, that the Offer will remain open until further notice. In the latter case, at least 14 days' notice will be given before the Offer is closed to those Shareholders who have not accepted the Offer and an announcement will be published.
5. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the despatch date of this Composite Document. If the Offer becomes or is declared unconditional, the Offer may not remain open for acceptance for more than four months from the despatch date of this Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition.

EXPECTED TIMETABLE

6. If there is a tropical cyclone warning signal number 8 or above or “extreme conditions” or a “a black rainstorm warning signal” as issued by the Hong Kong Observatory and/or the Government of Hong Kong (collectively, “severe weather conditions”):
- (a) at any time before 12:00 noon but no longer in force at or after 12:00 noon on any closing date of the Offer and any publication date of a closing announcement under Rule 19.1, the latest date for acceptance of the Offer, the latest date on which the Offer can become or be declared unconditional, the latest date on which the withdrawal rights under the Takeovers Code can be exercised, the latest date for despatch of cheques for the amount dues under the Offer in respect of valid acceptance, the latest date for posting of remittances for amounts due in respect of valid acceptances received under the Offer and/or the latest date for the return of the share certificates for Shares tendered but not validly accepted (as the case may be), these dates will remain on the same Business Day; and
 - (b) at 12:00 noon and/or thereafter on any closing date of the Offer and any publication date of a closing announcement under Rule 19.1, the latest date for acceptance of the Offer, the latest date on which the Offer can become or be declared unconditional, the latest date on which the withdrawal rights under the Takeovers Code can be exercised, the latest date for despatch of cheques for the amount dues under the Offer in respect of valid acceptance, the latest date for posting of remittances for amounts due in respect of valid acceptances received under the Offer and/or the latest date for the return of the share certificates for Shares tendered but not validly accepted (as the case may be), these dates will be rescheduled to the following Business Day which does not have either of those warnings in force at 12:00 noon and/or thereafter.

LETTER FROM INNOVAX CAPITAL



12 February 2026

To the Shareholders

Dear Sir or Madam,

**(1) CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY
INNOVAX CAPITAL ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT
WITH IT)
(2) POSSIBLE COMPULSORY ACQUISITION**

INTRODUCTION

On 25 November 2025, the Offeror and the Company jointly announced that on 13 October 2025, the Company has been informed by the Offeror that it has a firm intention to, through Innovax Capital on behalf of the Offeror, make a voluntary conditional general cash offer to acquire all the Shares not already owned by the Offeror and parties acting in concert with it.

This letter forms part of this Composite Document and sets out information on the Offeror, the reasons for making the Offer and the intentions of the Offeror in relation to the Company. The terms of the Offer are set out in this letter, Appendix I to this Composite Document and in the accompanying Form of Acceptance.

Your attention is also drawn to the sections headed “Letter from the Board” and “Letter from the Independent Financial Adviser” of this Composite Document.

Unless the context requires otherwise, terms defined in this Composite Document, of which this letter forms part, shall have the same meanings when used herein.

THE OFFER

On behalf of the Offeror, we hereby make a voluntary conditional general cash offer to acquire all the Shares not already owned by the Offeror and parties acting in concert with it on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$1.85 in cash

LETTER FROM INNOVAX CAPITAL

As at the Latest Practicable Date, there are 103,938,695 Shares in issue. The Offeror and parties acting in concert with it are interested in 102,511,061 Shares, representing approximately 98.63% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, there are 1,427,634 Shares, representing approximately 1.37% of the issued share capital of the Company as at the Latest Practicable Date, subject to the Offer.

Save for the Shares, as at the Latest Practicable Date, the Company:

- (a) does not have any options, derivatives, warrants or securities which are convertible or exchangeable into the Shares or which confer rights to require the issue of the Shares;
- (b) has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into the Shares or which confer rights to require the issue of the Shares; and
- (c) has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than the Shares.

Comparison of value

The offer price of HK\$1.85 per Offer Share is determined with reference to the value of the 201,995,834 ATNT Shares being held by the Company, being the substantial asset of the Company, based on the average closing price of the ATNT Shares, which are listed on the Stock Exchange, for the period from 1 September 2025 to 30 September 2025, being approximately HK\$0.948 per ATNT Share.

The offer price of HK\$1.85 per Offer Share represents (a) a discount of approximately 74.34% to the consolidated net asset value attributable to owners of the Company per Share of approximately HK\$7.21 as at 31 December 2024, calculated based on (i) the Group's audited consolidated net assets attributable to owners of the Company of approximately HK\$749,220,000 as at 31 December 2024 as disclosed in the annual financial statements of the Company; (ii) 103,938,695 Shares in issue as at the Latest Practicable Date; and (b) a discount of approximately 72.54% to the adjusted consolidated net asset value attributable to the Shareholders per Share of approximately HK\$6.74, which is calculated based on (i) the Group's audited consolidated net assets attributable to owners of the Company of approximately HK\$749,220,000 as at 31 December 2024, as disclosed in the annual financial statements of the Company and calculated with reference to the net asset value of ATNT; (ii) the revaluation deficit, being the difference in the market value of the interest in the Group's properties attributable to the Company of approximately HK\$345.8 million as at 31 December 2025, minus the corresponding book value of approximately HK\$394.7 million as at 31 December 2024; and (iii) 103,938,695 Shares in issue as at the Latest Practicable Date.

LETTER FROM INNOVAX CAPITAL

The value of HK\$0.948 per ATNT Share, which has been referred to for determining the Offer Price, represents:

- (i) a discount of approximately 35.95% to the closing price of HK\$1.48 per ATNT Share on the Latest Practicable Date;
- (ii) a premium of approximately 4.18% over the closing price of HK\$0.910 per ATNT Share on the Last Trading Day;
- (iii) a premium of approximately 2.82% over the average closing price of ATNT Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.922 per ATNT Share;
- (iv) a premium of approximately 0.64% over the average closing price of ATNT Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.942 per ATNT Share
- (v) a discount of approximately 74.72% to the consolidated net asset value attributable to owners of the ATNT per ATNT Share of approximately HK\$3.75 as at 30 June 2025, calculated based on (i) the ATNT Group's unaudited consolidated net assets attributable to owners of ATNT of approximately HK\$1,433,276,000 as at 30 June 2025 as disclosed in the interim report of ATNT published on 26 September 2025; (ii) 381,933,400 ATNT Shares in issue as at the Latest Practicable Date; and
- (vi) a discount of approximately 74.38% to the consolidated net asset value attributable to owners of the ATNT per ATNT Share of approximately HK\$3.70 as at 31 December 2024, calculated based on (i) the ATNT Group's audited consolidated net assets attributable to owners of ATNT of approximately HK\$1,412,690,000 as at 31 December 2024 as disclosed in the annual report of ATNT published on 30 April 2025; (ii) 381,933,400 ATNT Shares in issue as at the Latest Practicable Date.

There has been no transaction of the Shares which have taken place during the period during the Relevant Period.

LETTER FROM INNOVAX CAPITAL

Market prices

The table below sets out the closing price of the ATNT Shares on the Stock Exchange on (i) the last trading day of each of the calendar months during the six months preceding 25 November 2025 (being the commencement date of the Offer Period) and up to the Latest Practicable Date, (ii) the last trading day before publication of the 3.5 Announcement, and (iii) the Latest Practicable Date:

Date	Closing price per ATNT Share (HK\$)
30 May 2025	0.93
30 June 2025	0.93
31 July 2025	1.02
29 August 2025	0.97
30 September 2025	0.95
31 October 2025	0.94
24 November 2025 (Last Trading Day)	0.91
28 November 2025	0.92
31 December 2025	0.95
30 January 2026	0.97
9 February 2026 (being the Latest Practicable Date)	1.48

Market prices

During the six-month period immediately prior to 25 November 2025 (being the commencement date of the Offer Period) up to and including the Latest Practicable Date, the highest closing price of the ATNT Shares as quoted on the Stock Exchange was HK\$1.5 per ATNT Share on 4 February 2026, and the lowest closing price of the ATNT Shares as quoted on the Stock Exchange was HK\$0.90 per ATNT Share on 13, 16, 17 and 19 June 2025 and 4 July 2025 and 8 December 2025.

Total value of the Offer

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to (and including) the close of the Offer and based on the Offer Price of HK\$1.85 per Share and 103,938,695 Shares in issue as at the Latest Practicable Date, the entire existing issued share capital of the Company is valued at approximately HK\$192,287,000. As there are 1,427,634 Shares subject to the Offer, accordingly, the maximum amount of aggregated cash consideration to be paid for all Offer Shares under the Offer would be HK\$2,641,122.90.

LETTER FROM INNOVAX CAPITAL

Confirmation of Financial Resources

The Offeror intends to finance the consideration payable by the Offeror under the Offer by internal resources. Innovax Capital, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror for satisfying in full its payment obligation in respect of the cash consideration payable under the Offer.

CONDITION OF THE OFFER

The Offer is conditional upon the fulfilment or waiver (as applicable) of valid acceptances of the Offer in respect of not less than 90% of Disinterested Shares having been received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the First Closing Date (or such later time and/or date as the Offeror may decide, subject to the rules of the Takeovers Code).

Given that as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in more than 50% of the voting rights in the Company, the Offeror reserves the right to waive the Condition set out above.

If the Condition is not satisfied or waived (as applicable) on or before the Long Stop Date, the Offer will lapse, and Shareholders will be notified by a further announcement as soon as practicable thereafter.

In accordance with Rule 15.1 of the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the despatch of this Composite Document. In accordance with the Note to Rule 15.3 of the Takeovers Code, the Offer must also remain open for acceptance for not less than 14 days after it becomes or is declared unconditional. The Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer becomes unconditional. Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this 14-day period. The latest time on which the Offeror can declare the Offer unconditional is 7:00 p.m. on the 60th day after the date of the Composite Document (or such later date to which the Executive may consent).

WARNING: The Offer may or may not become unconditional and will lapse if it does not become unconditional and the Condition is not waived. Accordingly, the Shareholders, and prospective investors of the Company are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their professional advisers.

LETTER FROM INNOVAX CAPITAL

POSSIBLE COMPULSORY ACQUISITION

As at the Latest Practicable Date, the Offeror is interested in not less than 90% of the issued share capital of the Company. If the Offeror acquires not less than 90% of all the Shares held by the Independent Shareholders within, but not exceeding, the period of four months after the posting of the Composite Document, the Offeror intends to exercise the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and Subdivision 2 of Division 4 of Part 13 of the Companies Ordinance to acquire the remaining Shares held by the Independent Shareholders. On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), the Company will be held as to 100% by the Offeror and the Offeror Concert Parties, and the Company will be converted from a public company to a private company under the Companies Ordinance.

For the Shares that may be acquired by the Offeror exercising its compulsory acquisition rights as mentioned above, the Offeror will settle the consideration at the Offer Price wholly in cash (which sum shall be payable net of seller's ad valorem stamp duty). To each Independent Shareholder holding any Share(s) to which the compulsory acquisition applies (other than any such Independent Shareholder who cannot be found), subject to the production of the relevant documents of title or indemnity to the Company's satisfaction, consideration for such Shares will be settled by cheque to be posted by ordinary post as soon as possible but in any event not less than seven business days (as defined in the Takeovers Code) after the expiry of the two month period specified in Section 696 of the Companies Ordinance which will commence from the date of giving of the notice by the Offeror to such Independent Shareholder for acquiring its Shares served pursuant to Section 693 of the Companies Ordinance. For any Independent Shareholder who cannot be found, the Offeror will pay the consideration it is entitled to receive to the Company who will hold it on trust for such Independent Shareholder in accordance with Section 698 of the Companies Ordinance.

The Offeror's ability to exercise rights of compulsory acquisition in respect of the Shares is dependent on the level of acceptance of the Offer reaching the prescribed level under the requirements of Rule 2.11 of the Takeovers Code being satisfied. If the Shares validly tendered for acceptance under the Offer are less than 90% of all the Shares held by the Independent Shareholders, The Offeror shall not be able to exercise rights of compulsory acquisition in respect of the Shares.

If the relevant thresholds are not reached for the exercise of the compulsory acquisition rights referred to above, the Shareholders who do not accept the Offer will continue to be holding Shares which are unlisted. It may be difficult for the holders of Shares to dispose of the Shares as no on-market trading facilities for such shares will be available.

Further announcements will be made by the Company at SFC's website about the exercise of such right of compulsory acquisition as and when necessary.

LETTER FROM INNOVAX CAPITAL

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding activities.

As at the Latest Practicable Date, the Offeror is directly owned as to 80% by Mr. Lam Kwok Hing, and directly owned as to 20% by Mr. Nam Kwok Lun. The directors of the Offeror are Mr. Lam Kwok Hing and Mr. Nam Kwok Lun. As at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 102,511,061 Shares, representing approximately 98.63% of the issued share capital of the Company.

Mr. Lam Kwok Hing

Mr. LAM Kwok Hing M.H., J.P., aged 61, is the Chairman and Managing Director of ATNT. Mr. Lam is the younger brother of Mr. Nam Kwok Lun, the Deputy Chairman and Executive Director of ATNT.

Mr. Lam has over 30 years' experience in securities trading and financial market. Together with the Deputy Chairman of ATNT, he set up a group of companies since 1991 to provide various financial services to the public and trade under the brand name of Karl Thomson. In 2000, Karl Thomson was listed to the Hong Kong main board ("**Karl Thomson**", with a listed code of 0007). Mr. Lam was the Chairman of Karl Thomson from year 2000 to 2012. The listed group has expanded into other industries and businesses and is subsequently renamed as Wisdom Wealth Resources Investment Holding Group Limited (stock code: 0007, "**Wisdom Wealth**"). Mr. Lam was the executive director of Wisdom Wealth from year 2013 until 6 February 2024. He continues his role as a director of Karl Thomson Financial Group Limited, a wholly owned subsidiary of Wisdom Wealth.

Mr. Lam was awarded the Medal of Honor by the Hong Kong Special Administrative Region (the "**HKSAR**") in 2009. On 30 June 2017, Mr. Lam was appointed as Justice of the Peace by the Chief Executive of the HKSAR. In July 2017, he was appointed as honorary consul of the Republic of Senegal in Hong Kong.

In 2013, he was appointed as a committee member of the Shaanxi Provincial Committee of the Chinese People's Political Consultative Conference. Given his contributions to the committee, he was elected as the standing committee member in 2018 and holds such position since then.

As far as community services are concerned, Mr. Lam hosts a number of posts in various charitable organizations and schools. Mr. Lam was appointed as the Chairman of the Board of Pok Oi Hospital for the period 2008 to 2009 and currently he is a permanent advisor of the Board of Pok Oi Hospital.

LETTER FROM INNOVAX CAPITAL

In 2014, Mr. Lam allied with other charity leaders and formed a new charitable organization called Hong Kong Shine Tak Foundation. This charitable organization targets to motivate elites in community to engage in various projects in order to bring a positive value to the young people and to build a society of peace and harmony. Mr. Lam is the Chairman of this foundation.

Mr. Lam also holds various other position in public service and renowned charitable organizations, including being (i) member of Appeal Board on Public Meetings and Processions and (ii) the officer-in-charge of the Constitutional and Mainland Affairs Committee of the HKCPPCC (Provincial) Members Association.

Mr. Nam Kwok Lun

Mr. Nam Kwok Lun, aged 66, is the Deputy Chairman of ATNT. He joined the ATNT Group in 2005. He is responsible for overall strategic planning, day to day operations, execution and further development. Mr. Nam is the elder brother of Mr. Lam Kwok Hing.

Mr. Nam has over 40 years' experience in the securities trading, fund management and financial advisory services. Mr. Nam was the executive director of Wisdom Wealth from year 2000 until 15 September 2023. He continues his role as a director of Karl Thomson Financial Group Limited, a wholly owned subsidiary of Wisdom Wealth. In Wisdom Wealth, Mr. Nam is in charge of the day-to-day operations of stockbroking, futures and options broking and securities margin financing businesses.

He is an honorary president of Hong Kong Immigration Assistant Union and an honorary consultant of Hong Kong Securities and Futures Professionals Association.

REASONS AND BENEFITS OF THE OFFER AND THE OFFEROR'S INTENTION ON THE GROUP

The Offeror is principally engaged in investment holding activities. As at the date of this announcement, the Offeror and parties acting in concert with it are interested in 102,511,061 Shares, representing approximately 98.63% of the issued share capital of the Company. By way of streamlining the Company's shareholding structure, the Offeror aims to reduce the administrative costs and thereby enhancing the overall operation efficiency of the Company.

In addition, the Offeror has been informed that the Board has from time to time received enquiries from certain of its Shareholders who are interested in disposing of the Shares being held by them. Given that the Shares will not be listed on the Stock Exchange or any other stock exchange, it will be difficult, if not impossible, for holders of the Shares to liquidate their holdings in the Shares. The Offeror considers, in these circumstances, that it is appropriate to provide the Independent Shareholders with an opportunity to realise their holdings in the Shares by making the Offer.

LETTER FROM INNOVAX CAPITAL

As at the Latest Practicable Date, the Company is interested in 201,995,834 shares of ATNT, being the substantial asset of the Company. In addition, the Company does not carry any active trade and does not participate in the day-to-day management of ATNT.

As an annual dividend of HK\$0.03 per ATNT Share has been declared and distributed by ATNT to its shareholders since 2020, the annual dividend income of the Company received from ATNT has been approximately HK\$6.06 million. The Company has in turn declared and distributed a majority of such amount of dividend received to its Shareholders. Set out below the final dividend being declared and distributed by the Company to its Shareholders for the two years ended 31 December 2024:

For the year ended 31 December	Dividend declared and distributed per Share by the Company (HK\$)	Total amount of dividend declared and distributed by the Company (HK\$) (approx.)
2023	0.0580	6,028,444.31
2024	0.0585	6,080,413.66

Based on the final dividends per Share declared by the Company for 2023 and 2024 for HK\$0.0580 and HK\$0.0585, respectively, the historical dividend yield per Share, calculated as the most recent full-year dividend over the offer price of HK\$1.85 per Share, is approximately 3.16% per annum. Such dividend yield is historical in nature and does not constitute a valuation of the Shares or an evaluation of the Offer Price, nor does it represent any forecast of future dividends.

Accordingly, the Directors consider that the Offer will provide the Independent Shareholders with an opportunity to consider and, if thought fit, realise their investment in the Shares.

As at the Latest Practicable Date, the Offeror is interested in not less than 90% of the issued share capital of the Company. If the Offeror acquires such number of Shares under the Offer as represents not less than 90% of all the Shares held by the Independent Shareholders (i.e. not less than 1,284,871 Shares) within, but not exceeding, the period of four months after the posting of the Composite Document, the Offeror intends to exercise the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and Subdivision 2 of Division 4 of Part 13 of the Companies Ordinance to acquire the remaining Shares held by the Independent Shareholders. On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), the Company will be held as to 100% by the Offeror and the Offeror Concert Parties, and the Company will be converted from a public company to a private company under the Companies Ordinance.

LETTER FROM INNOVAX CAPITAL

Business

It is the intention of the Offeror that the Company shall continue to be an investment holding company. The Company does not carry on any trade and does not participate in the day-to-day management in ATNT Group. The Company shall continue to hold its investment in ATNT and investments at equity securities listed in Hong Kong. The income of the Company shall be the dividend declared and paid by its investee company (if any), as well as incidental bank interest income.

The Offeror does not have any intention to introduce any significant changes to the existing operations and management of the Company. As at the Latest Practicable Date, the Offeror does not have any acquisition or disposal plan and that there shall not be any material change to the financial or trading position of the Company in near term.

Employment

The Offeror also has no intention to discontinue the appointment of any of the existing Directors. Any changes to the Board will be made in compliance with the Takeovers Code and further announcement will be made by the Company as and when appropriate.

As at the Latest Practicable Date, the Company does not have any employee.

The Offeror does not have any intention to introduce any significant changes to the existing operations and management of the Group.

GENERAL MATTERS RELATING TO THE OFFER

Effect of accepting the Offer

By accepting the Offer, the Shareholders will sell their Shares to the Offeror free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid, if any, the record date of which is on or after the date on which the Offer is made, being the date of the despatch of this Composite Document, in any event.

Any dividend or other distribution the record date of which is before the date of the despatch of this Composite Document will be paid by the Company to the Shareholders who are qualified for such dividend or distributions.

As at the Latest Practicable Date, the Company does not have any declared and unpaid dividend and does not have any intention to announce, declare, make or pay any future dividend, other distribution or return of capital until the close of the Offer.

LETTER FROM INNOVAX CAPITAL

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are free from all Encumbrances and with all rights attached thereto, including but not limited to the right to receive all dividends and distributions which may be paid, made or declared on or after the date on which the Offer is made. Acceptance of the Offer shall be irrevocable and would not be capable of being withdrawn, except as permitted under the Takeovers Code.

For those Shareholders who wish not to accept the Offer and continue to hold Shares, they should be aware that there is unlikely to be any market for Shares since there is no intention to list the Shares on any stock exchange. Moreover, the Shares may be subject to the compulsory acquisition provision of their the Shares may be subject to compulsory acquisition provisions of the Companies Ordinance after the close of the Offer, details of which are set out in the paragraph headed “Possible compulsory acquisition” above. The Shareholders are reminded to read the advice of an independent financial adviser in respect of the Offer before deciding whether or not to accept the Offer.

Hong Kong stamp duty

The seller’s Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% of the consideration payable in respect of the acceptance by the Shareholders or if higher, the market value of the Shares subject to such acceptance, will be deducted from the amount payable to those Shareholders who accept the Offer. The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the relevant Shareholders who accept the Offer and pay the buyer’s Hong Kong ad valorem stamp duty in connection with acceptances of the Offer and the transfers of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

The Offeror will bear buyer’s ad valorem stamp duty in respect of acceptances of the Offer and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares in respect of which the Offer is accepted.

Payment

Payment (after deducting the accepting the Shareholders’ share of stamp duty) in cash in respect of acceptances of the Offer will be made as soon as possible but in any event no less than seven (7) business days after (i) the receipt of duly completed acceptances; or (ii) the Offer has become or is declared unconditional in all respects, whichever is later. Relevant documents of title must be received to render each acceptance of the Offer complete and valid.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who validly accepts the Offer will be rounded up to the nearest cent.

LETTER FROM INNOVAX CAPITAL

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with it, Innovax Capital, the Company, the Independent Financial Adviser and their respective direct or indirect beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

The making of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of the relevant jurisdictions or residence and it is the responsibility of each such Overseas Shareholder who wishes to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any transfer or other taxes due from such Overseas Shareholder in such relevant jurisdictions.

WARNING: Any acceptance tendered by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. Overseas Shareholders should consult their own professional advisers if in doubt.

LETTER FROM INNOVAX CAPITAL

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Offer (assuming that the Offer is fully accepted by the Shareholders):

Shareholders	As at the Latest Practicable Date		Immediately upon Completion of the Offer	
	Number of Shares	Approximate percentage of shareholding (%)	Number of Shares	Approximate percentage of shareholding (%)
The Offeror and parties acting in concert with it				
The Offeror ^{Note}	102,511,061	98.63	103,938,695	100
Parties acting in concert with the Offeror	<u>Nil</u>	<u>–</u>	<u>Nil</u>	<u>–</u>
Sub-total	102,511,061	98.63	103,938,695	100
Independent Shareholders	<u>1,427,634</u>	<u>1.37</u>	<u>–</u>	<u>–</u>
Total	<u>103,938,695</u>	<u>100.00</u>	<u>103,938,695</u>	<u>100.00</u>

Note:

As at the Latest Practicable Date, the Offeror is directly owned as to 80% by Mr. Lam Kwok Hing, and directly owned as to 20% by Mr. Nam Kwok Lun. The directors of the Offeror are Mr. Lam Kwok Hing and Mr. Nam Kwok Lun.

FURTHER TERMS OF THE OFFER

Further terms of the Offer (including the procedures for acceptance, the acceptance period and stamp duty payable by the Offer Shareholders who accept the Offer) are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

RECOMMENDATION AND ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the Board” on pages 22 to 29 and the “Letter from the Independent Financial Adviser” on pages 30 to 55, all of which are contained in this Composite Document, in relation to its advice and recommendation regarding the Offer.

LETTER FROM INNOVAX CAPITAL

Your attention is also drawn to the additional information set out in the appendices which form part of this Composite Document.

Yours faithfully,
For and on behalf of
Innovax Capital Limited
Calvin Poon
Managing Director

LETTER FROM THE BOARD

KARFUN INVESTMENTS LIMITED 佳帆投資有限公司

(incorporated in the Hong Kong with limited liability)

Directors:

Mr. Lam Kwok Hing

Mr. Nam Kwok Lun

Registered office:

Rooms 607-610, 6/F

Tai Yau Building

181 Johnston Road

Wanchai

Hong Kong

12 February 2026

To the Shareholders

Dear Sir or Madam,

**(1) CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY
INNOVAX CAPITAL ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE ALREADY OWNED BY OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES
ACTING IN CONCERT WITH IT)
(2) POSSIBLE COMPULSORY ACQUISITION**

INTRODUCTION

Reference is made to the 3.5 Announcement jointly published by the Offeror and the Company in relation to the Offer.

The purpose of this Composite Document of which this letter forms part is to provide you with, among other matters, the terms of the Offer, information relating to the Group and the Offer, as well as to set out the letter from the Independent Financial Adviser containing its advice to the Independent Shareholders in respect of the Offer.

You are advised to read the letter from the Independent Financial Adviser in conjunction with this Composite Document carefully before taking any action in respect of the Offer.

Unless the context requires otherwise, terms defined in this Composite Document, of which this letter forms part, shall have the same meanings when used herein.

LETTER FROM THE BOARD

THE OFFER

The information relating to the Offer below is extracted from the section headed “Letter from Innovax Capital” of this Composite Document.

The terms of the Offer are set out in the “Letter from Innovax Capital” of this Composite Document and the Form of Acceptance. You are recommended to refer to the “Letter from Innovax Capital” of this Composite Document and the Form of Acceptance for further details.

Innovax Capital is making, for and on behalf of the Offeror and in compliance with the Takeovers Code, a voluntary conditional general cash offer to acquire all the Shares not already owned by the Offeror and parties acting in concert with it on the following terms:

For each Offer Share HK\$1.85 in cash

As at the Latest Practicable Date, there are 103,938,695 Shares in issue. The Offeror and parties acting in concert with it are interested in 102,511,061 Shares, representing approximately 98.63% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, there are 1,427,634 Shares, representing approximately 1.37% of the issued share capital of the Company as at the Latest Practicable Date, subject to the Offer.

Save for the Shares, as at the Latest Practicable Date, the Company:

- (a) does not have any options, derivatives, warrants or securities which are convertible or exchangeable into the Shares or which confer rights to require the issue of the Shares;
- (b) has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into the Shares or which confer rights to require the issue of the Shares; and
- (c) has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than the Shares.

CONDITION OF THE OFFER

The Offer is conditional upon the fulfilment or waiver (as applicable) of valid acceptances of the Offer in respect of not less than 90% of Disinterested Shares having been received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the First Closing Date (or such later time and/or date as the Offeror may decide, subject to the rules of the Takeovers Code).

Given that as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in more than 50% of the voting rights in the Company, the Offeror reserves the right to waive the Condition set out above.

LETTER FROM THE BOARD

If the Condition is not satisfied or waived (as applicable) on or before the Long Stop Date, the Offer will lapse, and Shareholders will be notified by a further announcement as soon as practicable thereafter.

In accordance with Rule 15.1 of the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the despatch of this Composite Document. In accordance with the Note to Rule 15.3 of the Takeovers Code, the Offer must also remain open for acceptance for not less than 14 days after it becomes or is declared unconditional. The Offeror must publish an announcement when the Offer becomes unconditional. Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this 14-day period. The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the date of the Composite Document (or such later date to which the Executive may consent).

WARNING: The Offer may or may not become unconditional and will lapse if it does not become unconditional and the Condition is not waived. Accordingly, the Shareholders, and prospective investors of the Company are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their professional advisers.

FURTHER DETAILS OF THE OFFER

Further details of the Offer including, among others, the expected timetable, terms and procedures of acceptance of the Offer, are set out in “Further Terms of the Offer” in Appendix I to this Composite Document and the Form of Acceptance.

INFORMATION OF THE GROUP

The Company is a public company incorporated in Hong Kong with limited liability. Its securities are not listed or traded on any securities exchange. The Company acts as a passive investor to the investee companies, including ATNT, and does not participate in the operations and financial decisions of the investee companies. As an investment holding company, the Company is looking for receiving dividend income from its investees and possible gain from disposal of shares in the investee companies.

As at the Latest Practicable Date, the Company is interested in 201,995,834 ATNT Shares, representing approximately 52.79% of all ATNT Shares in issue. According to its audited report for year ended 31 December 2024, the significant majority of the asset of the Company is the 201,995,834 ATNT Shares held by it (i.e. interest in a subsidiary), representing approximately 94.4% of the total assets of the Company for the year ended 31 December 2024. ATNT is a company incorporated in Bermuda with limited liability and the shares of ATNT are listed on the main board of the Stock Exchange (stock code: 679).

LETTER FROM THE BOARD

According to the Company's audited report for year ended 31 December 2024, the remaining asset of the Company for the year ended 31 December 2024 comprises investments at equity securities listed in Hong Kong of approximately HK\$1.57 million, bank balances of approximately HK\$1.51 million and other receivables (which is cash balance left at a security account held at a licensed broker) of approximately HK\$95,000.

The ATNT Group is mainly engaged in electroplating equipment business, property investment and treasury management.

Financial information of the Group

Set out below is the consolidated financial information of the Group for the two financial years ended 31 December 2024 and 2023 prepared in accordance with Hong Kong Financial Reporting Standards:

	For the financial year ended	
	31 December	
	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	431,288	419,112
Profit (loss) before income tax	410,697	(13,180)
Profit (loss) after income tax	299,671	(14,614)

Based on the audited consolidated financial information of the Group as at 31 December 2024, the consolidated total assets and consolidated net assets attributable to the Shareholders were approximately HK\$2,010,908,000 and HK\$749,220,000, respectively.

Your attention is drawn to Appendices IV and V to this Composite Document which contain further financial and general information of the Group.

INFORMATION ON THE OFFEROR, REASONS FOR THE OFFER AND THE OFFEROR'S INTENTION ON THE GROUP

Your attention is drawn to the paragraphs headed "Information on the Offeror", "Reasons and benefits of the Offer and the Offeror's intentions on the Group" in the "Letter from Innovax Capital" as set out in this Composite Document.

LETTER FROM THE BOARD

As stated in the “Letter from Innovax Capital” of this Composite Document, as at the Latest Practicable Date, the Company does not have any employee. In addition, as at the Latest Practicable Date, the Offeror had no plans for any acquisition of business and/or assets, or disposal, termination or scaling-down of the Group’s existing business or assets (including any redeployment of fixed assets of the Group).

The Board is aware of the Offeror’s intentions in respect of the Group and is willing to cooperate with the Offeror and act in the best interests of the Company and the Shareholders as a whole.

The Board noted that there is no reference to removal or resignation of existing Directors from the Board in the “Letter from Innvoax Capital”. The current Directors have not decided on whether to resign when permitted to do so under the Takeovers Code. Any changes to the Board will be made in compliance with the Takeovers Code and further announcement will be made by the Company as and when appropriate. Pursuant to Rule 7 of the Takeovers Code, except with the consent of the Executive, no resignation of Directors shall take effect until after the publication of the closing announcement on the first closing date of an offer, or the publication of the announcement that an offer has become or been declared unconditional, whichever is later. The Directors confirm that they have no intention to resign within such period.

POSSIBLE COMPULSORY ACQUISITION

Your attention is drawn to the paragraphs headed “Possible compulsory acquisition” in the “Letter from Innovax Capital” as set out in this Composite Document.

As stated in the “Letter from Innovax Capital”, as at the Latest Practicable Date, the Offeror is interested in not less than 90% of the issued share capital of the Company. If the Offeror acquires not less than 90% of all the Shares held by the Independent Shareholders within, but not exceeding, the period of four months after the posting of the Composite Document, the Offeror intends to exercise the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and Subdivision 2 of Division 4 of Part 13 of the Companies Ordinance to acquire the remaining Shares held by the Independent Shareholders. On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), the Company will be held as to 100% by the Offeror and the Offeror Concert Parties, and the Company will be converted from a public company to a private company under the Companies Ordinance.

LETTER FROM THE BOARD

For the Shares that may be acquired by the Offeror exercising its compulsory acquisition rights as mentioned above, the Offeror will settle the consideration at the Offer Price wholly in cash (which sum shall be payable net of seller's ad valorem stamp duty). To each Independent Shareholder holding any Share(s) to which the compulsory acquisition applies (other than any such Independent Shareholder who cannot be found), subject to the production of the relevant documents of title or indemnity to the Company's satisfaction, consideration for such Shares will be settled by cheque to be posted by ordinary post as soon as possible but in any event no later than seven business days (as defined in the Takeovers Code) after the expiry of the two month period specified in Section 696 of the Companies Ordinance which will commence from the date of giving of the notice by the Offeror to such Independent Shareholder for acquiring its Shares served pursuant to Section 693 of the Companies Ordinance. For any Independent Shareholder who cannot be found, the Offeror will pay the consideration it is entitled to receive to the Company who will hold it on trust for such Independent Shareholder in accordance with Section 698 of the Companies Ordinance.

The Offeror's ability to exercise rights of compulsory acquisition in respect of the Shares is dependent on the level of acceptance of the Offer reaching the prescribed level under on the requirements of Rule 2.11 of the Takeovers Code being satisfied. If the Shares validly tendered for acceptance under the Offer are less than 90% of all the Shares held by the Independent Shareholders, The Offeror shall not be able to exercise rights of compulsory acquisition in respect of the Shares.

If the relevant thresholds are not reached for the exercise of the compulsory acquisition rights referred to above, the Shareholders who do not accept the Offer will continue to be holding Shares which are unlisted. It may be difficult for the holders of Shares to dispose of the Shares as no on-market trading facilities for such shares will be available.

CONFLICTS OF INTEREST

As disclosed in the 3.5 Announcement, taking into account that each of Mr. Lam Kwok Hing and Mr. Nam Kwok Lun is a director and a shareholder of the Offeror, each of them is not considered as independent for the purpose of giving advice or recommendations to the Independent Shareholders. To avoid any conflict of interest, each of Mr. Lam Kwok Hing and Mr. Nam Kwok Lun will not express his views on the Offer.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror, including persons who own or control 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code), are hereby reminded to disclose their dealings in the relevant securities of the Company pursuant to the Takeovers Code.

LETTER FROM THE BOARD

For this purpose, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

COMPLETION OF THE OFFER IS SUBJECT TO THE CONDITION BEING FULFILLED OR WAIVED (AS APPLICABLE). THE ISSUE OF THIS COMPOSITE DOCUMENT DOES NOT IN ANY WAY IMPLY THAT THE OFFER WILL BE COMPLETED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT THEIR PROFESSIONAL STOCKBROKER, BANK MANAGER, SOLICITOR OR OTHER PROFESSIONAL ADVISER.

RECOMMENDATION

As the Board does not have any non-executive directors or any independent non-executive directors, no independent board committee of the Board can be formed to give recommendation to the Independent Shareholders in connection with the Offer.

Alpha Financial Group Limited has been appointed as the Independent Financial Adviser to advise the Independent Shareholders. Your attention is drawn to the “Letter From The Independent Financial Adviser” on pages 30 to 55 of this Composite Document, which sets out its advice and recommendation to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof, and the principal factors considered by it in arriving at its advice and recommendation.

Independent Shareholders should read these letters in conjunction with this Composite Document carefully before taking any action in respect of the Offer.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully this Composite Document and the accompanying Form(s) of Acceptance for further details in respect of the procedures for acceptance of the Offer.

Yours faithfully,
By order of the Board
Karfun Investments Limited
Lam Kwok Hing M.H. J.P.
Chairman of the Board

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Set out below is the full text of a letter from Alpha Financial Group Limited, the Independent Financial Adviser which sets out its advice to the Independent Shareholders for inclusion in the Composite Document.



Alpha Financial Group Limited

Room A, 17/F
Fortune House
61 Connaught Road Central
Central, Hong Kong

12 February 2026

To: The Independent Shareholders of Karfun Investments Limited

Dear Sir/Madam,

**CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY
INNOVAX CAPITAL ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND PARTIES ACTING
IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement by the Company to advise the Independent Shareholders in respect of the Offer, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the Composite Document, issued by the Company to the Shareholders dated 12 February 2026 (the “**Composite Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

Innovax Capital is making, for and on behalf of the Offeror and in compliance with the Takeovers Code, a voluntary conditional general cash offer to acquire all the Shares not already owned by the Offeror and parties acting in concert with it on the basis of HK\$1.85 in cash for each Share held.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The Offer is conditional upon the fulfilment or waiver (as applicable) of valid acceptances of the Offer in respect of not less than 90% of Disinterested Shares having been received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the First Closing Date (or such later time and/or date as the Offeror may decide, subject to the rules of the Takeovers Code).

Given that as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in more than 50% of the voting rights in the Company, the Offeror reserves the right to waive the Condition set out in the “Letter from Innovax Capital” as contained in the Composite Document.

If the Condition is not satisfied or waived (as applicable) on or before the Long Stop Date, the Offer will lapse, and Shareholders will be notified by a further announcement as soon as practicable thereafter. Further details of the terms of the Offer, including the procedures for acceptance and settlement of the Offer, are set out in the “Letter from Innovax Capital” as contained in the Composite Document.

As at the Latest Practicable Date, there are 103,938,695 Shares in issue. The Offeror and parties acting in concert with it are interested in 102,511,061 Shares, representing approximately 98.63% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, there are 1,427,634 Shares, representing approximately 1.37% of the issued share capital of the Company as at the Latest Practicable Date, subject to the Offer.

As set out in the Letter from the Board, as the Board does not have any non-executive directors or any independent non-executive directors, no independent board committee of the Board can be formed to give recommendation to the Independent Shareholders in connection with the Offer. As such, we have been appointed as the Independent Financial Adviser to the Independent Shareholders to give our recommendations as to the acceptance of the Offer and that the Offer is fair and reasonable so far as the Independent Shareholders are concerned.

BASIS OF ADVICE

In formulating our recommendation to the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Composite Document and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Composite Document which have been provided by the Directors and the management of the Company, and for which they are solely and wholly responsible, were true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the management of the Company in the Composite Document were reasonably made after due enquiries and careful consideration and there are no other material facts not contained in the Composite Document, the omission of which make any such statement contained in the Composite Document misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Directors and the management of the Company, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Company and the Offeror.

We have not considered the tax consequences on the Independent Shareholders of their acceptance or non-acceptance of the Offer since they are particular to their own individual circumstances. In particular, Independent Shareholders who are residents overseas or subject to overseas taxes and/or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offer and, if in any doubt, should consult their own professional advisers.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Independent Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. We expressly disclaim any liability and/or any loss arising from or in reliance upon the whole or any part of the contents of this letter. Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

The Independent Shareholders will be informed by the Company and us as soon as possible if there is any material change to the information disclosed in the Composite Document during the Offer Period, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Shareholders accordingly.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

This letter is issued to the Independent Shareholders solely in connection for their consideration in respect of the acceptance of the Offer, and except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS CONSIDERED

In arriving at our advice in relation to acceptance of the Offer, we have taken into consideration the following factors:

1. Information of the parties

1.1 Information of the Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding activities.

As at the Latest Practicable Date, the Offeror is directly owned as to 80% by Mr. Lam Kwok Hing, and directly owned as to 20% by Mr. Nam Kwok Lun. The directors of the Offeror are Mr. Lam Kwok Hing and Mr. Nam Kwok Lun. As at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 102,511,061 Shares, representing approximately 98.63% of the issued share capital of the Company.

Mr. Lam Kwok Hing

Mr. LAM Kwok Hing M.H., J.P., aged 61, is the Chairman and Managing Director of ATNT. Mr. Lam is the younger brother of Mr. Nam Kwok Lun, the Deputy Chairman and Executive Director of ATNT.

Mr. Lam has over 30 years' experience in securities trading and financial market. Together with the Deputy Chairman of ATNT, he set up a group of companies since 1991 to provide various financial services to the public and trade under the brand name of Karl Thomson. In 2000, Karl Thomson was listed to the Hong Kong main board ("**Karl Thomson**", with a listed code of 0007). Mr. Lam was the Chairman of Karl Thomson from year 2000 to 2012. The listed group has expanded into other industries and businesses and is subsequently renamed as Wisdom Wealth Resources Investment Holding Group Limited (stock code: 0007, "**Wisdom Wealth**"). Mr. Lam was the executive director of Wisdom Wealth from year 2013 until 6 February 2024. He continues his role as a director of Karl Thomson Financial Group Limited, a wholly owned subsidiary of Wisdom Wealth.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Mr. Lam was awarded the Medal of Honor by the Hong Kong Special Administrative Region (the “HKSAR”) in 2009. On 30 June 2017, Mr. Lam was appointed as Justice of the Peace by the Chief Executive of the HKSAR. In July 2017, he was appointed as honorary consul of the Republic of Senegal in Hong Kong.

In 2013, he was appointed as a committee member of the Shaanxi Provincial Committee of the Chinese People’s Political Consultative Conference. Given his contributions to the committee, he was elected as the standing committee member in 2018 and holds such position since then.

As far as community services are concerned, Mr. Lam hosts a number of posts in various charitable organizations and schools. Mr. Lam was appointed as the Chairman of the Board of Pok Oi Hospital for the period 2008 to 2009 and currently he is a permanent advisor of the Board of Pok Oi Hospital.

In 2014, Mr. Lam allied with other charity leaders and formed a new charitable organization called Hong Kong Shine Tak Foundation. This charitable organization targets to motivate elites in community to engage in various projects in order to bring a positive value to the young people and to build a society of peace and harmony. Mr. Lam is the Chairman of this foundation.

Mr. Lam also holds various other position in public service and renowned charitable organizations, including being (i) member of Appeal Board on Public Meetings and Processions and (ii) the officer-in-charge of the Constitutional and Mainland Affairs Committee of the HKCPPCC (Provincial) Members Association.

Mr. Nam Kwok Lun

Mr. Nam Kwok Lun, aged 66, is the Deputy Chairman of ATNT. He joined the ATNT Group in 2005. He is responsible for overall strategic planning, day to day operations, execution and further development. Mr. Nam is the elder brother of Mr. Lam Kwok Hing.

Mr. Nam has over 40 years’ experience in the securities trading, fund management and financial advisory services. Mr. Nam was the executive director of Wisdom Wealth from year 2000 until 15 September 2023. He continues his role as a director of Karl Thomson Financial Group Limited, a wholly owned subsidiary of Wisdom Wealth. In Wisdom Wealth, Mr. Nam is in charge of the day-to-day operations of stockbroking, futures and options broking and securities margin financing businesses.

He is an honorary president of Hong Kong Immigration Assistant Union and an honorary consultant of Hong Kong Securities and Futures Professionals Association.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

1.2 Information of the Company

The Company is a public company incorporated in Hong Kong with limited liability. Its securities are not listed or traded on any securities exchange. The Company acts as a passive investor to the investee companies, including ATNT, and does not participate in the operations and financial decisions of the investee companies. As an investment holding company, the Company is looking for receiving dividend income from its investees and possible gain from disposal of shares in the investee companies.

As at the Latest Practicable Date, the Company is interested in 201,995,834 ATNT Shares, representing approximately 52.79% of all ATNT Shares in issue. According to its audited report for year ended 31 December 2024, the significant majority of the asset of the Company is the 201,995,834 ATNT Shares held by it (i.e. interest in a subsidiary), representing approximately 94.4% of the total assets of the Company for the year ended 31 December 2024. ATNT is a company incorporated in Bermuda with limited liability and the shares of ATNT are listed on the main board of the Stock Exchange (stock code: 679). The ATNT Group is mainly engaged in electroplating equipment business, property investment and treasury management.

According to the Company's audited report for year ended 31 December 2024, the remaining asset of the Company for the year ended 31 December 2024 comprises investments at equity securities listed in Hong Kong of approximately HK\$1.57 million, bank balances of approximately HK\$1.51 million and other receivables (which is cash balance left at a security account held at a licensed broker) of approximately HK\$95,000. For further details of the assets held by the Company, please refer to Appendix III to the Composite Document.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

1.3 *Historical financial performance*

Set out below are the summary of the Company's audited statements of financial position for each of the two years ended 31 December 2023 and 2024, as extracted from Appendix III to the Composite Document:

	As at 31 December	
	2023	2024
	Approximate	Approximate
	HK\$'000	HK\$'000
Non-current assets		
– Interest in subsidiary <i>(Note 1)</i>	53,398	53,398
Current assets		
– Other receivable	–	95
– Investment at FVTPL <i>(Note 2)</i>	2,413	1,568
– Time deposits	–	1,200
– Bank balances	1,712	313
Current liabilities		
– Creditors and accrued charges	112	111
Net current asset	4,013	3,065
Total assets less current liabilities	57,411	56,463
Capital and reserves		
– Share capital	21,118	21,118
– Reserves	<u>36,293</u>	<u>35,345</u>
Total equity	<u>57,411</u>	<u>56,463</u>

Notes:

- (1) Represents the 201,995,834 ATNT Shares held by the Company, which is approximately 52.79% of all ATNT Shares in issue.
- (2) Represents the market value of 6,032,000 shares of Yanchang Petroleum International Ltd. (346) held by the Company. The change in value reflects the change in share price of the underlying securities.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As the Company holds more than half of the issued share capital of ATNT, in accordance with the requirements set out in the HKFRS and Hong Kong Company Ordinance, the Company is required to prepare and include consolidated financial statements in its annual audited reports. Set out below is the consolidated financial information of the Group for the two financial years ended 31 December 2024 and 2023 prepared in accordance with Hong Kong Financial Reporting Standards, as extracted from Appendix III to the Composite Document:

	For the year ended 31 December	
	2023	2024
	<i>Approximate</i>	<i>Approximate</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	431,288	419,112
Gross profit	110,570	120,807
Profit/(loss) for the year	299,671	(14,614)
Profit/(loss) for the year attributable to owners of the Company	151,492	(8,403)
	As at 31 December	
	2023	2024
	<i>Approximate</i>	<i>Approximate</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	866,159	920,072
Non-current assets	1,273,979	1,090,836
Total assets	2,140,138	2,010,908
Net current asset	231,002	355,471
Total liabilities	667,059	594,770
Equity attributable to owners of the Company	757,205	749,220

Based on the audited consolidated financial information of the Group as at 31 December 2024, the consolidated total assets and consolidated net assets attributable to the Shareholders were approximately HK\$2,010,908,000 and HK\$749,220,000, respectively. For further details in relation to the financial information of the Group, please refer to Appendix III to the Composite Document.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As the significant majority of the asset of the Company is the 201,995,834 ATNT Shares held by it (i.e. interest in a subsidiary), representing approximately 94.4% of the total assets of the Company for the year ended 31 December 2024, financial performance of ATNT inevitably affects the consolidated financial result of the Company. For Independent Shareholders' ease of reference, set out below are the summary of financial statements of ATNT, as extracted from ATNT's annual report for the year ended 31 December 2024 (the "ATNT Annual Report 2024") and ATNT's interim report for the six months ended 30 June 2025 (the "ATNT Interim Report 2025"):

	For the year ended 31 December		For the six months ended 30 June	
	2023	2024	2024	2025
	<i>Approximate</i>	<i>Approximate</i>	<i>Approximate</i>	<i>Approximate</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	431,288	419,112	220,573	236,944
Gross profit	110,570	120,807	60,844	70,693
Profit/(loss) for the year/period	304,102	(13,655)	29,043	14,396
Profit/(loss) for the year/period attributable to owners of the Company	304,179	(14,100)	29,060	14,481
	As at 31 December		As at	
	2023	2024	30 June	2025
	<i>Approximate</i>	<i>Approximate</i>	<i>Approximate</i>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(audited)	(audited)	(unaudited)	
Current assets	862,034	916,897	994,766	
Non-current assets	1,273,979	1,090,836	1,069,712	
Total assets	2,163,013	2,007,733	2,064,478	
Net current asset	226,956	352,404	394,960	
Total liabilities	666,980	594,662	630,977	
Equity attributable to owners of the Company	1,469,072	1,412,690	1,433,276	

For details in relation to the historical financial performance of ATNT, please refer to the ATNT Annual Report 2024 and the ATNT Interim Report 2025 for subsequent performance of ATNT up to the six months ended 30 June 2025.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

2. Background of the Offer

2.1 Background of the Offer

On behalf of the Offeror, Innovax Capital Limited hereby make a voluntary conditional general cash offer to acquire all the Shares not already owned by the Offeror and parties acting in concert with it on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$1.85 in cash

Further details of the terms of the Offer, including the procedures for acceptance and settlement of the Offer, are set out in the Letter from Innovax Capital as contained in the Composite Document.

As at the Latest Practicable Date, there are 103,938,695 Shares in issue. The Offeror and parties acting in concert with it are interested in 102,511,061 Shares, representing approximately 98.63% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, there are 1,427,634 Shares, representing approximately 1.37% of the issued share capital of the Company as at the Latest Practicable Date, subject to the Offer.

2.2 Intention of the Offeror regarding the Company

The Offeror is principally engaged in investment holding activities. As at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 102,511,061 Shares, representing approximately 98.63% of the issued share capital of the Company.

According to the Letter from Innovax Capital, by way of streamlining the Company's shareholding structure, the Offeror aims to reduce the administrative costs and thereby enhancing the overall operation efficiency of the Company. In addition, the Offeror has been informed that the Board has from time to time received enquiries from certain of its Shareholders who are interested in disposing of the Shares being held by them. Given that the Shares will not be listed on the Stock Exchange or any other stock exchange, it will be difficult, if not impossible, for holders of the Shares to liquidate their holdings in the Shares. The Offeror considers, in these circumstances, that it is appropriate to provide the Independent Shareholders with an opportunity to realise their holdings in the Shares by making the Offer.

For details on the background of the Offer, please refer to the paragraphs headed "Reasons and Benefits of the Offeror and the Offeror's Intention on the Group" in the Letter from Innovax Capital.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

3. Business prospect and outlook of ATNT

We noted that the significant majority of the asset of the Company is the 201,995,834 ATNT Shares held by it (i.e. interest in a subsidiary), representing approximately 94.4% of the total assets of the Company for the year ended 31 December 2024. As the shares of ATNT are listed on the main board of the Stock Exchange, we have reviewed the published financial statements of ATNT to understand the business operation and financial performance of ATNT to reflect the business prospect and outlook of the Group.

According to the Letter of the Board, the ATNT Group is mainly engaged in electroplating equipment business, property investment and treasury management.

According to the ATNT Annual Report 2024 and the ATNT Interim Report 2025, the electroplating business represents approximately 89.7% and 90.2% of the total revenue for ATNT for the year ended 31 December 2024 and the six months ended 30 June 2025, respectively. Within the electroplating business, contract works in respect of design, manufacturing and sales of custom-built electroplating machinery and other industrial machinery contributes approximately HK\$299.5 million and HK\$167.2 million for the same periods concerned, respectively, which translates into 79.7% and 78.3% of ATNT's revenue in the electroplating business for the same periods concerned, respectively. Accordingly, the electroplating business is the major business segment of ATNT, with contract works in respect of design, manufacturing and sales of custom-built electroplating machinery and other industrial machinery contributing most.

ATNT also disclosed in the same financial reports that it recorded net loss attributable to owners of ATNT of approximately HK\$14.1 million for the year ended 31 December 2024 and net profit attributable to owners of ATNT of approximately HK\$14.5 million for the six months ended 30 June 2025, respectively.

We noted that in the ATNT Annual Report 2024 and the ATNT Interim Report 2025 that ATNT's two main markets driving their revenue in electroplating business are the printed circuit boards used in smartphone and car. We also noted that in the ATNT Interim Report 2025 that ATNT expected year 2025 as a whole remains to be a very challenging year for its business sectors, as ongoing trade disputes continue to generate a broad-based downshift in growth for ATNT.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

ATNT has been loss-making for the recent financial years since the year ended 31 December 2021 (save for the year ended 31 December 2023, which was profit-making due to the reversals of impairment loss under ECL model). As (i) the global uncertainty and weak demand in smartphone resulting in sluggish year-over-year growth of approximately 1.0% in global smartphone shipments in 2025Q2, as reported in the Worldwide Quarterly Mobile Phone Tracker Report published in July 2025 by International Data Corporation, a global provider for market intelligence company focused on information technology, telecommunications and consumer technology markets and a wholly-owned subsidiary of International Data Group, which was founded in 1964 and owned by Blackstone Inc., and (ii) the developing trend to use less chrome-plating that may bring negative effect over the equipment demand in the car industry, as detailed in the ATNT Interim Report 2025, the industry outlook for the two main market drivers of ATNT's electroplating business is challenging with uncertainties. Taking into account of the above, we are of the view that the prospect and outlook of ATNT, which is the majority of the assets held by the Company, is challenging and uncertain.

4. Our analysis on the Offer Price

4.1 Basis of determining the Offer Price

As disclosed in the Letter from Innovax Capital, the offer price of HK\$1.85 per Offer Share is determined with reference to the value of the 201,995,834 ATNT Shares being held by the Company, being the substantial asset of the Company, based on the average closing price of the ATNT Shares, which are listed on the Stock Exchange, for the period from 1 September 2025 to 30 September 2025, being approximately HK\$0.948 per ATNT Share.

The offer price of HK\$1.85 per Offer Share represents a discount of approximately 74.34% to the consolidated net asset value attributable to owners of the Company per Share of approximately HK\$7.21 as at 31 December 2024, calculated based on (i) the Group's audited consolidated net assets attributable to owners of the Company of approximately HK\$749,220,000 as at 31 December 2024, as disclosed in the annual financial statements of the Company and calculated with reference to the net asset value of ATNT; and (ii) 103,938,695 Shares in issue as at the Latest Practicable Date. For further details in relation to valuation by the independent valuer on the market value of the interest in the properties attributable to the Company and our evaluation, please refer to Appendix IV to the Composite Document and the section headed "4.3 Valuation" in this letter, respectively.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Given that the Company currently holds 201,995,834 ATNT Shares as at the Latest Practicable Date, for illustrative purpose, the implied market value of the Company, based on the trading value of the ATNT Shares, would be approximately HK\$183.8 million as of the Last Trading Day, based on the closing price of HK\$0.910 per ATNT Share on the same day. Calculated based on 103,938,695 Shares in issue, the implied market value, based on the value of the ATNT Shares held, would have been approximately HK\$1.77 per Share on the Last Trading Day. Further taking into account of the remaining net asset held by the Company of approximately HK\$3.1 million as at 31 December 2024, the adjusted implied market value would have been approximately HK\$1.80 per Share on the Last Trading Day. Accordingly, the Offer Price represents a premium over the implied market value of the Shares based on the value of the ATNT Shares held by the Company and the adjusted implied market value of the Shares further taking into account of the remaining net asset held by the Company on the Last Trading Day.

It is also worth noting that while the underlying ATNT Shares held by the Company are listed on the Stock Exchange, the Shares are not directly listed on any stock exchange, and hence, holders of the Shares may find it difficult to liquidate their holdings in the Shares and the Offer provides a cash exit for the Independent Shareholders to realise all or part of their investment in the Company.

4.2 The Reference Value per ATNT Share

The value of HK\$0.948 per ATNT Share (the “**Reference Value**”), which has been referred to for determining the Offer Price, represents:

- (i) a premium of approximately 4.18% over the closing of HK\$0.910 per ATNT Share on the Last Trading Day;
- (ii) a discount of approximately 35.95% to the closing price of HK\$1.48 per ATNT Share on the Latest Practicable Date;
- (iii) a premium of approximately 2.82% over the average closing price of ATNT Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.922 per ATNT Share;
- (iv) a premium of approximately 0.64% over the average closing price of ATNT Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.942 per ATNT Share;

LETTER FROM INDEPENDENT FINANCIAL ADVISER

- (v) a discount of approximately 74.72% to the consolidated net asset value attributable to owners of ATNT per ATNT Share of approximately HK\$3.75 as at 30 June 2025, calculated based on (i) the ATNT Group's unaudited consolidated net assets attributable to owners of ATNT of approximately HK\$1,433,276,000 as at 30 June 2025 as disclosed in the ATNT Interim Report 2025 published on 26 September 2025; (ii) 381,933,400 ATNT Shares in issue as at the Latest Practicable Date; and
- (vi) a discount of approximately 74.38% to the consolidated net asset value attributable to owners of ATNT per ATNT Share of approximately HK\$3.70 as at 31 December 2024, calculated based on (i) the ATNT Group's audited consolidated net assets attributable to owners of ATNT of approximately HK\$1,412,690,000 as at 31 December 2024 as disclosed in the ATNT Annual Report 2024 published on 30 April 2025; (ii) 381,933,400 ATNT Shares in issue as at the Latest Practicable Date.

Given that there are 103,938,695 Shares in the Company and that the Company currently holds 201,995,834 ATNT Shares as at the Latest Practicable Date, accordingly each Share translates into approximately 1.943 ATNT Share(s).

4.3 Valuation

The valuation of the Group's property interests (including but not limited to, interests in land and buildings held by the Group) (collectively, the "**Properties**") as at 31 December 2025 have been conducted by AVISTA Valuation Advisory Limited (the "**Valuer**"). The full text of the valuation report (including the certificates of the Properties) are set out in Appendix IV to the Composite Document (the "**Valuation Report**"). According to the Valuation Report, the market value of the interest in the Properties attributable to the Company was approximately HK\$345.8 million as at 31 December 2025 (the "**Valuation**").

We have reviewed the Valuation Report and discussed with the Valuer the methodology, bases and assumptions adopted in the Valuation and the adjustments made to arrive at the Valuation. We noted that the Valuer has valued those Properties by using the direct comparison approach. As disclosed in the Valuation Report, such approach is based on the assumption that the Properties will be sold in their existing states and by making reference to recent publicly available market sales transactions of comparable properties in the market (the "**Property Comparables**"). According to the Valuer, recent market sales evidences with features similar to the Properties are generally available.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

For our due diligence on the Valuation, we have discussed with the independent valuer the basis of the Valuation and raised questions on areas where we require further explanation. After our discussion with the Valuer and our review of the Valuation Report, we understand that the information of recent market transactions of sales and/or listings of comparable properties was derived from the sales of comparable properties located in the same building(s) and/or areas close to the Properties, depending on the nature of the Properties. Based on our discussion with the Valuer and our review, we noted that the Properties were valued by making reference to the average price of the Property Comparables and were then adjusted by, among others, the timing difference between the transaction dates of the Property Comparables and the date of the Valuation, location, floor level, age and size of the Property Comparables, where relevant, and/or the location and floor level of the Property Comparables, depending on the nature of the Properties.

We understand that the above valuation methodology is a commonly adopted and reasonable approach in establishing the respective market values of the Properties. Further to the above, we have assessed the qualifications and experience of the responsible person of the Valuer for its engagement as the independent valuer for the Valuation. We noted that Mr. Vincent C B Pang, the responsible person in charge of the Valuation, is a member and a registered valuer of the Royal Institute of Chartered Surveyors, who has over 15 years of experience in the valuations of properties in Hong Kong, the PRC, the U.S. and East and Southeast Asia. In addition, we have also reviewed the Valuer's terms of engagement and noted that the scope of work is appropriate for arriving at the opinion in the Valuation. Nothing has come to our attention that the Company has made any formal or informal representation to the Valuer that contravenes our understanding of the Valuation. The Valuer has also confirmed that the Valuation has been prepared in accordance with The HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors, The RICS Valuation – Global Standards published by The Royal Institution of Chartered Surveyors and the International Valuation Standards (IVS) published by The International Valuation Standards Council; and are in compliance with the Takeovers Code.

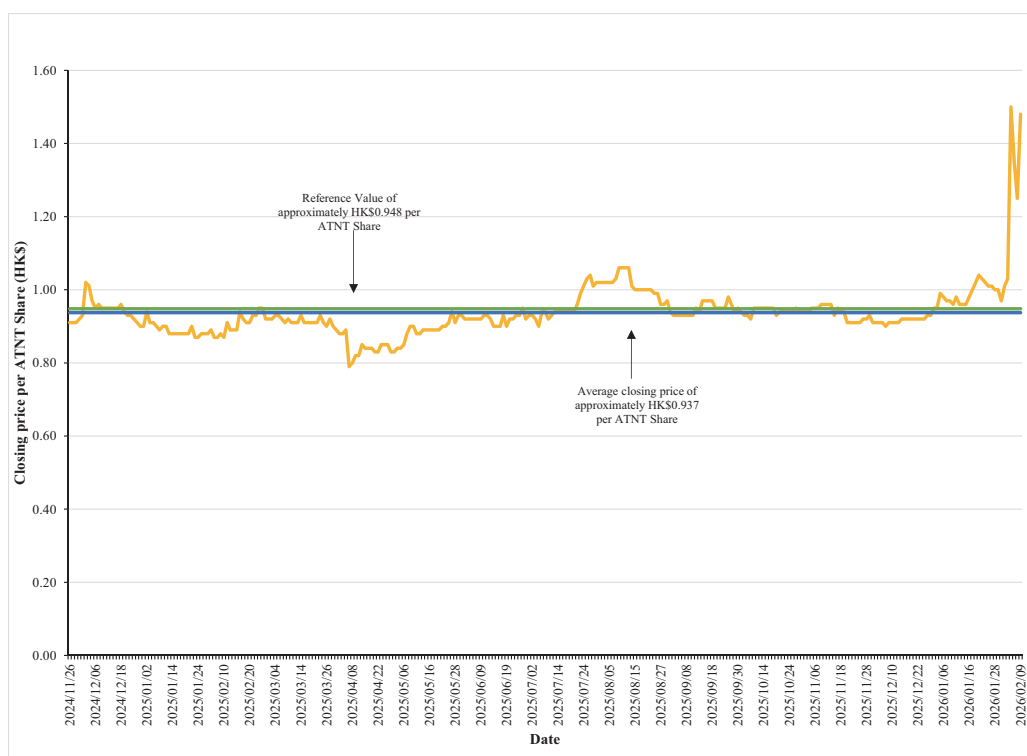
Based on our review of the work done by the independent valuer, we are of the view that the basis and assumptions in arriving at the Valuation is fair and reasonable.

In evaluating the Offer, we have taken into account the adjusted consolidated net asset value (“NAV”) attributable to the Shareholders (the “**Adjusted NAV**”) provided by the Company, which is calculated based on the audited consolidated NAV attributable to the Shareholders as at 31 December 2024 and adjusted with reference to the Valuation as at 31 December 2025. The Adjusted NAV per Share would have been approximately HK\$6.74, calculated based on (i) the Group's audited consolidated net assets attributable to owners of the Company of approximately HK\$749,220,000 as at 31 December 2024, as disclosed in the annual financial statements of the Company and calculated with reference to the net asset value of ATNT; (ii) the revaluation deficit, being the difference in the market value of the interest in the Properties attributable to the Company of approximately HK\$345.8 million as at 31 December 2025, minus the corresponding book value of approximately HK\$394.7 million as at 31 December 2024; and (iii) 103,938,695 Shares in issue as at the Latest Practicable Date. Accordingly, the Offer Price of HK\$1.85 represents a discount of approximately 72.54% to the Adjusted NAV per Share.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

4.4 Historical prices and liquidity of the ATNT Shares

For the purpose of assessing the fairness and reasonableness of the Offer Price, we have reviewed the movements in the closing price of the ATNT Shares for the Review Period. We consider that the length of the Review Period to be reasonably long enough to illustrate the historical trend of the closing price of the ATNT Shares. Set out below is the chart showing the daily closing price of the ATNT Shares as quoted on the Stock Exchange during the period commencing from 26 November 2024, being the twelve-month period from the date of the Joint Announcement and up to the Latest Practicable Date (the “**Review Period**”) and compare such closing prices of the ATNT Shares with the Reference Value per ATNT Share:



During the Review Period, the closing prices of the ATNT Share ranged from HK\$0.79 per ATNT Share to HK\$1.5 per ATNT Share. We noted that the Reference Value per ATNT Share of HK\$0.948 represents a premium of approximately 1.1% over the average closing price per ATNT Share of approximately HK\$0.937 during the Review Period.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

For the purpose of assessing the liquidity of the ATNT Shares, we have also reviewed the trading volume of the ATNT Shares during the Review Period based on the information available from the Stock Exchange:

	Number of trading days (No. of ATNT Shares)	Average daily trading volume (No. of ATNT Shares)	Percentage of average daily trading volume/Total number of ATNT Shares (Approximate)	Percentage of average daily trading volume/Total number of ATNT Shares (Approximate)
2024				
November (from 26 November 2024)	4	12,500	0.0033%	0.0069%
December	20	145,575	0.0381%	0.0809%
2025				
January	19	58,237	0.0152%	0.0324%
February	20	122,900	0.0322%	0.0683%
March	21	70,810	0.0185%	0.0394%
April	19	71,877	0.0188%	0.0399%
May	20	48,025	0.0126%	0.0267%
June	21	132,976	0.0348%	0.0739%
July	22	121,591	0.0318%	0.0676%
August	21	53,167	0.0139%	0.0295%
September	22	114,933	0.0301%	0.0639%
October	20	47,025	0.0123%	0.0261%
November	20	21,575	0.0056%	0.0120%
December	21	141,992	0.0372%	0.0789%
2026				
January	21	183,262	0.0480%	0.1018%
February (up to the Latest Practicable Date)	6	1,801,333	0.4716%	1.0011%

The average daily trading volume of the ATNT Shares on the Stock Exchange amounted to approximately 129,502 ATNT Shares during the Review Period, representing a range from approximately 12,500 ATNT Shares during the period from 26 to 30 November 2024 to approximately 1,801,333 ATNT Shares during the period from 2 February 2026 to the Latest Practicable Date, or approximately 0.0033%, and approximately 0.0069%, during the period from 26 to 30 November 2024 to approximately 0.4716%, and approximately 1.0011%, during the period from 2 February 2026 to the Latest Practicable Date in terms of percentage to the total number of total issued ATNT Shares and percentage to the total number of ATNT Shares in public hands as at the end of the respective month/period, respectively.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

There are only 43 out of 297 trading days during the Review Period which recorded trading volume of more than 0.05% of the issued share capital of ATNT and only 21 out of 297 trading days during the Review Period which recorded trading volume of more than 0.1% of the issued share capital of ATNT. This indicates that the liquidity of the ATNT Shares had been generally thin during the Review Period.

As such, we consider that that given such low liquidity of the ATNT Shares, any attempt to liquidate significant volume in ATNT Shares may cause considerable downward pressure on the price of ATNT Shares. As the Company is a non-listed company, the Shares are not as liquid as compared to the Peer Comparables that are listed. The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted into cash if the owner chooses to sell. Marketability discount reflects the fact that there is no ready market for shares in non-listed companies, which are typically not readily marketable as compared to similar interest in listed companies. Therefore, the shares in a non-listed company usually worths less than the comparable shares in a listed company. Taking into account of the non-listed status of the Company, where marketability discount is usually considered, and with the Reference Value per ATNT Share representing a premium of approximately 1.1% over the average closing price of approximately HK\$0.937 per ATNT Share during the Review Period, we are of the view that the Offer Price is fair and reasonable to the Independent Shareholders from the perspective of the liquidity of the Shares.

4.5 Peer Comparables

In order to further assess the fairness and reasonableness of the Offer Price, we consider that it is relevant to assess the Offer Price by making reference to companies which are principally engaged in business similar to that of the Group. With reference to the Letter from the Board, the significant majority of the asset of the Company is the 201,995,834 ATNT Shares held by it (i.e. interest in a subsidiary), representing approximately 94.4% of the total assets of the Company for the year ended 31 December 2024. Accordingly, we make reference to companies which are principally engaged in business similar to that of ATNT to reflect the same of the Group.

According to the Letter of the Board, the ATNT Group is mainly engaged in electroplating equipment business, property investment and treasury management.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

We have considered the price-to-book ratio (the “**P/B Ratio**”), the price-to-earnings ratio (the “**P/E Ratio**”), price-to-sales ratio (the “**P/S Ratio**”) and dividend yield (the “**Dividend Yield**”) which are commonly adopted trading multiple analyses. Given that the Group was loss-making for the latest financial year ended 31 December 2024 on a consolidated basis, we were unable to analyse with reference to P/E Ratio. As fluctuation in revenue for the Company and/or any of the Peer Comparables would distort the results of analysis on P/S Ratio, and P/S Ratio does not reflect the cost structure differences between different companies. Given the aforesaid limitations, P/S Ratio analysis is not included in our analysis below.

In addition, the Company acts as a passive investor to the investee companies, does not participate in the operations and financial decisions of the investee companies and is looking for receiving dividend income from its investees and possible gain from disposal of shares in the investee companies as an investment holding company. Accordingly, we consider the P/B Ratio and the Dividend Yield to be appropriate indicators of the fair values of the comparable companies.

Based on the Offer Price of HK\$1.85 per Offer Share and the total number of issued Shares of 103,938,695 as at the Latest Practicable Date, the Company is valued at approximately HK\$192.3 million. The P/B Ratio of the Company implied by the Offer Price is approximately 0.26 times (the “**Implied P/B Ratio**”) based on the consolidated net asset value of the Group of approximately HK\$749.2 million as at 31 December 2024. The Dividend Yield implied by the Offer Price is approximately 3.16%, based on the dividend declared by the Company during the year ended 31 December 2024 of HK\$0.0585 per Share (the “**Implied Dividend Yield**”).

For the purpose of comparison, we have conducted a search of comparable companies which meet the criteria of (i) having listed on the Main Board of the Stock Exchange on or before the Latest Practicable Date; and (ii) being principally engaged in the manufacturing of electroplating equipment and machineries, the sales of spare parts of such machineries, and the provision of related repairs and maintenance services. However, according to our search result based on such criteria, we noted that none of the companies listed on the Main Board of the Stock Exchange was principally engaged in the exact same business as that of the Group. As such, we have broadened the aforesaid criteria to being principally engaged in the manufacturing of industrial equipment and machineries and/or the provision of related repairs and maintenance services, with more than 50% of the total revenue attributable to such businesses.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Based on the abovementioned criteria, we have identified 16 Peer Comparables by searching through published information on the Stock Exchange's website. Based on our search conducted according to the abovementioned criteria, the list of Peer Comparables is an exhaustive list of companies meeting the abovementioned criteria, save for the exclusion of ATNT. Although the subject companies that constitute the Peer Comparables may have different market capitalisations, because the Company, as an investment holding company looking for receiving dividend income from its investees and possible gain from disposal of shares in the investee companies throughout the years, has been acting as a passive investor to the investee companies where market capitalisation is not the primary determinant for comparison nor the principal factor in making investment decisions. Instead, the trading multiples of the investee companies are the principal and major deciding factors in making such passive investment decisions. As including a market capitalisation cutoff would unduly reduce the sample size of the Peer Comparables, accordingly, we did not limit the market capitalisation in selecting the list of subject companies of the Peer Comparables, having considered the exhaustive list of Peer Comparables having met the selection criteria, we are of the view that the Peer Comparables are representative samples and it is fair and reasonable for the Peer Comparables to represent companies similar to that of the Company for comparison purpose and thus provide a meaningful reference of the valuation based on market trading prices of listed companies for the Independent Shareholders to take reference of.

The table below illustrates the market capitalisation and net asset value of the Peer Comparables as well as the calculated P/B Ratio and the Dividend Yield:

Company name (Stock code)	Principal activities	Market capitalisation as at the Last Trading Day	Net asset value	P/B ratio (Note 1)	Dividend yield (Note 2)
Chen Hsong Holdings Ltd (57)	Plastic injection moulding machines and related products	HK\$1,046.7 million	HK\$3,081.6 million	0.34 times	7.1%
Yusei Holdings Ltd (96)	Moulding fabrication, manufacturing, and trading of moulds and plastic components	HK\$394.7 million	RMB981.7 million	0.37 times	2.3%
Cosmos Machinery Enterprises Ltd (118)	Manufacturing of machinery, processing and manufacturing of plastic products	HK\$206.9 million	HK\$1,260.1 million	0.16 times	0%
Lung Kee Group Holdings Limited (255)	Manufacturing and marketing of mould bases and related products	HK\$1,163.6 million	HK\$1,600.5 million	0.73 times	12.5%

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Company name (Stock code)	Principal activities	Market capitalisation as at the Last Trading Day	Net asset value	P/B ratio (Note 1)	Dividend yield (Note 2)
Sino ICT Holdings Ltd (365)	Manufacturing and sales of SMT equipment and semiconductor equipment	HK\$429.2 million	HK\$232.8 million	1.84 times	0%
L.K. Technology Holdings Limited (558)	Manufacturing and sales of hot and cold chamber die- casting machines, plastic injection molding machines, computer numerical control machines and related accessories	HK\$4,297.8 million	HK\$1,990.2 million	2.16 times	2.4%
CHTC Fong's International Co. Ltd (641)	Manufacture and sales of dyeing and finishing machines and stainless steel casting products, and trading of stainless steel supplies	HK\$286.1 million	HK\$1,074.3 million	0.27 times	0%
China High Speed Transmission Equipment Group Co., Ltd. (658)	Manufacturing and sales of gear products	HK\$2,551.1 million	RMB12,841.7 million	0.18 times	0%
EVA Precision Industrial Holdings Ltd (838)	Manufacture and sale of precision metal and plastic moulds and components	HK\$1,747.7 million	HK\$3,260.5 million	0.54 times	4.2%
Precision Tsugami (China) Corporation Ltd. (1651)	Manufacturing and sales of high precision computer numerical control machine tools	HK\$11,285.3 million	RMB3,364.4 million	3.05 times	3.2%
Haitian International Holdings Limited (1882)	Manufacturing, distribution and sales of plastic injection molding machines and parts	HK\$34,760.9 million	RMB21,626.1 million	1.46 times	3.4%
Shinelong Automotive Lightweight Application Ltd (1930)	Design, development, manufacture and sales of customized hot-pressing molds, hyfroforming molds and injection molds and customized plastic molds	HK\$231.0 million	RMB359.2 million	0.59 times	2.1%

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Company name (Stock code)	Principal activities	Market capitalisation as at the Last Trading Day	Net asset value	P/B ratio (Note 1)	Dividend yield (Note 2)
Morimatsu International Holdings Co. Ltd. (2155)	Manufacturing of pressure equipment and provision of integrated pressure equipment solutions	HK\$10,897.4 million	RMB5,289.6 million	1.88 times	1.7%
TK Group (Holdings) Ltd. (2283)	Manufacturing, sales, subcontracting, fabrication and modification of molds and plastic components, ultra-large standard molds and high-precision molds	HK\$2,058.2 million	HK\$1,682.6 million	1.22 times	9.2%
Chongqing Machinery & Electric Co., Ltd (2722)	Production and sales of clean energy equipments	HK\$6,706.0 million	RMB8,372.1 million	0.73 times	2.1%
KFM Kingdom Holdings Ltd. (3816)	Manufacture and sale of metal stamping, computer numerical control, sheet metal processing, product assembly and precision metal products	HK\$282.0 million	HK\$554.4 million	0.51 times	2.8%
	Minimum			0.16 times	0%
	Average			1.00 times	3.3%
	Maximum			3.05 times	12.5%
The Offer		HK\$192.3 million (3)	HK\$749.2 million (4)	0.26 times (5)	3.16% (6)

Source: the website of the Stock Exchange (www.hkex.com.hk) and the financial reports of the respective Peer Comparables

Notes:

- 1) The P/B Ratios of the Peer Comparables are calculated based on the market capitalisation of the respective Peer Comparables as at the Last Trading Day, divided by the net assets value of the respective Peer Comparables as extracted from their respective latest published interim or annual results as at the Last Trading Day.
- 2) Dividend yields of the Peer Comparables are calculated based on the total dividend declared by the respective Peer Comparables during the latest full financial year, divided by the share price of the respective Peer Comparables as at the Last Trading Day.
- 3) The theoretical market capitalization of the Company is calculated based on the Offer Price.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

- 4) The net asset value of the Group as at 31 December 2024.
- 5) The Implied P/B Ratio is calculated based on the theoretical market capitalisation of the Company with reference to the Offer Price.
- 6) The Implied Dividend Yield of the Company is calculated based on the dividend declared by the Company during the year ended 31 December 2024 of HK\$0.0585 per Share, divided by the Offer Price.
- 7) For the purpose of this table, the translation of RMB into HK\$ is based on the exchange rate of RMB0.91030 to HK\$1 as quoted by China Foreign Exchange Trade System & National Interbank Funding Center on the Last Trading Day.

As illustrated in the table above, the implied P/B Ratio of the Company calculated based on the theoretical market capitalisation of the Company with reference to the Offer Price is approximately 0.26 times, which is lower than that of the average of the P/B Ratios of the Peer Comparables of approximately 1.00 times, but within range of the Peer Comparables of 0.16 times and 3.05 times, based on their respective closing share prices from the perspective of P/B Ratio.

Also as shown in the table above, the Implied Dividend Yield of the Company based on the Offer Price is approximately 3.16%, which is lower than the average of the Dividend Yield of the Peer Comparables of approximately 3.3%, which indicates a lower investment return based on the dividend yield relative to the Offer Price. In other words, the Independent Shareholders are better off accepting the Offer and re-invest in the Peer Comparables in search for better yield from the dividend yield's perspective. Accordingly, we are of the view that the Offer Price relative to dividend is favourable to the Independent Shareholders in this respect.

4.6 Conclusion

In conclusion, we noted that:

- (i) the Offer Price of HK\$1.85 per Share under the Offer was determined with reference to the value of the 201,995,834 ATNT Shares being held by the Company, being the substantial asset of the Company, based on the average closing price of the ATNT Shares, which are listed on the Stock Exchange, for the period from 1 September 2025 to 30 September 2025, being approximately HK\$0.948 per ATNT Share, as discussed in paragraphs headed "4.1 Basis of determining the Offer Price" in this letter;

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- (ii) the Reference Value of HK\$0.948 per ATNT Share represents a premium of approximately 1.1% over the average closing price of approximately HK\$0.937 per ATNT Share during the Review Period and a premium of approximately 4.18% over the closing price of HK\$0.910 per ATNT Share on the Last Trading Day, as discussed in paragraphs headed “4.2 The Reference Value per ATNT Share” in this letter;
- (iii) the Shares are not listed on any stock exchange, where marketability discount is usually considered, and the liquidity of the underlying ATNT Shares had also been generally thin during the Review Period, where hence any attempt to liquidate significant volume in ATNT Shares may cause considerable downward pressure on the price of ATNT Shares, as discussed in paragraphs “4.4 Historical prices and liquidity of the ATNT Shares” in this letter;
- (iv) although the Implied P/B Ratio represented by the Offer Price is lower than the average P/B Ratio of the Peer Comparables, Independent Shareholders should note that the Company is a non-listed company, where marketability discount is usually considered when comparing to an average listed company engaged in similar businesses, and that the P/B Ratio represented by the Offer Price is still within the range of the P/B Ratio of the Comparable Companies, as discussed in paragraphs headed “4.5 Peer Comparables” in this letter; and
- (v) the Implied Dividend Yield of the Company based on the Offer Price is lower than the average of the dividend yield of the Peer Comparables, which indicates a lower investment return based on the Dividend Yield relative to the Offer Price, which implies that the Independent Shareholders are better off accepting the Offer and re-invest in the Peer Comparables in search for better yield from the dividend yield’s perspective, as discussed in paragraphs headed “4.5 Peer Comparables” in this letter.

On balance, we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into consideration the principal factors and reasons discussed above, in particular that:

- (i) as the Shares are not listed on any stock exchange, holders of the Shares may find it difficult to liquidate their holdings in the Shares and the Offer provides a cash exit for the Independent Shareholders to realise all or part of their investment in the Company;
- (ii) the challenging and uncertain prospect and outlook of ATNT, and in turn of the Group, as discussed in the section headed “3. Business prospect and outlook of the Group” in this letter;
- (iii) the Reference Value of HK\$0.948 per ATNT Share represents a premium of approximately 1.1% over the average closing price of approximately HK\$0.937 per ATNT Share during the Review Period and a premium of approximately 4.18% over the closing price of HK\$0.910 per ATNT Share on the Last Trading Day, as discussed in the paragraphs headed “4.4 Historical prices and liquidity of the ATNT Shares” in this letter;
- (iv) although the Implied P/B Ratio represented by the Offer Price is lower than the average P/B Ratio of the Peer Comparables, Independent Shareholders should note that the Company is a non-listed company where marketability discount is usually considered, and accordingly may have a lower valuation than an average listed company engaged in similar businesses and that the P/B Ratio represented by the Offer Price is still within the range of the P/B Ratio of the Comparable Companies, as discussed in paragraphs headed “4.5 Peer Comparables” in this letter; and
- (v) the Implied Dividend Yield of the Company based on the Offer Price is lower than the average of the dividend yield of the Peer Comparables, which indicates a low investment return based on the Dividend Yield relative to the Offer Price, which implies that the Independent Shareholders are better off accepting the Offer and re-invest in the Peer Comparables in search for better yield from the dividend yield’s perspective, as discussed in paragraphs headed “4.5 Peer Comparables” in this letter,

on balance, we are of the opinion that the Offer provides a cash exit for the Independent Shareholders to realise all or part of their investments in the Company and that the Offer is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Independent Shareholders are advised that their decision to realise or to hold their investment in the Shares depends on their own individual circumstances and investment objectives. Those Independent Shareholders who wish to retain part or all of their shareholding in the Company should note that they may find it difficult to liquidate their holdings in the Shares as the Shares are not and will not be listed on any stock exchange. Accordingly, those Independent Shareholders should carefully consider the future intentions of the Offeror regarding the Company after the close of the Offer, details of which are set out in the Letter from Innovax Capital.

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited
Cheng Chi Ming, Andrew
Managing Director

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited
Irene Ho
Vice President

Mr. Cheng Chi Ming, Andrew is the Managing Director of Alpha Financial Group Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheng has over 22 years of experience in the corporate finance industry in Hong Kong.

Ms. Irene Ho is the Vice President of Alpha Financial Group Limited and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activities. Ms. Ho has over 11 years of experience in the corporate finance industry in Hong Kong.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) To accept the Offer, you should duly complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Company Secretary, Rooms 607-610, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong, by post or by hand, marked “**The Offer**” on the envelope, as soon as possible and in any event reach the Company Secretary no later than by 4:00 p.m. (Hong Kong time) on Thursday, 5 March 2026, being the first Closing Date, or such later time and/or date as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in respect of all or part of your Shares, you must either:
 - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the accompanying Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer to the Company Secretary in an envelope marked “**The Offer**”; or
 - (ii) arrange for the Shares to be registered in your name through the Company Secretary and send the accompanying Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Company Secretary in an envelope marked “**The Offer**”.

- (d) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer, the accompanying Form of Acceptance should nevertheless be completed, signed and delivered in an envelope marked “**The Offer**” to the Company together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) should be forwarded to the Company Secretary as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Company Secretary for a form of letter of indemnity which, when completed in accordance with the instructions given therein, should be returned to the Company Secretary. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s) and you wish to accept the Offer, you should nevertheless complete and sign the accompanying Form of Acceptance and deliver it in an envelope marked “**The Offer**” to the Company Secretary together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable instruction and authority to Innovax Capital and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Company Secretary, on your behalf, the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Company Secretary and to authorise and instruct the Company Secretary to hold such Share certificate(s), subject to the terms of the Offer, as if it was/they were delivered to the Company Secretary with the accompanying Form of Acceptance.

- (f) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Company Secretary by no later than 4:00 p.m. (Hong Kong time) on Thursday, 5 March 2026, being the first Closing Date, or such later time and/or date as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code, and is:
- (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) is/are not in your name, such other documents (for example a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Offer Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under sub-paragraph (i) of this paragraph (f)).

and the Company Secretary has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received.

- (g) If the Form of Acceptance is executed by a person other than the registered Offer Shareholder, appropriate documentary evidence of authority (for example grant of probate or certified copy of a power of attorney) to the satisfaction of the Company Secretary must be produced.
- (h) If the number of Shares for which you intend to accept the Offer as inserted into the completed and signed Form of Acceptance delivered to the Company Secretary is greater than your registered holding of Share(s), or is greater or smaller than that represented by the accompanying share certificate(s) for Share(s) tendered for acceptance of the Offer, the Company Secretary will return such Form of Acceptance to you for correction and resubmission. Any corrected Form of Acceptance must be resubmitted and received by the Company Secretary on or before the latest time and date for acceptance of the Offer.

- (i) If the Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after the Offer is withdrawn or lapses, return by ordinary post at your own risk the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares tendered for acceptance together with the duly cancelled Form of Acceptance to the relevant Shareholder(s).
- (j) Before delivering the Form of Acceptance to the Company Secretary, please ensure it has been duly completed and signed and that the signature has been witnessed.
- (k) No acknowledgement of receipt for any Form(s) of Acceptance, Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT OF THE OFFER

- (a) Subject to the Offer becoming or being declared unconditional in all respects and provided that a duly completed Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Offer Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Company Secretary before the close of the Offer, a cheque for the amount due to each of the Shareholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Shares for which the Offer was accepted by him/her under the Offer, together with the share certificate(s) representing any tendered Shares (if applicable), will be despatched to such Shareholder by ordinary post at his/her own risk as soon as possible but in any event no later than seven (7) Business Days after the later of (i) the date on which the Offer becomes or is declared unconditional in all respects; and (ii) the date of receipt of a duly completed Form of Acceptance together with all of the relevant document(s) by the Company Secretary to render such acceptance under the Offer complete and valid.
- (b) Settlement of the consideration to which an Offer Shareholder is entitled under the Offer will be implemented in full accordance with the terms (save in respect of the payment of the seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.
- (c) No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

- (d) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended in accordance with the Takeovers Code, to be valid, the Form of Acceptance must be received by the Company Secretary in accordance with the instructions printed on the thereon and in this Composite Document by 4:00 p.m. on the first Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the Offer is revised or extended, the Offeror will issue an announcement in relation to such revision or extension of the Offer, which announcement will either state the next Closing Date.
- (c) If, in the course of the Offer, the Offeror revises the terms of the Offer, all Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. A revised Offer must be kept open for at least fourteen (14) days following the date of the revised offer document(s).
- (d) The Offeror may introduce new conditions to be attached to any revision to the terms of the Offer, or any subsequent revision thereof, but only to the extent necessary to implement the revised Offer and subject to the consent of the Executive.
- (e) If the first Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the “Closing Date” shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date.
- (f) There is no obligation on the Offeror to extend the Offer if the Conditions are not satisfied or waived (where applicable) by the first Closing Date.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Offer Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Offer Shares whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees. Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Offer Shares it has indicated in the Form of Acceptance is the aggregate number of Offer Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.

5. ANNOUNCEMENTS

- (a) An announcement will be made by the Company at the SFC's website when the Offer becomes or is declared unconditional in all respects.
- (b) By 6:00 p.m. on the first Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive of its decision in relation to the revision, extension, expiry or unconditionality of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the SFC's website by 7:00 p.m. on the first Closing Date stating the results of the Offer and whether the Offer has been revised, extended or has expired or has become or been declared unconditional (and, in such case, whether as to acceptances or in all respects). The announcement will state the following:
 - (i) the total number of Offer Shares and rights over Offer Shares for which acceptances of the Offer has been received;
 - (ii) the total number of Offer Shares and rights over Offer Shares held, controlled or directed by the Offeror and the Offeror Concert Parties before the Offer Period;
 - (iii) the total number of Offer Shares and rights over Offer Shares acquired or agreed to be acquired during the Offer Period by the Offeror and the Offeror Concert Parties; and
 - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and any of the Offeror Concert Parties have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.
- (c) The announcement will also specify the percentages of the issued share capital, and the percentages of voting rights, represented by these numbers of Offer Shares.

- (d) As required under the Takeovers Code and the Listing Rules, all announcements in relation to the Offer will be made in accordance with the requirements of the Takeovers Code.
- (e) If any of the Offeror, the Offeror Concert Parties or their respective advisers make any statement during the Offer Period about the level of acceptances or the number or percentage of accepting Shareholders, the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.

6. RIGHT OF WITHDRAWAL

- (a) The Offer is conditional upon fulfilment of the Conditions set out in the section headed “Letter from Innovax Capital” of this Composite Document. Acceptance of the Offer tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with the requirements set out in the paragraph headed “5. Announcements” in this Appendix I above, the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements are met.
- (b) If acceptance of the Offer is withdrawn by an accepting Shareholder in accordance with the Takeovers Code, the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after receipt of the notice of withdrawal, return the relevant share certificate(s) and/or transfer receipt(s) or the relevant certificate(s), document(s) of title lodged with the Form of Acceptance to the relevant accepting Shareholder by ordinary post.
- (c) Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn.
- (d) If the Offeror is unable to comply with the requirements set out in paragraph 5 of this Appendix I, under Rule 19.2 of the Takeovers Code, the Executive may require that the Offer Shareholders who tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

7. HONG KONG STAMP DUTY

Seller’s ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher (rounded up to the nearest HK\$1.00), will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the accepting Shareholders in connection with the acceptance of the Offer and the transfer of the Offer Shares.

8. TAX IMPLICATIONS

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Offeror, the Offeror Concert Parties, the Company, Innovax Capital, their respective advisers and their respective directors, officers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, share certificate(s), transfer receipt(s), document(s) of title or entitlement in respect of the Offer Shares and/or documentary evidence of authority (and/or any satisfactory indemnity or indemnities required in respect thereof) if delivered by or sent to or from the Shareholders or their designated agents by post, shall be posted at their own risk, and none of the Offeror, the Company, Innovax Capital and any of their respective directors, the Company Secretary or any other parties involved in the Offer and any of their respective agents or advisers accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form(s) of Acceptance form part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of any person will constitute the agreement of such person that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.
- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, the Company (as applicable), the Company Secretary and/or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct, the Offer Shares in respect of which such person or persons has/have accepted the Offer.

- (f) Acceptance of the Offer by any person will be deemed to constitute a representation and warranty by such person or persons to:
 - (i) The Offeror and Innovax Capital that the Offer Shares sold by such person or persons to the Offeror are free from all liens, equities, mortgages charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and are sold together with all rights attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Offer Document; and
 - (ii) The Offeror and its advisers, including Innovax Capital, in respect of the Offer, that if such Shareholder accepting the Offer is a citizen, resident or national of a jurisdiction outside Hong Kong, he/she has observed and is permitted under all applicable laws and regulations to which such overseas Shareholder is subject to receive and accept the Offer and any revision thereof, and that he/she has obtained all requisite governmental, exchange control or other consents and made all registrations or filings required in compliance with all necessary formalities and regulatory or legal requirements, and have paid all issue, transfer or other taxes, duties or other required payments due from him/her in connection with such acceptance in any jurisdiction, and that he/she has not taken or omitted to take any action which will or may result in the Offeror or its advisers, including Innovax Capital, or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Offer or his/her acceptance thereof and such acceptance, surrender and/or cancellation shall be valid and binding in accordance with all applicable laws and regulations.
- (g) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (h) Any Shareholders accepting the Offer will be responsible for payment of any transfer or cancellation or other taxes, duties and other required payments payable in each relevant jurisdiction due by such persons.

- (i) In making their decisions with regard to the Offer, the Shareholders should rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, the Company and/or their respective advisers, including Innovax Capital. Shareholders should consult their own professional advisers for professional advice.
- (j) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholders who wishes to accept the Offer, to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.
- (k) Unless otherwise expressly stated in this Composite Document and/or Form of Acceptance, none of the terms of the Offer or any terms contained in the aforementioned documents will be enforceable, under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong), by any person other than the Offeror and the accepting Shareholder(s).
- (l) This Composite Document and the Form of Acceptance have been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offer in Hong Kong.
- (m) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

10. INTERPRETATION

- (a) A reference in this Composite Document to an Offer Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Composite Document apply to them jointly and severally.
- (b) A reference in this Composite Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group (including items of income and/or expense which are material) for the financial years ended 31 December 2022, 2023 and 2024, respectively.

	For the year ended 31 December		
	2024	2023	2022
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Revenue			
– Contracts with customers	375,960	393,328	319,673
– Rental income	13,174	–	–
– Interest income	17,961	–	–
– Dividend income	12,017	–	–
	419,112	393,328	319,673
Cost of revenue	(298,305)	(317,834)	(290,010)
	120,807	75,494	29,663
Other gains and losses	4,819	(32,102)	(46,536)
Other income	27,266	93,919	90,369
Selling and distribution costs	(12,489)	(12,597)	(9,852)
Administrative expenses	(75,742)	(94,882)	(108,313)
Impairment losses under expected credit loss model, net of reversal	1,683	384,788	58,950
Loss on change in fair value of investment properties	(78,054)	–	–
Impairment of property, plant and equipment and right-of-use assets	–	–	(12,982)
Finance cost	(1,470)	(3,923)	(4,898)
(Loss) profit before taxation	(13,180)	410,697	(3,599)
Taxation	(1,434)	(111,026)	(28,621)
(Loss) profit for the year	(14,614)	299,671	(32,220)

APPENDIX II

FINANCIAL INFORMATION OF THE GROUP

	For the year ended 31 December		
	2024	2023	2022
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Other comprehensive expense			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Reversal of revaluation of a property, net of tax effect	–	–	(7,341)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations	<u>(19,518)</u>	<u>(7,495)</u>	<u>(47,985)</u>
Other comprehensive expense for the year	<u>(19,518)</u>	<u>(7,495)</u>	<u>(55,326)</u>
Total comprehensive expense for the year	<u>(34,132)</u>	<u>292,176</u>	<u>(87,546)</u>
(Loss) profit for the year attributable to:			
Owners of the Company	(8,403)	151,492	(16,182)
Non-controlling interests	<u>(6,211)</u>	<u>148,179</u>	<u>(16,038)</u>
	<u>(14,614)</u>	<u>299,671</u>	<u>(32,220)</u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company	(18,693)	147,595	(44,288)
Non-controlling interests	<u>(15,439)</u>	<u>144,581</u>	<u>(43,258)</u>
	<u>(34,132)</u>	<u>292,176</u>	<u>(87,546)</u>

Set out below are the total dividend being declared and distributed by the Company to owners of the Company for the years ended 31 December 2022, 2023 and 2024:

	For the year ended 31 December		
	2024	2023	2022
	HKD	HKD	HKD
Dividend per share	<u>0.0585</u>	<u>0.058</u>	<u>0.068</u>
Dividend distributed to owners of the Company (approx.)	<u>6,080,000</u>	<u>6,028,000</u>	<u>7,068,000</u>

Set out below are the basic earnings/(loss) per Share for each of the years ended 31 December 2022, 2023 and 2024, which are calculated based in the audited consolidated profit/(loss) attributable to owners of the Company for the years ended 31 December 2022, 2023 and 2024 of approximately (HK\$16,182,000), HK\$151,492,000 and (HK\$8,403,000), respectively, and the weighted average number of 103,938,695 Shares in issue during each of the years ended 31 December 2022, 2023 and 2024.

	For the year ended 31 December		
	2024	2023	2022
	HK cents	HK cents	HK cents
Earnings/(loss) per Share			
– Basic	<u>(8.08)</u>	<u>145.75</u>	<u>(15.57)</u>

The auditor of the Company, Deloitte Touche Tohmatsu, did not issue any modified/qualified opinion nor emphasis of matter paragraph in the auditor's reports on the consolidated financial statements of the Company for any of the years ended 31 December 2022, 2023 and 2024.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out or refer to in this Composite Document the consolidated statements of profit or loss, the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the last published audited accounts, together with significant accounting policies and the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The full set of audited consolidated financial statements of the Group for the three years ended 31 December 2024 were despatched to the Shareholders in respective years together with a notice of annual general meeting. A full copy of the Group's audited consolidated financial statements is accessible via the following hyperlink:

For the year ended 31 December 2024:

<http://www.karfun.hk/pdf/financial/Karfun%202024%20signed%20FS.pdf>

For the year ended 31 December 2023:

<http://www.karfun.hk/pdf/financial/Karfun%20FS%202023%20-%20signed.pdf>

For the year ended 31 December 2022:

[http://www.karfun.hk/pdf/financial/Karfun%20Investments%20Limited%202022%20FS%20\(Rreport%20Date%208%20June%202023\)\(Signed\).pdf](http://www.karfun.hk/pdf/financial/Karfun%20Investments%20Limited%202022%20FS%20(Rreport%20Date%208%20June%202023)(Signed).pdf)

The significant accounting policies which are of major relevance to an appreciation of the above financial information include, among others, basis of consolidation, revenue recognition, investment properties, and financial instruments, which are summarised in note 3 to Appendix III. In addition, with the growing revenue contribution from property investment, investment in debts instrument and listed shares, the Group began reporting its business activities in three segments starting from year 2024. They are electroplating equipment, property investment and treasury management.

There was no change in accounting policy applicable to the three years ended 31 December 2022, 2023 and 2024 which rendered the financial figures not comparable to a material extent.

3. MATERIAL CHANGE IN RESPECT OF THE COMPANY

The Directors confirm that, save and except for the followings, there has been no material change in financial or trading position or outlook of the Company subsequent to 31 December 2024, being the date to which the latest audited financial statements of the Group were made, up to and including the Latest Practicable Date:

- (i) Final dividend for the year ended 31 December 2024 of ATNT of approximately HK\$4.0 million, which was announced on 27 March 2025 and paid to the Company on 24 July 2025;
- (ii) Interim dividend for the six months ended 30 June 2025 of ATNT of approximately HK\$2.0 million, which was announced on 27 August 2025 and paid to the Company on 15 October 2025; and
- (iii) Dividend declared and paid by the Company on 29 August 2025 to its shareholders of approximately HK\$3.8 million.

4. INDEBTEDNESS STATEMENT OF THE GROUP

As at 31 January 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Company did not have any bank overdrafts, loan or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities.

As far as ATNT Group is concerned, according to the interim report of ATNT for the six months ended 30 June 2025, as at 30 June 2025, the ATNT Group had a mortgage loan of approximately HK\$29,588,000 which was secured by certain Hong Kong properties held by the ATNT Group. As at 30 June 2025, In addition, the ATNT Group had bank deposits of approximately HK\$40,447,000 pledged to banks to secure the issuance of bank guarantee of the same amount. Further, the ATNT Group had lease liabilities of approximately HK\$2,171,000. Save as aforesaid and apart from intra-group liabilities and normal trade payables, the ATNT Group did not have, as at the close of business on 30 June 2025, any other debt securities issued or outstanding, or authorised or otherwise created but unissued, any other terms loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any material contingent liabilities.

For avoidance of doubt, as at the Latest Practicable Date, the Company has not provided any corporate guarantee to ATNT or in relation to any indebtedness incurred by the ATNT Group.

Save as disclosed in the published interim report of the ATNT Group since 30 June 2025 and so far as the Directors are aware based in the information publicly available to them and having made reasonable enquiries, there has been no material change in the indebtedness of the ATNT Group since 30 June 2025.

5. FINANCIAL AND TRADING PROSPECT OF THE COMPANY

It is the intention of the Offeror that the Company shall continue to be an investment holding company. The Company does not carry on any trade and does not participate in the day-to-day management of its investee companies, including ATNT. The Company shall continue to hold its investment in ATNT and investments at equity securities listed in Hong Kong. The income of the Company shall be the dividend paid by its investee company (if any), as well as incidental bank interest income.

Set out below is the full text of the audited financial statements of the Group for the year ended 31 December 2024 extracted from the annual report of the Company for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5		
– Contracts with customers		375,960	393,328
– Rental income		13,174	1,177
– Interest income		17,961	25,175
– Dividend income		<u>12,017</u>	<u>11,608</u>
		419,112	431,288
Cost of revenue		<u>(298,305)</u>	<u>(320,718)</u>
		120,807	110,570
Other gains and losses	6	4,819	(3,643)
Other income	9	27,266	55,959
Selling and distribution costs		(12,489)	(12,597)
Administrative expenses		(75,742)	(91,998)
Impairment losses under expected credit loss model, net of reversal	9	1,683	384,788
Loss on change in fair value of investment properties	13	(78,054)	(28,459)
Finance costs	7	<u>(1,470)</u>	<u>(3,923)</u>
(Loss) profit before taxation		(13,180)	410,697
Taxation	8	<u>(1,434)</u>	<u>(111,026)</u>
(Loss) profit for the year	9	<u>(14,614)</u>	<u>299,671</u>

APPENDIX III
AUDITED ACCOUNTS OF THE GROUP FOR THE YEAR 2024

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive expense		
<i>Item that may be reclassified subsequently</i>		
<i>to profit or loss:</i>		
Exchange difference arising on		
translation of foreign operations	<u>(19,518)</u>	<u>(7,495)</u>
Total comprehensive (expense) income		
for the year	<u><u>(34,132)</u></u>	<u><u>292,176</u></u>
(Loss) profit for the year attributable to:		
Owners of the Company	(8,403)	151,492
Non-controlling interests	<u>(6,211)</u>	<u>148,179</u>
	<u><u>(14,614)</u></u>	<u><u>299,671</u></u>
Total comprehensive (expense) income for		
the year attributable to:		
Owners of the Company	(18,693)	147,595
Non-controlling interests	<u>(15,439)</u>	<u>144,581</u>
	<u><u>(34,132)</u></u>	<u><u>292,176</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

		2024	2023
	NOTES	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	11	68,514	75,869
Right-of-use assets	12	194	95
Investment properties	13	689,387	779,718
Deferred Consideration	14	102,300	88,402
Loans receivable	15	31,788	41,096
Investments in debt instruments	16	198,653	288,799
Interests in associates	17	—	—
		<u>1,090,836</u>	<u>1,273,979</u>
Current assets			
Inventories	18	17,502	20,671
Loans receivable	15	—	6,949
Contract assets	19	33,448	64,148
Debtors and prepayments	20	86,242	118,439
Investments at fair value through profit or loss (“FVTPL”)	21	211,543	178,136
Amounts due from associates	22	154	104
Taxation recoverable		1,247	1,764
Investments in debt instruments	16	216,789	336,103
Pledged bank deposit	23	7,038	—
Bank deposits	23	97,818	—
Bank balances and cash	23	<u>248,291</u>	<u>139,845</u>
		<u>920,072</u>	<u>866,159</u>

APPENDIX III**AUDITED ACCOUNTS OF THE GROUP FOR THE YEAR 2024**

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Creditors and accrued charges	24	124,198	188,264
Other payables	14, 15	142,689	142,689
Contract liabilities	19	66,609	83,113
Warranty provision	25	28,278	19,918
Lease liabilities		2,442	2,304
Bank borrowings	26	36,640	31,628
Taxation payable		<u>163,745</u>	<u>167,241</u>
		<u>564,601</u>	<u>635,157</u>
Net current assets		<u>355,471</u>	<u>231,002</u>
Total assets less current liabilities		<u>1,446,307</u>	<u>1,504,981</u>
Capital and reserves			
Share capital	27	21,118	21,118
Reserves		<u>728,102</u>	<u>736,087</u>
Equity attributable to owners of the Company		749,220	757,205
Non-controlling interests		<u>666,918</u>	<u>715,874</u>
Total equity		<u>1,416,138</u>	<u>1,473,079</u>
Non-current liabilities			
Warranty provision	25	1,121	4,190
Lease liabilities		867	3,206
Deferred tax liabilities	28	<u>28,181</u>	<u>24,506</u>
		<u>30,169</u>	<u>31,902</u>
		<u>1,446,307</u>	<u>1,504,981</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company								Attributable to non-controlling interests		Total
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000 (Note i)	Shareholder's contribution HK\$'000	Currency translation reserve HK\$'000	Capital contribution HK\$'000 (Note ii)	Other reserve HK\$'000 (Note iii)	Retained profits HK\$'000	Subtotal HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	21,118	45,654	6,791	1,244	54,035	571	21,368	464,824	615,605	577,085	1,192,690
Profit for the year	-	-	-	-	-	-	-	151,492	151,492	148,179	299,671
Exchange difference arising on translation of foreign operations	-	-	-	-	(3,864)	-	-	-	(3,864)	(3,631)	(7,495)
Total comprehensive income for the year	-	-	-	-	(3,864)	-	-	151,492	147,628	144,548	292,176
Dividends (note 10)	-	-	-	-	-	-	-	(6,028)	(6,028)	-	(6,028)
Dividends paid by subsidiaries to its non-controlling interests	-	-	-	-	-	-	-	-	-	(5,759)	(5,759)
At 31 December 2023	21,118	45,654	6,791	1,244	50,171	571	21,368	610,288	757,205	715,874	1,473,079
Loss for the year	-	-	-	-	-	-	-	(8,403)	(8,403)	(6,211)	(14,614)
Exchange difference arising on translation of foreign operations	-	-	-	-	(10,290)	-	-	-	(10,290)	(9,228)	(19,518)
Total comprehensive expenses for the year	-	-	-	-	(10,290)	-	-	(8,403)	(18,693)	(15,439)	(34,132)
Repurchase of shares of non-controlling interests by a subsidiary	-	-	-	-	-	-	16,788	-	16,788	(28,098)	(11,310)
Dividends (note 10)	-	-	-	-	-	-	-	(6,080)	(6,080)	-	(6,080)
Dividends paid by subsidiaries to its non-controlling interests	-	-	-	-	-	-	-	-	-	(5,419)	(5,419)
At 31 December 2024	21,118	45,654	6,791	1,244	39,881	571	38,156	595,805	749,220	666,918	1,416,138

Notes:

- (i) In accordance with statutory requirements in the People's Republic of China (the "PRC"), certain subsidiaries registered in the PRC are required to transferred a certain percentage of their annual net income from retained profits to the PRC statutory reserve until the statutory funds is accumulated up to 50% of their registered capital. No such transfer was required for the years ended 31 December 2024 and 2023 as the relevant subsidiaries had already transferred up to 50% of their registered capital to statutory reserve.
- (ii) The amount represented the waiver of the shareholder's loan by the shareholder of the Company.
- (iii) Other reserve represents amounts arising from the repurchases of the own shares by a subsidiary of the Group, resulting in a decrease in non-controlling interests. It represents the difference between the consideration paid for repurchase and the carrying amount of the net assets attributable to the non-controlling interests in a subsidiary at the respective dates of repurchase.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	NOTES	HK\$'000	HK\$'000
OPERATING ACTIVITIES			
(Loss) profit before taxation		(13,180)	410,697
Adjustments for:			
Interest income on bank deposits		(3,974)	(2,635)
Interest income from investments in debt instruments		(17,961)	(25,175)
Dividend income		(12,017)	(11,608)
Finance costs		1,470	3,923
Depreciation of property, plant and equipment		6,186	2,132
Depreciation of right-of-use assets		71	874
Allowance for slow moving inventories, net		1,716	265
Reversals of impairment losses under expected credit loss model, net		(1,683)	(384,788)
Impairment loss of property, plant and equipment	11	6,222	–
Loss (gain) on disposal of property, plant and equipment		104	(299)
Gain arising from early termination of a lease contract		–	(548)
Net change in fair value of investments at FVTPL		(22,620)	(7,746)
Loss on change in fair value of investment properties		78,054	28,459
Provision for warranty, net of reversal		12,516	12,966
Net exchange loss		4,073	8,723
Interest income on Deferred Consideration	14	(14,783)	(45,764)

	2024	2023
<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating cash flows before movements		
in working capital	24,194	(10,524)
Decrease in inventories	1,795	6,876
Decrease in contract assets	34,676	2,560
Decrease (increase) in loans receivable	15,999	(17,629)
Decrease (increase) in debtors and prepayments	24,156	(10,687)
Decrease in creditors and accrued charges	(59,315)	(31,707)
Utilisation of warranty provision	(7,225)	(6,132)
Decrease in contract liabilities	<u>(16,504)</u>	<u>(6,518)</u>
Cash from (used in) operations	17,776	(73,761)
Income tax paid	(715)	(16,049)
Interest income received from investments in debt instruments	23,370	26,802
Dividend income received	<u>12,017</u>	<u>11,608</u>
NET CASH FROM (USED IN) OPERATING ACTIVITIES	<u>52,448</u>	<u>(51,400)</u>

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
INVESTING ACTIVITIES			
Return of security money in respect of			
Deferred Consideration		–	(200,000)
Receipts of penalty interest in respect of			
Deferred Consideration		–	23,838
Net cash inflows from acquisitions of			
subsidiaries	37	–	1,301
Transaction costs paid associated with			
Deferred Consideration		(2,988)	(21,799)
Investments in debt instruments		(546,301)	(318,401)
Proceeds from redemption of investments			
in debt instruments		749,435	211,118
Withdrawal of bank deposits		–	554,348
Placement of bank deposits		(97,818)	(282,418)
Interest received		3,974	1,769
Purchase of property, plant and equipment		(6,060)	(7,544)
Proceeds from disposal of property, plant			
and equipment		39	299
Additions of investments at FVTPL		(12,759)	(1,309)
Proceeds from disposals of investments at			
FVTPL		1,971	8,138
Placement of pledged bank deposit		(7,038)	–
Account balances placed with the broker,			
net		2,495	(4,397)
Advance to an associate		<u>(50)</u>	<u>(21)</u>
NET CASH FROM (USED IN)			
INVESTING ACTIVITIES		<u>84,900</u>	<u>(35,078)</u>

		2024	2023
	NOTES	HK\$'000	HK\$'000
FINANCING ACTIVITIES			
Proceeds from bank borrowings		21,080	114,750
Repayment of bank borrowings		(16,068)	(114,963)
Interest paid		(1,470)	(2,005)
Repayment of lease liabilities		(2,311)	(2,371)
Repurchase of shares by a subsidiary		(11,310)	–
Dividends paid to owners of the Company		(6,080)	(6,028)
Dividends paid to non-controlling shareholders of subsidiaries		<u>(5,419)</u>	<u>(5,759)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(21,578)</u>	<u>(16,376)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		115,770	(102,854)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		139,845	245,425
EFFECT ON FOREIGN EXCHANGE RATE CHANGES		<u>(7,324)</u>	<u>(2,726)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		<u>248,291</u>	<u>139,845</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*FOR THE YEAR ENDED 31 DECEMBER 2024***1. GENERAL INFORMATION**

The Company is a private limited company incorporated in Hong Kong. The directors of the Company consider J & A Investment Limited to be the immediate and ultimate holding company of the Company. J & A Investment Limited is a company incorporated in the British Virgin Islands. The address of registered office is c/o Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands. Its correspondence address is Units 607-10, 6/F., Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

The Company is an investment holding company holding 201,995,834 shares in Asia Tele-Net and Technology Corporation Limited (“ATNT”), an exempted company with limited liability incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The details of principal activities of its principal subsidiaries are set out in note 35.

Certain comparative figures of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows have been re-presented to conform with the current year presentation relating to revenue.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”)**Amendments to HKFRSs that are effective for the current year**

In the current year, the Group has applied, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the consolidated statement of profit or loss, provide disclosures on management-defined performance measures (MPMs) in the notes to the consolidated financial statements, and improve aggregation and disaggregation. The application of HKFRS 18, and amendments to other standards, is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

Other than the above, the directors of the Company anticipate that the application of the other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain buildings and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 *Financial Instruments* (“HKFRS 9”). In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group’s efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group’s performance in transferring control of goods or services.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost or revalued amount less subsequent accumulated depreciation and subsequent accumulated impairment losses.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Advantage has been taken of the transitional relief provided by paragraph 80AA of HKAS 16 *Property, Plant and Equipment* from the requirement to make regular revaluations of the Group's buildings which had been revalued prior to 30 September 1995. Prior to 30 September 1995, the revaluation increase arising on the revaluation of these assets was credited to the property revaluation reserve. Any future decreases in value of these assets will be dealt with as an expense to the extent that they exceed the balance, if any, on the revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued asset, the corresponding revaluation surplus is transferred to retained profits.

Depreciation is recognised so as to write off the cost or revaluation of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of currency translation reserve (attributed to non-controlling interests as appropriate).

Impairment losses of property, plant and equipment

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets, are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss) profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefits scheme/state-managed retirement benefits schemes/the Mandatory Provident Fund Scheme (“MPF Scheme”) are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets and financial liabilities are initially measured at fair value except for trade debtors arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers* (“HKFRS 15”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability to the net carrying amount on initial recognition.

Interest and dividend income which are derived from the Group’s ordinary business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period.

All other financial assets are subsequently measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade debtors, Deferred Consideration, loans receivable, investments in debt instruments, other debtors, amounts due from associates, bank deposits and bank balances), and other items (contract assets and loan commitment) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade debtors and contract assets. ECL on these assets are assessed individually by reference to past default experience and current past due exposure of the debtor, and an analysis of the debtor’s current financial position taking into consideration of forward-looking information that is available without undue costs or effort.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. For the loan commitment, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates. In making this assessment, the Group considers reasonable and supportable information that is available without undue cost or effort, for example an actual or expected significant change in the external credit rating or the operating results of the borrower or other market information related to the borrower such as changes in the price of a borrower's debt instruments.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an external credit rating of "investment grade" as per globally understood definitions.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;

- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For undrawn loan commitment, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

The measurement of ECL is a function of probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors and loans receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including creditors and accrued charges, other payables and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of custom-built electroplating machinery and other industrial machinery are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgment, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition on contract works over time

Control of the asset is transferred over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Significant judgment is required in determining whether the terms of the Group's contracts with customers in relation to contract works with no alternative use to the Group will create an enforceable right to payment for performance completed to date for the Group. The Group has considered the terms of the relevant contracts and opinion from external legal counsel. Based on the assessment by the Group's management, there is an enforceable right to payment in respect of the contracts for design, manufacturing and sales of custom-built electroplating machinery and other industrial machinery entered into by the Group. Accordingly, such revenue is recognised over time.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out as below.

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. Fair value of investment properties is derived by direct comparison approach. The determination of the fair value involves certain inputs and estimates of market conditions which are set out in note 13. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to profit or loss. As at 31 December 2024, the carrying amount of the Group's investment properties is HK\$689,387,000 (2023: HK\$779,718,000).

Revenue recognition on contract works over time

Revenue from contract works in respect of design, manufacturing and sales of custom-built electroplating machinery and other industrial machinery, which is individually built based on customer's order and unique specifications, is recognised using input method, which is to recognise revenue on the basis of the Group's actual efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. Accordingly, revenue recognition involves estimates being made to the actual inputs and the total expected inputs to the satisfaction of that performance obligation. Any change to the total expected inputs to the satisfaction of that performance obligation may have material impact on the contract revenue recognised in each accounting period over the contract term. The revenue from contract works amounted to HK\$299,509,000 (2023: HK\$319,373,000) for the year ended 31 December 2024.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Types of goods or services		
Contract works in respect of design, manufacturing and sales of custom-built electroplating machinery and other industrial machinery		
– Printed Circuit Boards	211,209	197,697
– Surface Finishing	<u>88,300</u>	<u>121,676</u>
	299,509	319,373
Sales of spare parts of electroplating machinery	13,437	11,212
Provision of services – repairs, maintenance and modification	<u>63,014</u>	<u>62,743</u>
Total	<u><u>375,960</u></u>	<u><u>393,328</u></u>
Geographical location of external customers		
PRC	108,017	166,281
Korea	69,339	56,826
Mexico	27,168	53,408
The United States of America	45,126	39,214
Philippines	44,167	23,137
The United Kingdom	48,511	11,146
Taiwan	10,477	9,867
Others	<u>23,155</u>	<u>33,449</u>
Total	<u><u>375,960</u></u>	<u><u>393,328</u></u>
Timing of revenue recognition		
A point in time	13,437	11,212
Over time	<u>362,523</u>	<u>382,116</u>
Total	<u><u>375,960</u></u>	<u><u>393,328</u></u>

Performance obligations for contracts with customers

The Group recognises revenue from the following sources:

(a) *Sales of custom-built electroplating machinery and other industrial machinery to customers*

The Group designs and sells custom-built electroplating machinery and other industrial machinery under contracts with customers. Such contracts are entered into before construction of the machinery begins. The machinery are tailor-made with customers' specification which does not have alternative use to the Group and the Group is entitled to payment for work performed up to date. The Group considers the design, manufacturing and installation of machinery, and the final acceptance by the customer, is as a single performance obligation under the relevant contract with a customer. Revenue from construction of custom-built electroplating machinery and other industrial machinery is recognised over time using input method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that the input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under HKFRS 15. The Group applies the practical expedient of expensing all incremental costs, for example sales commission, to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

The Group is entitled to invoice customers for construction of custom-built electroplating machinery and other industrial machinery based on achieving a series of performance-related milestones. Each contract work will normally involve two to six milestone payments, namely deposit payment (before commencement of construction work), shipment payment, arrival payment, installation completion payment, trial production payment and acceptance payment. The Group allows a general credit period of one to two months for the invoiced milestone payments. The Group recognises a contract asset for any work performed. When a particular milestone is achieved, the Group will send to the customer an invoice for the related milestone payment in accordance with the agreed milestone payments as specified in the purchase order or contract. Any amount previously recognised as a contract asset is reclassified to trade debtors at the point upon the achievement of the particular milestone. If the milestone payment exceeds the revenue recognised to date under the input method, the Group recognises a contract liability for the difference. Warranties associated with the custom-built electroplating machinery and other industrial machinery cannot be purchased separately and they serve as an assurance that the products will comply with agreed-upon specifications. Accordingly, the Group accounts for warranties as provisions.

(b) Sales of spare parts of electroplating machinery

Revenue from sales of spare parts of electroplating machinery to the customers is recognised when control of the goods has transferred on receipt by the customer. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The Group allows a general credit period of one to two months for the amount invoiced. The customers do not have the right of return/exchange for dissimilar goods.

(c) Provision of services – repairs, maintenance and modification

The Group provides services for repairs, maintenance and modification. Such services are recognised as a performance obligation satisfied over time as the Group's performance enhances an asset that the customer controls as the Group performs. Revenue is recognised for those services based on the stage of completion of the contract using input method.

The Group requires the deposit before the commencement of the relevant services for certain contracts. This would give rise to contract liabilities at the start of a contract until the revenue recognised on the relevant contract exceeds the amount of the deposit received.

The Group is entitled to invoice the customer in accordance with the relevant contracts and the Group allows a general credit period of one to two months for the amount invoiced.

Transaction price allocated to the remaining performance obligations for contracts with customers

All contracts with customers with unsatisfied performance obligations, including contracts relating to design, manufacturing and sales of custom-built electroplating machinery and other industrial machinery, contracts for provision of services in relation to repairs, maintenance and modification and sales of spare parts of electroplating machinery at 31 December 2024 and 2023 have original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

6. OTHER GAINS AND LOSSES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net change in fair value of investments at FVTPL	22,620	7,746
Net exchange loss	(11,471)	(12,329)
(Loss) gain on disposal of property, plant and equipment	(104)	299
Impairment of property, plant and equipment	(6,222)	–
Others	<u>(4)</u>	<u>641</u>
	<u><u>4,819</u></u>	<u><u>(3,643)</u></u>

7. FINANCE COSTS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on lease liabilities	191	465
Imputed interest on non-current portion of provision for performance related incentive payments	–	1,918
Interest on bank borrowings	<u>1,279</u>	<u>1,540</u>
	<u><u>1,470</u></u>	<u><u>3,923</u></u>

8. TAXATION

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax	105	1,400
Taxation outside Hong Kong	1,024	167,558
PRC withholding tax	–	5,643
Overprovision in prior years	<u>(3,910)</u>	<u>–</u>
	(2,781)	174,601
Deferred tax charge (credit) (<i>note 28</i>)	<u>4,215</u>	<u>(63,575)</u>
	<u><u>1,434</u></u>	<u><u>111,026</u></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

PRC Enterprise Income Tax is calculated at 25% of the assessable profits of the entities established in the PRC. Withholding tax is levied on distribution of profits earned by PRC entities for profits generated after 1 January 2008 at rate of 5% for Hong Kong resident companies, which are the beneficial owners of the dividend received.

Taxation for the year is reconciled to (loss) profit before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss) profit before taxation	<u>(13,180)</u>	<u>410,697</u>
Taxation at tax rate of 16.5% (2023: 16.5%)	(2,175)	67,765
Tax effect of expenses not deductible for tax purpose	2,703	2,826
Tax effect of income not taxable for tax purpose	(2,531)	(1,369)
Tax effect of tax losses not recognised	3,873	16,800
Tax effect of utilisation of tax losses previously not recognised	(13,704)	(5,185)
Tax effect of deductible temporary differences not recognised	18,350	6,993
Withholding tax for income derived from a PRC subsidiary	–	(5,643)
Overprovision in prior years	(3,910)	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	<u>(1,172)</u>	<u>28,839</u>
Taxation for the year	<u><u>1,434</u></u>	<u><u>111,026</u></u>

9. (LOSS) PROFIT FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
(Loss) profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	1,580	1,581
Cost of inventories recognised as expenses (<i>note i</i>)	210,503	217,713
Direct outgoings for investment properties	2,503	2,884
Depreciation of property, plant and equipment	6,186	2,132
Depreciation of right-of-use assets	71	874
Staff costs:		
Directors' fee	—	—
Directors' salaries and other benefits	13,200	13,200
Provision for performance related incentive payments	—	16,081
Salaries and allowances	91,907	89,517
Contributions to retirement benefits schemes (<i>note ii</i>)	1,469	1,642
	106,576	120,440
Impairment losses (reversals of impairment losses) for financial assets and contract assets, net:		
– trade debtors	1,059	(212)
– contract assets	(3,976)	5,233
– loans receivable	258	4,175
– investments in debt instruments	2,253	1,927
– Deferred Consideration	(1,277)	(395,911)
	(1,683)	(384,788)
Interest income from financial assets at amortised cost (included in other income):		
– loans receivable	(2,391)	(2,106)
– Deferred Consideration (<i>note 14</i>)	(14,783)	(45,764)
– bank deposits	(3,974)	(2,635)
	(21,148)	(50,505)
Government grants (included in other income)	(16)	(17)

Note i: Amount includes allowance for slow moving inventories of HK\$1,716,000 (2023: HK\$265,000).

Note ii: Amount includes the contributions to directors of the Company of HK\$35,000 (2023: HK\$36,000).

10. DIVIDENDS

During the year ended 31 December 2024, the directors of the Company have declared and the Company has paid an interim dividend of HK\$6,080,000 (at HK\$0.0585 per share) (2023: HK\$6,028,000 (at HK\$0.058 per share)) to the shareholders of the Company. The directors of the Company do not recommend any final dividend.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Furniture and fixtures and leasehold improvements HK\$'000	Plant, machinery and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST OR VALUATION					
At 1 January 2023	83,841	30,628	52,309	22,344	189,122
Currency realignment	–	(161)	(212)	(75)	(448)
Additions	–	5,514	1,347	683	7,544
Additions associated with Deferred Consideration (note 14)	40,174	–	–	–	40,174
Disposals	–	(20)	(5,192)	(694)	(5,906)
At 31 December 2023	124,015	35,961	48,252	22,258	230,486
Currency realignment	(860)	(159)	(110)	(79)	(1,208)
Additions	–	1,168	2,676	2,216	6,060
Disposals	–	–	(544)	(191)	(735)
At 31 December 2024	123,155	36,970	50,274	24,204	234,603
COMPRISING					
At cost	87,443	36,970	50,274	24,204	198,891
At valuation					
– 31 March 1992	35,712	–	–	–	35,712
	123,155	36,970	50,274	24,204	234,603
DEPRECIATION AND IMPAIRMENT					
At 1 January 2023	54,674	30,628	52,209	21,290	158,801
Currency realignment	–	(123)	(212)	(75)	(410)
Provided for the year	1,168	225	183	556	2,132
Eliminated on disposals	–	(20)	(5,192)	(694)	(5,906)
At 31 December 2023	55,842	30,710	46,988	21,077	154,617
Currency realignment	(29)	(49)	(187)	(79)	(344)
Provided for the year	2,884	1,319	562	1,421	6,186
Impairment	6,222	–	–	–	6,222
Eliminated on disposals	–	–	(544)	(48)	(592)
At 31 December 2024	64,919	31,980	46,819	22,371	166,089
CARRYING AMOUNTS					
At 31 December 2024	58,236	4,990	3,455	1,833	68,514
At 31 December 2023	68,173	5,251	1,264	1,181	75,869

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account the residual values at the following rates per annum:

Leasehold land and buildings	over the shorter of 20-50 years or the term of the lease
Furniture and fixtures and leasehold improvements	25% or over the shorter of 25% or the term of the lease
Plant, machinery and equipment	12 ¹ / ₂ % to 33 ¹ / ₃ %
Motor vehicles	33 ¹ / ₃ %

With regards to the prevailing condition of the property market in the PRC, the Group has performed an impairment assessment of the office premises in the PRC which are classified as property, plant and equipment. At 31 December 2024, the recoverable amount of the buildings amounted to HK\$31,405,000 which is based on its fair value less costs of disposal. Accordingly, impairment loss amounting to HK\$6,222,000 is recognised in profit or loss. The fair value of the properties are determined based on comparable market transactions that are categorised within level 3 of the fair value hierarchy.

12. RIGHT-OF-USE ASSETS

	Leased properties	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 December		
Carrying amount	<u>194</u>	<u>95</u>
For the year ended 31 December		
Additions	168	8,669
Depreciation	71	874
Expenses relating to short-term leases	119	5,861
Expenses relating to leases of low-value assets	–	76
Total cash outflows for leases	<u>2,621</u>	<u>8,773</u>

The Group leases various factory premises and staff quarters for its operations. Lease contracts are entered into for fixed term of three to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants other than security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

13. INVESTMENT PROPERTIES

	2024 HK\$'000	2023 HK\$'000
FAIR VALUE		
At 1 January	779,718	–
Additions associated with Deferred Consideration (note 14) and related transaction costs	–	629,720
Additions through acquisitions of subsidiaries (notes 14 and 37) and related transaction costs	–	175,440
Currency realignment	(12,277)	3,017
Net decrease in fair value recognised in profit or loss	<u>(78,054)</u>	<u>(28,459)</u>
At 31 December	<u>689,387</u>	<u>779,718</u>

The fair value of the Group's investment properties as at 31 December 2024 and 2023 have been arrived at on the basis of valuations carried out on that date by Avista Valuation Advisory Limited, an independent qualified valuer not connected with the Group, were arrived at by adopting the direct comparison approach as data available in the market to assess the market value of the investment properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The direct comparison approach estimates the values of the properties based on the recent transaction prices for similar properties adjusted for nature, location and condition of the property.

The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes through holding discussion with the independent qualified valuer and assessing the property valuations movements when compared to the prior year valuation report. The results of the valuation are reported directly to the management of the Group.

Investment properties held by the Group	Fair value at 31 December		Valuation technique	Significant unobservable inputs	Relationship
	2024 HK\$'000	2023 HK\$'000			
Office properties in Hong Kong	138,550	168,515	Direct comparison approach	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from approximately HK\$6,700 to HK\$16,200 (2023: HK\$8,000 to HK\$21,700) per square feet.	An increase in the market unit rate used would result in an increase in fair value, and vice versa.
Retail properties in the PRC	205,326	226,442	Direct comparison approach	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from approximately RMB70,000 to RMB85,000 (2023: RMB74,000 to RMB89,000) per square metre ("sqm").	An increase in the market unit rate used would result in an increase in fair value, and vice versa.
Office properties in the PRC	345,511	384,761	Direct comparison approach	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from approximately RMB24,000 to RMB27,000 (2023: RMB24,000 to RMB30,000) per sqm.	An increase in the market unit rate used would result in an increase in fair value, and vice versa.
	<u>689,387</u>	<u>779,718</u>			

The fair value measurement is categorised into Level 3 fair value hierarchy and there were no transfers into or out of Level 3 during the year.

As at 31 December 2024, the Group's investment properties amounted to HK\$70,950,000 (2023: HK\$91,115,000) have been pledged to secure banking facilities granted to the Group.

14. DEFERRED CONSIDERATION

On 7 August 2011, a wholly-owned subsidiary of the Company entered into an agreement with an independent third party (together with its associates, defined as the “Counterparty”) in relation to a re-development plan of two parcels of industrial lands located in Bao An District, Shenzhen, the PRC from industrial land into residential properties for resale. The Group has undertaken a series of negotiations with the Counterparty on the settlement scheme. On 28 June 2019 and 9 September 2019, the negotiation was finalised and the Group was offered a guaranteed cash consideration of RMB2,750,000,000 (equivalent to approximately HK\$3.1 billion) payable by six tranches which are due within on or before 6 January 2020 to on or before 5 January 2023. The Deferred Consideration is measured at amortised cost using the effective interest method, less any impairment. As at 1 January 2023, the aggregate outstanding instalment payments amounted to RMB1,550,000,000 has been defaulted.

During the prior year, the outstanding instalment payments had been reduced to RMB963,143,000 after the collateralised properties situated in the PRC were foreclosed by the Group. In addition, the Group has obtained control over Treasure Chance Properties Limited and Singkei Real Estate Investment Co. Limited, both of which hold investment properties in Hong Kong, with an aggregate consideration of HK\$141,689,000. The amount is payable immediately when the Counterparty has fully settled the outstanding principal amount of Deferred Consideration, and the Group is not obliged to pay the amount if the Counterparty has not satisfied the payment obligations by November 2028 (the “Payment Obligations”), and therefore presented as “other payables” on the consolidated statement of financial position as at 31 December 2024 and 2023. The Group has also obtained the first charge over certain residential properties in Hong Kong. In return, the Group has refunded the pledged cash deposits amounting HK\$200,000,000 to the Counterparty.

There are no other changes to the terms of the agreement or settlement scheme including the repayment terms and the late payment penalty terms since the default of the Counterparty, in which the Group is entitled to charge RMB50,000 per day for the first six months from the date of default and RMB100,000 per day from the seventh month from the date of default. Interest income of HK\$14,783,000 (2023: HK\$45,764,000) is recognised by applying the effective interest rate to the amortised cost of the Deferred Consideration.

Considering the credit quality and industry in which the Counterparty operates, the measurement of ECL considers the amount and timing of cash flows that are expected from the foreclosure on the collaterals. As at 31 December 2024 and 2023, the outstanding amount of Deferred Consideration is secured by the first charge of certain residential properties situated in Hong Kong owned by the Counterparty and the Payment Obligations. The reversal for ECL of HK\$1,277,000 (2023: HK\$395,911,000) recognised for the year ended 31 December 2024 is mainly explained by the changes in the expected cash flows from the foreclosure of the collaterals (2023: the combined effect of settlement by way of properties and the changes in the collaterals from the Counterparty obtained by the Group).

As at 31 December 2024 and 2023, the Deferred Consideration is expected to be recovered after more than one year and accordingly is classified as non-current assets.

15. LOANS RECEIVABLE

	2024 HK\$'000	2023 HK\$'000
Repayable within one year	9,982	7,500
Repayable after one year	31,672	50,153
Less: Impairment losses under ECL model	<u>(9,866)</u>	<u>(9,608)</u>
	<u>31,788</u>	<u>48,045</u>
Analysed for reporting purposes as:		
Current	–	6,949
Non-current	<u>31,788</u>	<u>41,096</u>
	<u>31,788</u>	<u>48,045</u>

As at 31 December 2024, the loan receivables carry annual interest ranging from 2.2% to Prime Rate in Hong Kong and contractually mature by December 2025 to March 2029. The loan receivables were secured by mortgages of properties owned by the borrower or the spouse of the borrower, and cash security of HK\$1,000,000 (which is included in “other payables” as at 31 December 2024 and 2023). The amounts contractually mature on December 2025 are not expected to be settled within twelve months and therefore the amounts are presented as non-current assets.

Included in the loan receivables balances at 31 December 2023 was an amount of HK\$37,000,000 drawdown by Karl Thomson Financial Group Limited (“KTFG”), of which Mr. Lam Kwok Hing, an executive director and the ultimate controlling shareholder of the Company, was the director of KTFG. The amount has been fully settled during the current year.

As at 31 December 2024, impairment losses under ECL model of loans receivable of HK\$9,866,000 (2023: HK\$9,608,000) are recognised. Details of the impairment assessment of loans receivable are set out in note 32.

16. INVESTMENTS IN DEBT INSTRUMENTS

Amount represents investments in listed bonds quoted in over-the-counter market. The bond investments are unsecured, carry annual coupon at 0% to 8% (2023: 2.8% to 8%) and mature in January 2025 to February 2033 (2023: January 2024 to February 2033). The investments are held within a business model whose objective is to hold the debt instruments in order to collect contractual cash flows and the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and therefore are subsequently measured at amortised cost.

Subsequent to the end of the reporting period, debt instruments with an aggregate carrying amount of HK\$131,620,000 has been matured and settled in full.

17. INTERESTS IN ASSOCIATES**2024 & 2023***HK\$'000*

Cost of investments in associates	
Unlisted	3,627
Share of post-acquisition results, net of dividend received	(1,918)
Less: Impairment provided	<u>(1,709)</u>
Share of net assets	<u><u>—</u></u>

Details of the Group's associates as at 31 December 2024 and 2023 are as follows:

Name of associates	Form of business structure	Place of incorporation	Proportion of nominal value of issued capital held by the Group indirectly		Principal
			2024	2023	
Asia Vigour (Holdings) Limited	Incorporated	British Virgin Islands	49%	49%	Investment holding
Process Automation (Sea) Pte Limited	Incorporated	Singapore	36%	36%	Sale of electroplating machines and spare parts

The current year and cumulative unrecognised share of losses of associates is insignificant.

18. INVENTORIES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	<u>17,502</u>	<u>20,671</u>

19. CONTRACT ASSETS/LIABILITIES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract assets – current		
Contract works in respect of design, manufacturing and sale of custom-built electroplating machinery and other industrial machinery	<u>33,448</u>	<u>64,148</u>
Contract liabilities – current		
Contract works in respect of design, manufacturing and sale of custom-built electroplating machinery and other industrial machinery	57,195	70,067
Provision of services – repairs, maintenance and modification	<u>9,414</u>	<u>13,046</u>
	<u>66,609</u>	<u>83,113</u>

At 1 January 2023, contract assets and contract liabilities amounted to HK\$71,941,000 and HK\$89,631,000 respectively. The decrease in contract assets and contract liabilities during the current year is due to the decrease in number of ongoing projects during the current year.

Typical payment terms which impact on the amount of contract assets and contract liabilities recognised are as follows:

Contract works in respect of design, manufacturing and sale of custom-built electroplating machinery and other industrial machinery

The Group's contract works include payment schedules which require milestone payments over the construction period once certain specified milestones are reached. The Group requires customers to provide upfront deposits as part of its credit risk management policies. The Group typically transfers the milestone payments to trade debtors when it becomes unconditional. The Group is entitled to receive the final acceptance payment upon the final acceptance of the completion of contract works by customers. The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle. Details of the impairment assessment of contract assets are set out in note 32.

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

Provision of services – repairs, maintenance and modification

The Group requires customers to provide upfront deposit before the commencement of the relevant services for certain contracts, this gives rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

The following table shows the amount of the revenue recognised during the year that was included in contract liabilities at the beginning of the year.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract works	63,441	68,881
Provision of services	<u>12,730</u>	<u>5,284</u>

20. DEBTORS AND PREPAYMENTS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors from contracts with customers	52,840	52,002
Less: Allowance for credit losses	<u>(2,744)</u>	<u>(1,685)</u>
	50,096	50,317
Rental and management fee receivable	5,193	842
Rental and utilities deposits	1,527	1,748
Deposits paid for purchases of raw materials	13,650	36,818
Deposits paid for subcontracting costs	1,487	2,705
Account balance placed with a broker	2,835	5,330
Interest receivable	4,822	10,231
Other tax receivables	345	3,806
Other debtors and prepayments	<u>6,287</u>	<u>6,642</u>
	<u><u>86,242</u></u>	<u><u>118,439</u></u>

As at 31 December 2024, the trade debtors balance include trade debts due from associates of HK\$2,377,000 (2023: HK\$5,438,000).

As at 1 January 2023, trade debtors from contracts with customers amounted to HK\$40,157,000 (net of allowance for credit losses of HK\$1,897,000).

The Group allows a general credit period of one to two months to its customers.

As at 31 December 2024, excluding credit-impaired trade debtors balance, included in the Group's trade debtors balance are debtors with gross amount of HK\$13,573,000 (2023: HK\$26,483,000) with allowance for credit losses of HK\$70,000 (2023: HK\$206,000) in aggregate which are past due as at the reporting date. Out of the past due balances, HK\$508,000 (2023: HK\$1,321,000) with allowance for credit losses of HK\$9,000 (2023: HK\$145,000) has been past due 90 days or more and is not considered as in default as these customers have a good business relationship with the Group with satisfactory settlement history of recurring overdue records and no history of default of these relevant customers. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade debtors are set out in note 32.

21. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at FVTPL as at 31 December 2024 and 2023 represent equity securities listed in Hong Kong. The fair values of the investments are determined based on the quoted market bid prices available on the Stock Exchange.

22. AMOUNTS DUE FROM ASSOCIATES

Amounts due from associates are of non-trade nature and are unsecured, non-interest-bearing and repayable on demand.

23. PLEDGED BANK DEPOSIT, BANK DEPOSITS AND BANK BALANCES

As at 31 December 2024, bank deposits represent time deposits denominated in RMB, USD and GBP, which are held for investment purposes, carry fixed interest ranging from 1.3% to 4.8% (2023: nil) per annum.

Pledged bank deposit and bank balances carry interest at market rates ranging from 0.001% to 1.73% per annum (2023: 0.001% to 1.73% per annum).

24. CREDITORS AND ACCRUED CHARGES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade creditors	63,092	104,161
Accrued staff costs	18,178	17,941
Accrued transaction costs associated with		
Deferred Consideration	–	2,988
Commission payables to sales agents	7,368	9,403
Provision for performance related incentive payments	10,072	27,072
Rental deposits received	1,757	1,373
Other creditors and accrued charges for operating costs	<u>23,731</u>	<u>25,326</u>
	<u><u>124,198</u></u>	<u><u>188,264</u></u>

The average credit period on purchase of goods is 60-180 days.

25. WARRANTY PROVISION

	<i>HK\$'000</i>
At 1 January 2024	24,108
Change in provision during the year	12,516
Utilisation of provision	<u>(7,225)</u>
At 31 December 2024	<u><u>29,399</u></u>
Analysed for reporting purposes as:	
Current	28,278
Non-current	<u>1,121</u>
	<u><u>29,399</u></u>

The warranty provision represents the management's best estimation of the Group's liability under one to two years warranty granted on electroplating products, based on prior experience and industry averages for defective products.

26. BANK BORROWINGS

At 31 December 2024 and 2023, bank borrowing amounting to HK\$30,312,000 (2023: HK\$31,628,000) carries annual interest at the lower of Hong Kong Interbank Offered Rate plus 1.8% or Hong Kong Dollar Prime Rate minus 2.2%, secured by the Group's investment properties in Hong Kong, and is repayable in instalments to more than five years but contain a repayment on demand clause. The remaining bank borrowing of HK\$6,328,000 (2023: nil) is denominated in RMB, carries fixed interest rate at 3.6% per annum, unsecured and is repayable within one year. All bank borrowings were presented as current.

27. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Issued and fully paid:		
At 1 January 2023, 31 December 2023 and 31 December 2024	<u>103,938,695</u>	<u>21,118</u>

28. DEFERRED TAXATION

Deferred tax liabilities and deferred tax assets are offset for financial reporting purposes.

	Deferred Consideration HK\$'000	Withholding taxes HK\$'000	Impairment losses on assets HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 January 2023	82,154	8,395	(392)	45	90,202
Charge to profit or loss (note 8)	110,419	–	–	–	110,419
Transfer to current tax	(168,351)	(5,643)	–	–	(173,994)
Currency realignment	<u>(2,121)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2,121)</u>
At 31 December 2023	22,101	2,752	(392)	45	24,506
Charge to profit or loss (note 8)	4,015	–	–	200	4,215
Currency realignment	<u>(540)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(540)</u>
At 31 December 2024	<u>25,576</u>	<u>2,752</u>	<u>(392)</u>	<u>245</u>	<u>28,181</u>

In measuring the deferred tax arising from changes in fair value of investment properties, the directors of the Company have determined the presumption that the carrying amounts of investment properties measured at fair value are recovered entirely through sale is rebutted.

At 31 December 2024, the Group had estimated unused tax losses and deductible temporary differences relating to asset impairment and loss in fair value of investment properties of HK\$513,893,000 (2023: HK\$574,438,000) and HK\$126,747,000 (2023: HK\$42,471,000) respectively available for offset against future profits. No deferred tax asset has been recognised due to the uncertainty of future profits streams. The tax losses may be carried forward indefinitely.

Deferred tax on withholding tax is provided based on the expectation of distribution of earnings of the PRC subsidiary. Deferred tax has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to the undistributed profits after 1 January 2008 amounting to HK\$10,436,000 (2023: HK\$3,706,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

29. OPERATING LEASE ARRANGEMENTS

The Group leases out certain office properties in Hong Kong, and office and retail properties in the PRC under operating leases with rentals payable monthly. The leases typically run for an initial period of 6 months to 15 years (2023: 2 to 12 years), with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. During the current year, revenue from operating leases amounted to HK\$13,174,000 (2023: HK\$1,177,000) is recognized. Included in the amount is HK\$410,000 (2023: nil) that relates to the variable lease payments determined based on the revenue generated by the lessees for certain retail units.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

Undiscounted lease payment receivables on leases are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	12,120	10,378
In the second year	9,921	7,539
In the third year	6,633	6,558
In the fourth year	5,988	5,148
In the fifth year	4,977	3,111
Over five years	<u>41,362</u>	<u>11,672</u>
	<u><u>81,001</u></u>	<u><u>44,406</u></u>

30. PLEDGE OF ASSETS

As at 31 December 2024, the Group's bank deposits and investment properties amounting to HK\$7,038,000 (2023: nil) and HK\$70,950,000 (2023: HK\$91,115,000), respectively, were pledged to the bank for securing banking facilities to the Group.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged for both years.

The capital structure of the Group consists of debt comprising bank borrowings and equity attributable to owners of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the issuance of new shares or addition or repayment of borrowings.

32. FINANCIAL INSTRUMENTS**Categories of financial instruments**

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets		
Amortised cost	973,497	976,408
FVTPL	<u>211,543</u>	<u>178,136</u>
Financial liabilities		
Amortised cost	<u>275,373</u>	<u>317,568</u>

Financial risk management objectives and policies

The Group's major financial instruments include bank balances and cash, bank deposits, pledged bank deposits, Deferred Consideration, loans receivable, trade debtors, other debtors, investments at FVTPL, investments in debt instruments, amounts due from associates, creditors and accrued charges, other payables, lease liabilities and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

During the current year, the Group has utilised the bank deposits (details set out in note 23) to invest in debt instruments which are denominated in RMB and over 40% (2023: 80%) of investments in debt instruments (note 16) as at 31 December 2024 are denominated in RMB.

On the other hand, certain subsidiaries of the Group have foreign currency sales and purchases. The Group is therefore exposed to foreign currency risk. In addition, certain debtors, bank deposits, bank balances, creditors and accrued charges are denominated in currencies other than the functional currency of the respective group entities. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities against their functional currency at the end of the reporting period are as follows:

	Assets		Liabilities	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Renminbi ("RMB")	346,246	605,844	21	22
United States Dollars ("USD")	319,743	102,531	1,896	11,107
Sterling Pound ("GBP")	48,144	7,410	1,152	563
New Taiwan Dollars ("NTD")	<u>1,263</u>	<u>1,263</u>	<u>25</u>	<u>41</u>

At 31 December 2024, the carrying amounts of inter-company balances (assets) of certain group entities which were denominated in HKD (against RMB) is HK\$164,641,000 (2023: HK\$125,294,000).

The directors of the Company expect the foreign exchange exposure on USD against HKD to be minimal because HKD is pegged with USD under the Linked Exchange Rate System. Accordingly, no sensitivity analysis is presented.

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2023: 10%) increase and decrease in relevant foreign currencies against the functional currency of the relevant group entities. 10% (2023: 10%) is the sensitivity rate used that represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% (2023: 10%) change in foreign currency rates. A positive number below indicates a decrease in post-tax loss (2023: increase in post-tax profit) for the year where relevant currencies strengthen 10% (2023: 10%) against the functional currency of the relevant group entities. For a 10% (2023: 10%) weakening of relevant currencies against the functional currency of the relevant group entities, there would be an equal and opposite impact on the result.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
RMB against HKD	28,910	50,586
NTD against HKD	103	102
GBP against HKD	3,924	572
HKD against RMB	<u>13,748</u>	<u>10,462</u>

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate loans receivable, bank balances and bank borrowings as at 31 December 2024. It is the Group's policy to keep its loans receivable at floating rate of interest so as to minimise the fair value interest rate risk.

The Group is exposed to fair value interest rate risk in relation to fixed-rate Deferred Consideration, loans receivable, investments in debt instruments, deposits placed with banks, lease liabilities and bank borrowings. The Group has not used any derivative contracts to hedge this exposure to interest rate risk.

The Group currently does not have any interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the variable rate loans receivables at the end of the reporting period. The analysis is prepared assuming the amounts of loans receivable and bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 200 basis points (2023: 200 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 200 basis points (2023: 200 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2024 would decrease/increase by HK\$128,000 (2023: post-tax profit increase/decrease HK\$274,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate loans receivable and bank borrowings.

Equity price risk

The Group is exposed to potential loss in market value resulting from an adverse change in prices through its investments at fair value through profit or loss. Management manages this exposure by closely monitoring the performance of the investments and market conditions. Management will consider diversifying the portfolio of investments as they consider appropriate. The Group's stock portfolio mainly comprise of blue chip companies which allows the Group to increase the return of the funds. At 31 December 2024, the largest equity investment within the Group's portfolio is a leading telecommunication service provider in the PRC which accounts for over 70% (2023: 70%) of the carrying amount of investments at fair value through profit or loss.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks for investments at fair value through profit or loss at the end of the reporting period.

If the prices of the respective equity instruments had been 20% (2023: 20%) higher/lower, the Group's post-tax loss for the year ended 31 December 2024 would decrease/increase by HK\$35,328,000 (2023: post-tax profit increase/decrease HK\$35,627,000) as a result of the changes in fair value of investments at fair value through profit or loss.

In the management's opinion, the above sensitivity analysis is unrepresentative of the inherent risk as the year end exposure does not reflect the exposure during the year.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to Deferred Consideration, loans receivable, trade debtors, contract assets, other debtors, bank deposits and bank balances and loan commitment. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets, contract assets and loan commitment, except that the credit risks associated with certain loan receivables and Deferred Consideration which is mitigated through obtaining collaterals from the counterparties.

The Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below.

Impairment assessment on financial assets and other items subject to ECL model

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade debtors/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL -not credit-impaired	12m ECL
Medium risk	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL -not credit-impaired	12m ECL
High risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL -not credit-impaired	Lifetime ECL -not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL -credit-impaired	Lifetime ECL -credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The following tables details the credit risk exposure of the Group's financial assets and other items which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross amount	
					2024	2023
					HK\$'000	HK\$'000
Financial assets at amortised cost						
Trade debtors from contracts with customers	20	N/A	(note i)	Lifetime ECL (not credit-impaired and assessed individually)		
			High risk		419	1,321
			Medium risk		13,154	25,162
			Low risk		35,179	24,022
					<u>48,752</u>	<u>50,505</u>
	20	N/A	Loss	Lifetime ECL (credit-impaired and assessed individually)	4,088	1,497
Deferred Consideration	14	N/A	Loss	Lifetime ECL (credit-impaired and assessed individually)	953,192	940,396
Loans receivable	15	N/A	Low risk	12m ECL (assessed individually)	31,500	44,500
	15	N/A	Loss	Lifetime ECL (credit-impaired and assessed individually)	10,154	13,153
Investments in debt instruments	16	Aa3 – A2	N/A	12m ECL (assessed individually)	407,991	626,829
	16	N/A	High risk	Lifetime ECL (not credit-impaired and assessed individually)	11,631	–
Other debtors	20	N/A	Low risk	12m ECL (assessed individually)	20,570	24,793
Amounts due from associates	22	N/A	Low risk	12m ECL (assessed individually)	154	104
Bank deposits, pledged bank deposits and bank balances and cash	23	Aa2 to Baa3	N/A	12m ECL (assessed individually)	353,147	139,845
Other items						
Contract assets	19	N/A	(note i)	Lifetime ECL (not credit-impaired and assessed individually)		
				– Low risk	28,383	48,246
				– High risk	7,037	21,850
Loan commitment	15	N/A	(note ii)	12m ECL (assessed individually)	<u>80,000</u>	<u>55,500</u>

Notes:

- (i) For trade debtors and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items individually by reference to past default experience and current past due exposure of the debtor, and an analysis of the debtor's current financial position.
- (ii) For the loan commitment, the gross carrying amount represents the maximum undrawn amount the Group has committed under the relevant loan facility agreements.

The estimated loss rates are estimated based on historical credit loss experience of the debtors and forward-looking information (for example, the economic growth rates which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort or proxy to loss rates published by international credit-rating agencies. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. The internal credit rating categories are regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

Investments in debt instruments

The Group has utilised its idle cash to invest in fixed income instruments. The Group only invests in bonds with investment grade assigned by internationally recognised credit rating agencies and/or issued by reputable companies or issuers with stable industry outlook. These issuers of the bonds are mainly largest property companies in Hong Kong, global leading financial institutions as well as the Hong Kong Government entities. ECL has been provided for the debt instruments recognised at the beginning of the respective years to reflect the changes in the credit rating of the a property company during the current year.

The following table shows the movement in ECL that has been recognised for investments in debt instruments.

	12m ECL	Lifetime ECL (not credit- impaired)	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2023	–	–	–
Impairment loss recognised	<u>1,927</u>	<u>–</u>	<u>1,927</u>
At 31 December 2023	1,927	–	1,927
Impairment loss recognised	–	2,253	2,253
Transfers	<u>(1,927)</u>	<u>1,927</u>	<u>–</u>
At 31 December 2024	<u>–</u>	<u>4,180</u>	<u>4,180</u>

Deposits placed with banks

The Group only placed deposits in reputable banks with high credit ratings assigned by the international rating agencies. The Group's bank deposits and bank balances are mainly deposited with banks in Hong Kong and the PRC. The Group had concentration of credit risk as 86% and 14% (2023: 65% and 34%) of the total bank balances as at 31 December 2024 was placed in the banks in Hong Kong and the PRC respectively.

At the end of the reporting period, the Group performed impairment assessment on bank deposits and bank balances by reference to probability of default and loss given default by credit rating grades published by international credit-rating agencies and concluded that ECL is insignificant.

Deferred Consideration

The Counterparty is engaged in the provision of construction services to property developers and property development business in the PRC. Starting from the second half of the financial year 2021, defaults by certain leaders in the PRC real estate market has affected the market demand and market price of the properties held by many property developers and increased the difficulty in obtaining financing for daily operation by them, which has resulted in liquidity problems of many industry players in this market, and the Counterparty is of no exception. In the past years, the Group has reduced the credit risk exposure of the credit-impaired Deferred Consideration amount through negotiation with the Counterparty for additional collaterals, with the objective to increase the possibility of recovery of the receivable amount. The management of the Group has carefully assessed the value of the collaterals at each negotiation.

The following table shows the movement in lifetime ECL (credit-impaired) that has been recognised for Deferred Consideration.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January	851,994	1,262,355
Changes due to financial instruments recognised as at 1 January:		
– Impairment losses reversed due to decrease in loss given default	(1,277)	(395,911)
Currency realignment	<u>175</u>	<u>(14,450)</u>
At 31 December	<u><u>850,892</u></u>	<u><u>851,994</u></u>

Trade debtors and contract assets

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The management closely monitors the subsequent settlement of the debts and does not grant long credit period to customers. The Group applies simplified approach on trade debtors and contract assets to provide for ECL prescribed by HKFRS 9.

The Group had concentration of credit risk as 68% (2023: 62%) of the total trade debtors as at 31 December 2024 was due from the Group's five largest trade debtors. The Group's five largest trade debtors are multi-national companies or well-established corporations. In order to minimise the credit risk of those receivables, the management closely monitored the recoverability of the amounts due. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The following table shows the movement in lifetime ECL that has been recognised for trade debtors under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2023	120	1,777	1,897
Changes due to financial assets recognised as at 1 January 2023:			
– Transfer to lifetime ECL (credit-impaired)	(2)	2	–
– Impairment losses reversed	(117)	(640)	(757)
– Impairment losses recognised	–	322	322
New financial assets originated	<u>205</u>	<u>18</u>	<u>223</u>
At 31 December 2023	206	1,479	1,685
Changes due to financial assets recognised as at 1 January 2024:			
– Impairment losses reversed	(206)	–	(206)
– Impairment losses recognised	–	993	993
New financial assets originated	<u>272</u>	<u>–</u>	<u>272</u>
At 31 December 2024	<u><u>272</u></u>	<u><u>2,472</u></u>	<u><u>2,744</u></u>

The changes in lifetime ECL reversed for contract assets (not credit-impaired) during the current year is explained by impairment recognised for contract assets newly originated during the year net with the impairment loss for contract assets recognised at the beginning of the year of HK\$3,976,000 (2023: ECL recognised of HK\$5,233,000).

Loans receivable and loan commitment

The loans receivable were secured by assets provided by the borrowers. In order to minimise the credit risk, prior to advancing the loans or renegotiation of loan terms, the management of the Group closely evaluates the borrower's financial background and repayment abilities. The assessment is based on a close monitoring and evaluation of the collectability of each outstanding amount and the past collection history, to the extent available. The quality of the collateral has not significantly deteriorated during the current year. The Group requested for additional securities when the loan are matured and terms are renegotiated. The estimated realisable amount from the collaterals are considered in the loss given default for measurement of ECL and ECL amounting to HK\$9,866,000 (2023: HK\$9,608,000) has been provided.

The following table shows the movement in ECL that has been recognised for loans receivable and loan commitment.

	12m ECL	Lifetime ECL (credit- impaired)	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2023	1,459	3,974	5,433
Changes due to financial assets recognised as at 1 January 2023:			
– Impairment losses reversed	(11)	–	(11)
– Impairment losses recognised	<u>1,287</u>	<u>2,899</u>	<u>4,186</u>
At 31 December 2023	2,735	6,873	9,608
Changes due to financial assets recognised as at 1 January 2024:			
– Impairment losses reversed	(2,735)	–	(2,735)
New financial assets originated	<u>2,993</u>	<u>–</u>	<u>2,993</u>
At 31 December 2024	<u><u>2,993</u></u>	<u><u>6,873</u></u>	<u><u>9,866</u></u>

Other debtors

The Group has taken into account the economic outlook of the industries in which the debtors operate, and concluded that there has been no significant increase in credit risk since initial recognition. The ECL on other debtors is considered to be insignificant.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities, lease liabilities and other non-financial liabilities comprising accrued charges and provision for performance related incentive payments based on the earliest date on which the Group can be required to settle. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	On demand and less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1 year to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 December 2024							
Creditors and accrued charges	–	114,126	–	10,072	–	124,198	124,198
Other payables	–	142,689	–	–	–	142,689	142,689
Bank borrowings	3.35	36,640	–	–	–	36,640	36,640
Lease liabilities	4.30	202	440	1,894	896	3,432	3,309
		<u>293,657</u>	<u>440</u>	<u>11,966</u>	<u>896</u>	<u>306,959</u>	<u>306,836</u>
At 31 December 2023							
Creditors and accrued charges	–	161,192	–	27,072	–	188,264	188,264
Other payables	–	142,689	–	–	–	142,689	142,689
Bank borrowings	3.93	31,628	–	–	–	31,628	31,628
Lease liabilities	4.30	203	421	1,872	3,326	5,822	5,510
		<u>335,712</u>	<u>421</u>	<u>28,944</u>	<u>3,326</u>	<u>368,403</u>	<u>368,091</u>

Certain of the Group's bank borrowing contains a repayment on demand clause, but the management of the Group considers it is not probable the bank will exercise such right. The management of the Group considers that such borrowings will be repaid based on the agreed repayment terms set out in the loan agreement which are set out below. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	On demand and less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1 year to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 December 2024	3.30	201	402	1,810	9,651	27,143	39,207	30,312
At 31 December 2023	3.93	211	421	1,895	10,108	30,957	43,592	31,628

Fair value measurements of financial instruments

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following gives information about how the fair values of these financial assets are determined. In particular, the valuation technique and inputs used, as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The fair value of investments at FVTPL (listed in Hong Kong) are determined based on the quoted market bid prices available on the Stock Exchange and classified as Level 1 of the fair value hierarchy (unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date).

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The directors of the Company consider that the carrying amounts of the gross carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

33. SHARE OPTION SCHEME

ATNT's share option scheme (the "Scheme") come into effect from 12 June 2015 for the primary purpose of providing incentives and rewards to any employees (whether full time or part time), executives or officers of ATNT or any of the subsidiaries (including executive and non-executive directors) and any business consultants, agents, financial or legal advisers who will contribute or have contributed to ATNT or any of the subsidiaries for their contributions to ATNT or such subsidiaries.

The number of shares available for issue under the Scheme was 38,263,340 (2023: 39,395,340) shares representing 10% of the issued share capital at 31 December 2024. The maximum number of shares issuable under the Scheme to each participant in any 12-month period up to the date of grant shall not exceed 1% of the shares unless it is approved by shareholders in a general meeting of ATNT. Any share options granted a substantial shareholder or an independent non-executive director of ATNT or to any of their associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of the grant) in excess of HK\$5,000,000, in any 12-month period, are subject to shareholders' approval in general meeting of ATNT.

The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. There is no general requirement that an option must be held for any minimum period before it can be exercised but the board of directors of ATNT is empowered to impose as its discretion any such minimum period at the time of grant of any particular option.

HK\$1.00 is payable by each eligible participant to ATNT on acceptance of the option on or before the 30th day after the option is offered. The exercise price must be at least the higher of (i) the closing price of the share as stated in the Stock Exchange's daily quotations sheet on the date of grant which must be a business day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

The Scheme will expire at the close of business of 12 June 2025. No share option has been granted pursuant to the Scheme since its adoption by ATNT up to 31 December 2024.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank borrowing <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>	Dividend payables <i>HK\$'000</i>
At 1 January 2023	–	7,561	–
Financing cash flows	(1,753)	(2,836)	(11,787)
Acquisition of subsidiaries (<i>note 37</i>)	31,841	–	–
Recognition of lease liabilities	–	8,669	–
Early termination of lease liability	–	(8,144)	–
Currency realignment	–	(205)	–
Dividends declared	–	–	11,787
Interest expenses	<u>1,540</u>	<u>465</u>	<u>–</u>
At 31 December 2023	31,628	5,510	–
Financing cash flows	3,733	(2,502)	(11,499)
Recognition of lease liabilities	–	168	–
Currency realignment	–	(58)	–
Dividends declared	–	–	11,499
Interest expenses	<u>1,279</u>	<u>191</u>	<u>–</u>
At 31 December 2024	<u><u>36,640</u></u>	<u><u>3,309</u></u>	<u><u>–</u></u>

35. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries as at 31 December 2024 and 2023 are as follows:

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid up ordinary share capital/ registered capital	Proportion of ownership interest attributable to the Company		Principal activities
			2024 %	2023 %	
ATNT	Bermuda	HK\$3,826,334	52.79 [#]	51.27 [#]	Investment holding
ATNT Global Investments Company Limited	Hong Kong	HK\$2	52.79	51.27	Securities trading
ATNT Group Management Limited	Hong Kong	HK\$2	52.79	51.27	Management services and treasury management
Billion Chart Limited	Hong Kong	HK\$1	52.79	51.27	Property holding
台灣亞洲自動化設備股份有限公司	Taiwan	TWD10,000,000	52.79	51.27	Installation of electroplating machines and after sale services
Palcon International Limited	British Virgin Islands	US\$100	31.67	30.76	Investment holding
PAL Control Sdn. Bhd.	Malaysia	MYR2	31.67	30.76	Software development
PAL Finance Limited	Hong Kong	HK\$2	52.79	51.27	Money lending
PAL Surface Treatment Systems Limited	Hong Kong	HK\$10,000	52.79	51.27	Sales of electroplating machines and spare parts
Process Automation (BVI) Limited	British Virgin Islands	HK\$110,000	52.79	51.27	Investment holding
Process Automation (China) Limited 寶盈科技(深圳)有限公司	PRC	HK\$8,500,000	52.79	51.27	Design, manufacture and sales of electroplating machines
Process Automation International Limited ("PAIL")	Hong Kong	HK\$2 (note)	52.79	51.27	Design, manufacture and sales of electroplating machines and treasury management

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid up ordinary share capital/ registered capital	Proportion of ownership interest attributable to the Company		Principal activities
			2024 %	2023 %	
Process Automation (Shenzhen) Limited 寶龍自動機械(深圳) 有限公司	PRC	HK\$18,000,000	52.79	51.27	Property holding
Rich Town Properties Limited	British Virgin Islands	US\$2	52.79	51.27	Property investment
Singkei Real Estate Investment Co. Limited	Hong Kong	HK\$10,000	52.79	51.27	Property holding
Treasure Chance Properties Limited	Hong Kong	HK\$100	52.79	51.27	Property holding

The proportion of ownership interest is directly attributable to the Company. The proportion of ownership interest attributable to the remaining subsidiaries are indirectly attributable to the Company.

Note: At 31 December 2024, PAIL had outstanding 11,000,000 non-voting deferred shares of HK\$1 each which were held by Process Automation (BVI) Limited. The deferred shares carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of PAIL and practically carry no rights to participate in any distribution on winding up.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Included in loss for the year attributable to non-controlling interests for the year ended 31 December 2024 (2023: profit for the year attributable to non-controlling interests) is loss of HK\$6,657,000 (2023: profit of HK\$148,226,000) attributable to ATNT, whereas included in the carrying amount of non-controlling interests at 31 December 2024 is HK\$666,918,000 (2023: HK\$715,874,000) attributable to ATNT. The consolidated financial information of ATNT is available on the website of the Stock Exchange or ATNT.

36. NON-CASH TRANSACTIONS

During the prior year, the Group obtained legal titles of the investment properties resulting in a reduction in gross amount of Deferred Consideration, as disclosed in note 14.

37. ACQUISITIONS OF SUBSIDIARIES

During the prior year, the Group has obtained control over Singkei Real Estate Investment Co. Limited and Treasure Chance Properties Limited as part of the re-negotiation of collaterals for the Deferred Consideration (note 14). The aggregate consideration of HK\$141,689,000 is payable immediately when the outstanding principal amount of Deferred Consideration has been fully settled. The Group has not made any payment in the current and prior year.

Assets and liabilities acquired:

	<i>HK\$'000</i>
Investment properties	173,515
Other debtors	286
Cash and cash equivalents	1,301
Other creditors	(1,572)
Bank borrowing	<u>(31,841)</u>
	<u><u>141,689</u></u>

Net cash inflows from the acquisitions of subsidiaries amounted to HK\$1,301,000 during the prior year.

38. RELATED PARTY TRANSACTIONS

Details of outstanding balances with related companies and associates are set out in notes 20 and 22.

During the year, the Group had entered into the following transactions with related parties:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Associates		
Trade sales and services rendered	1,957	3,622
Installation expenses	<u>1,805</u>	<u>–</u>
KTFG and its subsidiaries (<i>Note i</i>)		
Commission expense and other securities dealing expenses	130	82
Interest income	<u>799</u>	<u>1,316</u>
BioEm Air Sanitizing Technology Company Limited (<i>Note ii</i>)		
Other expenses	<u>29</u>	<u>38</u>

Note i: The Group has appointed KTFG as a broker for dealing with the securities investments. The Group has placed deposits with the broker with the year end balance amounting to HK\$2,835,000 (2023: HK\$5,330,000) (note 20).

Note ii: Mr. Lam Kwok Hing, director and the ultimate controlling shareholder of the Company, indirectly holds 68.75% interest in this company and acts as its directors.

The remuneration of directors and other members of key management of the Group during the year is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Payments for salaries and other short-term employee benefits	36,078	45,580
Retirement benefits costs	<u>89</u>	<u>126</u>
	<u>36,167</u>	<u>45,706</u>

39. SUBSEQUENT EVENTS

- (a) The Group has acquired deposit products at an aggregate consideration of approximately HK\$75,000,000.
- (b) ATNT has repurchased 700,000 of its own shares.

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Interest in a subsidiary	<u>53,398</u>	<u>53,398</u>
Current assets		
Other receivable	95	–
Investment at FVTPL	1,568	2,413
Bank balances	<u>1,513</u>	<u>1,712</u>
	<u>3,176</u>	<u>4,125</u>
Current liabilities		
Creditors and accrued charges	<u>111</u>	<u>112</u>
Net current assets	<u>3,065</u>	<u>4,013</u>
Total assets less current liabilities	<u>56,463</u>	<u>57,411</u>
Capital and reserves		
Share capital	21,118	21,118
Reserves	<u>35,345</u>	<u>36,293</u>
Total equity	<u><u>56,463</u></u>	<u><u>57,411</u></u>

The following is the text of a letter, a summary of values and valuation certificates and a valuation certificate prepared for the purpose of incorporation in this composite document received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 December 2025 of the property interests held or leased by the Company.



Suites 2401-06, 24/F, Everbright Centre, 108 Gloucester Road,
Wan Chai, Hong Kong

TEL : (852) 3702 7338 FAX : (852) 3914 6388
info@avaval.com
www.avaval.com

12 February 2026

The Board of Directors

Karfun Investments Limited (佳帆投資有限公司)

Room 607-610, 6/F

Tai Yau Building, 181 Johnston Road,

Wan Chai, Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of Karfun Investments Limited (佳帆投資有限公司)(the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) for us to carry out the valuation of all the property interests (the “Properties”) located in the People’s Republic of China (the “PRC”), Taiwan and Hong Kong held or leased by the Group, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 31 December 2025 (the “Valuation Date”).

BASIS OF VALUATION AND VALUATION STANDARDS

Our valuation is carried out on a market value basis, which is defined by the Royal Institution of Chartered Surveyors as “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”.

In valuing the Properties, we have complied with all the requirements set out in Rule 11 of the Code on Takeovers and Mergers issued by Securities and Futures Commission, the RICS Valuation – Global Standards 2024 published by the Royal Institution of Chartered Surveyors (“RICS”) and the International Valuation Standards published from time to time by the International Valuation Standards Council.

CATEGORISATION OF PROPERTY INTERESTS

In the course of our valuation, the appraised Properties have been categorized according firstly to type of interests held by the Group, which in turn being classified into the following groups:

Group I – Property interests held for investment by the Group in the PRC

Group II – Property interests held for owner occupation by the Group in the PRC

Group III – Property interests held for investment by the Group in Hong Kong

Group IV – Property interests held for owner occupation by the Group in Hong Kong

Group V – Property interests leased by the Group in the PRC and Taiwan

VALUATION ASSUMPTIONS

Our valuation of the Properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the Properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoing of an onerous nature, which could affect their values.

In the course of our valuation of the Properties in the PRC and Taiwan, we have relied on the advice given by the Group and its legal advisors, being Zhong Lun Law Firm (中倫律師事務所)(the “PRC Legal Advisors”) and Chen & Lin Attorneys-at-Law (宏鑑法律事務所)(the “Taiwan Legal Advisors”), regarding the titles and tenancies to the Properties.

In valuing the Properties, we have relied on legal opinions regarding the Properties provided by the PRC Legal Advisors (the “PRC Legal Opinion”) and Taiwan Legal Advisors (the “Taiwan Legal Opinion”) dated 7 February 2026 and 6 February 2026.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed.

VALUATION METHODOLOGY

The property interests in Group I, Group II, Group III and Group IV have been valued by market approach, which generally involves comparing recent market evidence of similar properties located in the neighborhood area of the subject properties. Adjustments are considered to reflect differences in various aspects including market conditions, size, location, time, age, quality, and any other relevant factors when comparing such sales against the subject properties. This approach is commonly used to value properties where reliable market evidence is available.

We have attributed no commercial value to the property interests in Group V, as the subject properties are leased by the Group and the Group only holds rights of use and occupation, without legal title or ownership interests.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests in the PRC. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

We have not been provided with copies of the title documents relating to the property interests in Hong Kong. We have conducted searches at the Land Registry in Hong Kong between 16 January 2026 and 20 January 2026. However, we have not examined the original documents to verify ownership and encumbrances, or to ascertain any amendment which may or may not appear in the land search. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the subject properties. The site inspection was carried out between 20 January 2026 and 28 January 2026 by Samuel Lau (Senior Analyst). He has more than 6 years' experience in valuation of properties in the PRC and Hong Kong.

In the course of our inspection, we did not note any serious defects. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon, nor have we conducted structural surveys to ascertain whether the subject properties are free of rot, infestation, or any other structural defects. Additionally, no tests have been carried out on any of the utility services. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Group, the PRC Legal Advisors, the Taiwan Legal Advisors, or other professional advisors on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of the properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

POTENTIAL TAX LIABILITIES

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Group, the potential tax liabilities that may arise from the sale of the properties include:

PRC Properties

The property-related potential tax liability which might arise on disposal of the Properties (as property transfer) in the PRC mainly comprise the following:

- Enterprise income tax at 25% on gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciated amount (being the proceeds of sales of the property less deductible expenditure including land costs, development costs and construction costs)
- Stamp duty at 0.05% on the transaction amount

- Value-added tax at 9% on the transaction amount
- Other surcharge at approximately 12% of value-added tax

Hong Kong Properties

- Profits tax at 8.25% on assessable profits up to HKD2,000,000; and 16.5% on any part of assessable profits over HKD2,000,000; and
- Stamp duty at a minimum of HKD100, progressive rates from 1.5% to 4.25%

As advised by the Group, the Properties are either held for investment or owner-occupation, or leased for operational purposes. Accordingly, the likelihood of such tax liabilities being crystallised to the Group is considered remote and has therefore been excluded from our valuation.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollar (HKD). The exchange rate adopted in our valuation is HKD 1 = Renminbi (RMB) 0.8986 as at the Valuation Date.

Our valuations are summarized below, and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Vincent C B Pang
MRICS CFA FCPA FCPA Australia
RICS Registered Valuer
Managing Partner

Note: Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 15 years' experience in valuation of properties including Hong Kong, the PRC, the U.S., and East and Southeast Asia.

SUMMARY OF VALUES

Abbreviation

Group I:	Property interests held for investment by the Group in the PRC
Group II:	Property interests held for owner occupation by the Group in the PRC
Group III:	Property interests held for investment by the Group in Hong Kong
Group IV:	Property interests held for owner occupation by the Group in Hong Kong
Group V:	Property interests leased by the Group in the PRC and Taiwan
“-” or N/A:	Not applicable or not available

No.	Property	Market value	Market value	Market value	Market value	Market value	Interest	Market value
		in existing state as at 31 December 2025 HKD Group I	in existing state as at 31 December 2025 HKD Group II	in existing state as at 31 December 2025 HKD Group III	in existing state as at 31 December 2025 HKD Group IV	in existing state as at 31 December 2025 HKD Group V		Attributable to the Company as at 31 December 2025 HKD
1.	Various Office Units of Tower 2, Huasheng Longyue Garden, intersection of HongShang Road and DongHuanyi Road, Longhua District, Shenzhen, Guangdong Province, the PRC (中國廣東省深圳市龍華區鴻尚路與東環一路 交匯處華盛璽悅花園2棟若干個辦公單位)	306,943,000	31,094,000	-	-	-	52.79%	178,450,000
2.	Units 102-111, 144, 148-151, Block 1, Huasheng Longyue Garden, Longhua District, Shenzhen City, Guangdong Province, the PRC (中國廣東省深圳市龍華區華盛璽悅花園1棟 102-111, 144,148-151室)	174,271,000	-	-	-	-	52.79%	91,998,000
3.	Flat A and B on 12/F & Roof of Tower 5 of Deerhill Tower of Deerhill Bay, Car Park No.172 at Basement 1 and Car Park No. 187 at Basement 2 of Garage A Below Towers 1 to 6 of Deerhill Bay, No 4699 Tai Po Road, Tai Po Kau, Tai Po, New Territories, Hong Kong	-	-	-	28,010,000	-	52.79%	14,786,000

APPENDIX IV

PROPERTY VALUATION REPORT OF THE GROUP

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	Interest	Market value
		in existing state as at 31 December 2025 HKD Group I	in existing state as at 31 December 2025 HKD Group II	in existing state as at 31 December 2025 HKD Group III	in existing state as at 31 December 2025 HKD Group IV	in existing state as at 31 December 2025 HKD Group V	Attributable to the Company as at 31 December 2025 HKD	Attributable to the Company as at 31 December 2025 HKD	Attributable to the Company as at 31 December 2025 HKD
4.	Workshop A on 16th Floor and Car Parking Space Nos. 29 and 30 on 3rd Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	–	–	50,880,000	–	–	52.79%	26,860,000	
5.	27th Floor (including the Roofs thereabove and the Stairhood pertaining thereto) and Car Parking Spaces Nos. P3, P5, P6, P47 and Motorcycle Parking Space No. M2 on Basement 1 Floor, W Luxe, No.5 On Yiu Street, Sha Tin, New Territories, Hong Kong	–	–	58,240,000	–	–	52.79%	30,745,000	
6.	The Remaining Portion of Sub-Section 1 of Section H of Lot No. 3719 in D.D. 104, Yuen Long, New Territories, Hong Kong	–	–	–	4,250,000	–	52.79%	2,244,000	
7.	Shan Kai Wat Lot Nos. 7, 8, 11, 56, 87, 107 and 138 in D.D. 84, North, New Territories, Hong Kong	–	–	–	1,316,000	–	52.79%	695,000	
8.	No. 172 Changchun 2nd Road, Zhongli District, Taoyuan City, Taiwan (台灣桃園市中壢區長春二路172號)	–	–	–	–	No Commercial Value	52.79%	–	
9.	Semi-basement, Huasheng Longyue Garden, Longhua District, Shenzhen City, Guangdong Province, the PRC (中國廣東省深圳市龍華區華盛瓏悅花園半地下室)	–	–	–	–	No Commercial Value	52.79%	–	
10.	Unit 101, Factory Building No. 5, Dongfang Shequ Pobian Road, and 2/F & 3/F, Block B, Pobian Industrial Zone, Hongxing Longmen Village, Songgang Subdistrict, Baoan District, Shenzhen City, Guangdong Province, the PRC (中國廣東省深圳市寶安區松崗街道紅星龍門村坡邊工業區B棟2樓及3樓及東方社區坡邊路5號廠房101單元)	–	–	–	–	No Commercial Value	52.79%	–	

APPENDIX IV

PROPERTY VALUATION REPORT OF THE GROUP

No.	Property	Market value	Market value	Market value	Market value	Market value	Interest	Market value
		in existing state as at 31 December 2025 HKD Group I	in existing state as at 31 December 2025 HKD Group II	in existing state as at 31 December 2025 HKD Group III	in existing state as at 31 December 2025 HKD Group IV	in existing state as at 31 December 2025 HKD Group V		Attributable to the Company as at 31 December 2025 HKD
11.	No. 99 Xindong Street, Jiazhuang Village, Huangpu District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市黃埔區加莊村新東街99號)	–	–	–	–	No Commercial Value	52.79%	–
12.	1/F, No. 19 of Lane 5, Niushan Zhongwuwei, Dongcheng District, Dongguan City, Guangdong Province, the PRC (中國廣東省東莞市東城區牛山鐘屋圍5巷19號 一樓)	–	–	–	–	No Commercial Value	52.79%	–
13.	Unit 17-6, 17/F, Block 8, No. 47 Heyun Road, Jiangbei District, Chongqing City, the PRC (中國重慶市江北區和韻路47號8單元17-6)	–	–	–	–	No Commercial Value	52.79%	–
14.	No. 2, Jiaoshi Village, Huzhen, Boluo County, Huizhou City, Guangdong Province, the PRC (中國廣東省惠州市博羅縣湖鎮教師村2號)	–	–	–	–	No Commercial Value	52.79%	–
15.	Room 601, Unit 1, Block 1, Jinyi Haoyuan, Qianwu Town, Doumen District, Zhuhai City, Guangdong Province, the PRC (中國廣東省珠海市門門區幹務鎮金逸豪苑1棟 1單位601房)	–	–	–	–	No Commercial Value	52.79%	–
16.	3/F, No. 9 of Lane 2, Dengtang Street, Baiyun District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市白雲區登塘街二巷9號3樓)	–	–	–	–	No Commercial Value	52.79%	–
17.	Room 302, Block 2, Tianxiang Intelligent Industrial Park, No. 666 Fenting Avenue, Suzhou Industrial Park District, Suzhou City, Jiangsu Province, the PRC (中國江蘇省蘇州市蘇州工業園區葑亭大道666 號天翔智能產業園區2棟302室)	–	–	–	–	No Commercial Value	52.79%	–

APPENDIX IV

PROPERTY VALUATION REPORT OF THE GROUP

No.	Property	Market value	Market value	Market value	Market value	Market value	Market value	Market value
		in existing state as at 31 December 2025 HKD Group I	in existing state as at 31 December 2025 HKD Group II	in existing state as at 31 December 2025 HKD Group III	in existing state as at 31 December 2025 HKD Group IV	in existing state as at 31 December 2025 HKD Group V	Interest Attributable to the Company 52.79%	Attributable to the Company as at 31 December 2025 HKD
18.	Room 901, No. 27 of Lane 168, Shenbei Road, Shanghai City, the PRC (中國上海市申北路168弄27號901室)	–	–	–	–	No Commercial Value	52.79%	–
19.	Room 406, Block 29, Yixin Garden, Huqiu District, Suzhou City, Jiangsu Province, the PRC (中國江蘇省蘇州市虎丘區怡馨花園29棟406 室)	–	–	–	–	No Commercial Value	52.79%	–
20.	Unit 901, Block 1, Jinsha Plaza, 6 Weihua Road, Suzhou Industrial Park District, Suzhou City, Jiangsu Province, the PRC (中國江蘇省蘇州市蘇州工業園區唯華路6號金 沙廣場1棟901單元)	–	–	–	–	No Commercial Value	52.79%	–
21.	Room 1804, Block 183, Shimao Diehu Bay, No. 228 Xinnan Zhong Road, Kunshan City, Suzhou City, Jiangsu Province, the PRC (中國江蘇省蘇州市昆山市新南中路228號世茂 蝶湖灣183棟1804號)	–	–	–	–	No Commercial Value	52.79%	–
22.	Room 101, Block 10, Shuangxiang Jiayuan, Xinwu District, Wuxi City, Jiangsu Province, the PRC (中國江蘇省無錫市新吳區雙象家園10-101室)	–	–	–	–	No Commercial Value	52.79%	–
Total:		481,214,000	31,094,000	109,120,000	33,576,000	–	–	345,778,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
1.	Various Office Units of Tower 2, Huasheng Longyue Garden, intersection of HongShang Road and DongHuanyi Road, Longhua District, Shenzhen, Guangdong Province, the PRC (中國廣東省深圳市龍華區鴻尚路與東環一路交匯處華盛園悅花園2棟若干個辦公單位)	<p>The property comprises 80 office units located on 15/F to 22/F and 24/F to 33/F of Tower 2, Huasheng Longyue Garden, which is completed in about 2020.</p> <p>The total gross floor area of the property is approximately 14,008.56 sq.m.</p> <p>Portions of the property, with a total gross floor area of approximately 1,288.56 sq.m., were held and occupied by the Group, while the remaining portions of the property were held for investment as at the Valuation Date.</p> <p>The subject development is situated at the intersection of Hongshang Road and DongHuanyi Road in Longhua District of Shenzhen City, with approximately 1.3km to Longhau Railway Station.</p> <p>The locality of the property is characterized by a mixture of commercial and residential developments of various ages.</p> <p>The land use rights of the property have been granted for a term expiring on 20 March 2087 for commercial use.</p>	<p>The property with (i) a gross floor area of 7,086.89 sq.m. was leased to 21 tenants for office and hotel use, (ii) a gross floor area of 1,288.56 sq.m. was leased to a fellow subsidiary for office use as at the Valuation Date. The remaining portion of the property was vacant.</p>	<p>338,037,000 (Equivalent to RMB303,760,000)</p> <p>(52.79% interest attributable to the Company: 178,450,000)</p>

Notes:

1. Pursuant to 80 Real Estate Ownership Certificates issued by Shenzhen Municipal Planning and Natural Resources Bureau (深圳市規劃與自然資源局), the land use rights of a term expiring on 20 March 2087 for commercial use and building ownership of the property with a total gross floor area of 14,008.56 sq.m. for office use have been vested to Process Automation (Shenzhen) Limited (寶龍自動機械(深圳)有限公司), in which the Company holds an indirect ownership interest of 52.79%, with the details as follows:

Real Estate Ownership Certificate No.	Issue Date	Unit	Gross Floor Area (sq.m.)
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658724	12 December 2023	1512	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658736	12 December 2023	1513	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658725	12 December 2023	1515	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658728	12 December 2023	1516	48.90
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658554	12 December 2023	1602	50.03
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658474	12 December 2023	1603	50.03
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658562	12 December 2023	1605	53.36
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658751	12 December 2023	1612	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658589	12 December 2023	1613	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658597	12 December 2023	1615	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658427	12 December 2023	1712	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658431	12 December 2023	1713	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658755	12 December 2023	1715	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658435	12 December 2023	1812	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658443	12 December 2023	1813	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658453	12 December 2023	1815	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658746	12 December 2023	1912	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658457	12 December 2023	1913	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658459	12 December 2023	1915	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658468	12 December 2023	2012	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658466	12 December 2023	2013	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658741	12 December 2023	2015	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658766	12 December 2023	2112	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658773	12 December 2023	2113	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658771	12 December 2023	2115	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658759	12 December 2023	2212	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658780	12 December 2023	2213	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658776	12 December 2023	2215	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658783	12 December 2023	2412	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658784	12 December 2023	2413	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658785	12 December 2023	2415	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658601	12 December 2023	2512	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658613	12 December 2023	2513	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658610	12 December 2023	2515	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658663	12 December 2023	2612	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658628	12 December 2023	2613	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658625	12 December 2023	2615	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658925	12 December 2023	2712	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658933	12 December 2023	2713	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658940	12 December 2023	2715	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658953	12 December 2023	2812	225.84

APPENDIX IV PROPERTY VALUATION REPORT OF THE GROUP

Real Estate Ownership Certificate No.	Issue Date	Unit	Gross Floor Area (sq.m.)
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658965	12 December 2023	2813	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658968	12 December 2023	2815	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658921	12 December 2023	2912	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658913	12 December 2023	2913	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658909	12 December 2023	2915	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658885	12 December 2023	3012	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658871	12 December 2023	3013	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658867	12 December 2023	3015	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658851	12 December 2023	3112	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658819	12 December 2023	3113	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658812	12 December 2023	3115	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658796	12 December 2023	3201	64.17
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658794	12 December 2023	3202	50.03
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658415	12 December 2023	3203	50.03
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658413	12 December 2023	3205	53.36
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658404	12 December 2023	3206	53.36
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658400	12 December 2023	3207	53.36
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658396	12 December 2023	3208	50.03
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658338	12 December 2023	3209	50.03
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658974	12 December 2023	3210	64.17
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658981	12 December 2023	3211	49.10
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658984	12 December 2023	3212	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658997	12 December 2023	3213	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0659002	12 December 2023	3215	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0659004	12 December 2023	3216	49.10
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0659013	12 December 2023	3301	64.17
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0659035	12 December 2023	3302	50.03
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658159	12 December 2023	3303	50.03
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658165	12 December 2023	3305	53.36
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658169	12 December 2023	3306	53.36
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658171	12 December 2023	3307	53.36
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658180	12 December 2023	3308	50.03
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658191	12 December 2023	3309	50.03
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658259	12 December 2023	3310	64.17
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658256	12 December 2023	3311	49.10
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658266	12 December 2023	3312	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658308	12 December 2023	3313	250.14
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658311	12 December 2023	3315	225.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0658330	12 December 2023	3316	49.10
Total:			<u>14,008.56</u>

2. Pursuant to 22 tenancy agreements and as advised by the Group, portions of the property with a gross floor area of 3,577.79 sq.m. were leased to 20 independent third parties for offices use at a total monthly rent of RMB336,654, inclusive of value-added tax and exclusive of management fees and utility fees, for various terms with the expiry dates from 30 April 2026 to 15 December 2027.

APPENDIX IV PROPERTY VALUATION REPORT OF THE GROUP

3. Pursuant to a tenancy agreement and as advised by the Group, portions of the property with a gross floor area of 3,509.10 sq.m. were leased to an independent third party for hotel and commercial use at a monthly rent of RMB249,146, inclusive of value-added tax and exclusive of management fees and utility fees, for a term with the expiry date of 20 May 2039.
4. Pursuant to a tenancy agreement and as advised by the Group, portions of the property with a gross floor area of 1,288.56 sq.m. were leased to an intra-group company for office use at a monthly rent of RMB131,443, inclusive of value-added tax and exclusive of management fees and utility fees, for a term with the expiry date of 31 December 2028.
5. We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - a. Process Automation (Shenzhen) Limited (寶龍自動機械(深圳)有限公司) is the legal owner of the property and has obtained the land use rights and the building ownership of the property;
 - b. The property has not been mortgaged, seized or subjected to any other encumbrances;
 - c. Process Automation (Shenzhen) Limited (寶龍自動機械(深圳)有限公司) has the rights to freely possess, use, transfer, mortgage, lease, derive income from, and otherwise dispose of the property.
6. Our valuation has been made on the following basis and analysis:

In the course of our valuation of the property, we have made references to relevant comparables in the locality which have similar characteristics as the subject property such as nature, use and accessibility. The obtained unit prices of the comparables range from RMB22,500 to RMB26,600 per sq.m. for office units. The unit rates adopted in the valuation are consistent with the unit rates of the relevant comparables after due adjustments in terms of floor, time, asking and size, etc.

7. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the Valuation Date in its existing state is set out as below:

Classification	Market value in existing state as at the Valuation Date HKD
Group I – Property interests held for investment by the Group in the PRC	306,943,000
Group II – Property interests held for owner occupation by the Group in the PRC	<u>31,094,000</u>
Total:	<u><u>338,037,000</u></u>

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
2.	Units 102-111, 144, 148-151, Block 1, Huasheng Longyue Garden, Longhua District, Shenzhen City, Guangdong Province, the PRC (中國廣東省深圳市龍華區華盛龍悅花園1棟102-111, 144,148-151室)	<p>The property comprises 15 commercial duplex units on the ground floor and first floor of Building D and F, Block 1, Huasheng Longyue Garden, which is completed in about 2020.</p> <p>The total gross floor area of the property is approximately 3,493.28 sq.m.</p> <p>The property was held for investment as at the Valuation Date.</p> <p>Units 144,148-151 are located near the junction of Hongshang Road and Jinglong Taiping Road while units 102-111 are located at the southeast of the junction of Donghuan First Road and Jinglong Jianshe Road. The property is located at the development named Huasheng Longyue Garden in Longhua District of Shenzhen City, with approximately 1.3km to Longhau Railway Station.</p> <p>The land use rights of the property have been granted for a term expiring on 20 March 2087 for commercial use.</p>	<p>The property with a gross floor area of 664.83 sq.m. was leased to 5 tenants for commercial use (shops) as at the Valuation Date. The remaining portion of the property was vacant.</p>	<p>174,271,000 (Equivalent to RMB156,600,000)</p> <p>(52.79% interest attributable to the Company: 91,998,000)</p>

Notes:

- Pursuant to 15 Real Estate Ownership Certificates issued by Shenzhen Municipal Planning and Natural Resources Bureau (深圳市規劃與自然資源局), the land use rights of a term expiring on 20 March 2087 for commercial use and building ownership of the property with a total gross floor area of 3,493.28 sq.m. for commercial use have been vested to Process Automation (Shenzhen) Limited (寶龍自動機械(深圳)有限公司), in which the Company holds an indirect ownership interest of 52.79%, with the details as follows:

Real Estate Ownership Certificate No.	Issue Date	Unit	Gross Floor Area (sq.m.)
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617676	19 October 2023	102	129.41
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617666	19 October 2023	103	8.66

Real Estate Ownership Certificate No.	Issue Date	Unit	Gross Floor Area (sq.m.)
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617672	19 October 2023	104	143.64
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617671	19 October 2023	105	105.78
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617669	19 October 2023	106	95.78
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617668	19 October 2023	107	93.23
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617663	19 October 2023	108	153.79
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617651	19 October 2023	109	152.81
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617657	19 October 2023	110	127.71
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617647	19 October 2023	111	98.89
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617469	19 October 2023	144	1418.84
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617467	19 October 2023	148	261.52
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617462	19 October 2023	149	187.66
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617459	19 October 2023	150	234.53
Yue(2023)Shen Zhen Shi Bu Dong Chan Quan Di No. 0617454	19 October 2023	151	<u>281.03</u>
Total:			<u>3,493.28</u>

2. Pursuant to 4 tenancy agreements and as advised by the Group, portions of the property with a gross floor area of 419.57 sq.m. were leased to 4 independent third parties for shops use at a total monthly rent of RMB50,100, inclusive of value-added tax and exclusive of management fees and utility fees, for various terms with the expiry dates from 19 August 2026 to 31 December 2028.
3. Pursuant to a tenancy agreement and as advised by the Group, the property with a gross floor area of 245.26 sq.m. was leased to an independent third party for shops use. The annual rent, inclusive of value-added tax and exclusive of management fees and utility fees, falls within a range of percentage of tenant's annual revenue with the expiry date of 25 August 2036.
4. We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - a. Process Automation (Shenzhen) Limited (寶龍自動機械(深圳)有限公司) is the legal owner of the property and has obtained the land use rights and the building ownership of the property;
 - b. The property has not been mortgaged, seized or subjected to any other encumbrances; and
 - c. Process Automation (Shenzhen) Limited (寶龍自動機械(深圳)有限公司) has the rights to freely possess, use, transfer, mortgage, lease, derive income from, and otherwise dispose of the property.
5. Our valuation has been made on the following basis and analysis:

In the course of our valuation of the property, we have made references to relevant comparables in the locality which have similar characteristics as the subject property such as nature, use and accessibility. The obtained unit prices of the comparables range from RMB60,500 to RMB80,100 per sq.m. and RMB30,250 to RMB40,050 per sq.m. for retail units on ground floor and first floor respectively. The unit rates adopted in the valuation are consistent with the unit rates of the relevant comparables after due adjustments in terms of floor, time, asking and size, etc.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD									
3.	Flat A and B on 12/F & Roof of Tower 5 of Deerhill Tower of Deerhill Bay, Car Park No.172 at Basement 1 and Car Park No. 187 at Basement 2 of Garage A Below Towers 1 to 6 of Deerhill Bay, No. 4699 Tai Po Road, Tai Po Kau, Tai Po, New Territories, Hong Kong	<p>The property comprises 2 residential units with top roof located in a 12-storey building and 2 car parking spaces situated at basement 1 and 2 level of a residential development, namely Deerhill Bay.</p> <p>The saleable area and ancillary area of the 2 residential units are listed as below:</p> <table><tr><th>Units on 12/F</th><th>Saleable Area (sq.ft.)</th><th>Roof Area (sq.ft.)</th></tr><tr><td>A</td><td>1,184</td><td>1,173</td></tr><tr><td>B</td><td>1,114</td><td>1,099</td></tr></table>	Units on 12/F	Saleable Area (sq.ft.)	Roof Area (sq.ft.)	A	1,184	1,173	B	1,114	1,099	<p>The property was vacant as at the Valuation Date.</p>	<p>28,010,000</p> <p>(52.79% interest attributable to the Company: 14,786,000)</p>
Units on 12/F	Saleable Area (sq.ft.)	Roof Area (sq.ft.)											
A	1,184	1,173											
B	1,114	1,099											
	Tai Po Town Lot No. 135.												
	Share of the Lot: 276/74777	<p>A</p> <p>B</p>											
		<p>The property was held and occupied by the Group.</p> <p>Pursuant to the Occupation Permit Nos. N.T. 81/98 and N.T. 91/98, the property was completed in 1998.</p> <p>The property is situated at the northwest of Deerhill Avenue, with approximately 3km to University MTR Station and 4km to Tai Po Market MTR Station. The surrounding locality is characterized by residential buildings.</p> <p>The property is held under New Grant No. 12790 for a lease term commencing from 17 November 1993 to 30 June 2047. The current government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>											

Notes:

1. As at the Valuation Date, the registered owner of the property is Billion Chart Limited, in which the Company holds an indirect ownership interest of 52.79%.
2. Upon our search of the Land Registry records as at the Valuation Date, we note that the following encumbrances are registered against the property: -
 - i. Occupation Permit No. N.T. 81/98 vide memorial no. TP 586372 dated 14 August 1998;
 - ii. Occupation Permit No. N.T. 91/98 vide memorial no. TP 586371 dated 30 September 1998;
 - iii. Certificate of Compliance from Director of Lands vide memorial no. TP 588753 dated 15 December 1998;
 - iv. Deed of Mutual Covenant Incorporating Management Agreement vide memorial no. TP 592034 dated 28 December 1998; and
 - v. Notice No. WC/TC01515/09/NT-E07 issued by the Building Authority under section 24c (1) of the Buildings Ordinance vide memorial no. 10061501031091 dated 9 September 2009.
3. The property is zoned for Residential (Group C) Use under Tai Po Outline Zoning Plan No. S/TP/32.
4. Our valuation has been made on the following basis and analysis:

In the course of our valuation, we obtained the unit rates ranging from approximately HKD 8,900 per sq.ft. to HKD 10,100 per sq.ft. on saleable area basis during the period from March 2025 to July 2025. Appropriate adjustments were allowed to consider the difference in terms of time, size, floor, view, etc. between the subject property and the comparables. We have therefore adopted the adjusted unit rate of HKD 10,160 per sq.ft.

5. Our valuation of the car parking space at Basement 1 level has been made on the following basis and analysis:

In the course of our valuation, we obtained the unit rate of approximately HKD 1,000,000 per car parking space during the period from July 2025 to September 2025. Appropriate adjustments were allowed to consider the difference in terms of time, size, floor, etc. between the subject property and the comparables. We have therefore adopted the adjusted unit rate of HKD 1,020,000 per car parking space.

6. Our valuation of the car parking space at Basement 2 level has been made on the following basis and analysis:

In the course of our valuation, we obtained the unit rates ranging from approximately HKD 670,000 per car parking space to HKD 820,000 car parking space during the period from August 2024 to May 2025. Appropriate adjustments were allowed to consider the difference in terms of time, size, floor, etc. between the subject property and the comparables. We have therefore adopted the adjusted unit rate of HKD 760,000 per car parking space.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
4.	Workshop A on 16th Floor and Car Parking Space Nos. 29 and 30 on 3rd Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	<p>The property comprises a workshop unit and 2 car parking spaces located in a 27-storey building within an industrial development, namely TML Tower.</p> <p>The saleable area of the workshop unit is approximately 8,474 sq.ft.</p>	<p>The property was leased to 6 tenants for industrial use and car parking use as at the Valuation Date.</p>	<p>50,880,000</p> <p>(52.79% interest attributable to the Company: 26,860,000)</p>
	Section A and the Remaining Portion of Section B of Tsun Wan Inland Lot No. 29, Sub-Section 1 of Section A and the Remaining Portion of Sub-Section 2 of Section A of Tsun Wan Island Lot No. 34.	<p>The property was held for investment as at the Valuation Date.</p> <p>Pursuant to the Occupation Permit No. N.T. 35/2013, the property was completed in 2013.</p>		
	Share of the Lot: 1266/110000	<p>The subject development is located near the junction of Chai Wan Kok Street and Pun San Street, with approximately 1km to Tsuen Wan West Station. The locality of the property is characterized by a mixture of commercial and industrial developments of various ages.</p>		

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
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Pursuant to the Land Registry records, the property is held under the 4 Government leases. The respective lease terms and government rent of the lots are as follows:

Lot No.	Lease Term	Government Rent per annum
TWIL 29 S.A	75 years from 1 July 1898 renewable for 24 years	HKD60,784
TWIL 34 S.A SS.1	75 years from 1 July 1898 renewable for 24 years	HKD10,630
TWIL 29 S.B	75 years from 1 July 1898 renewable for 24 years	HKD48,478
TWIL 34 S.A SS.2	75 years from 1 July 1898 renewable for 24 years	HKD14,002

The term is extended until 30 June 2047 under Section 6 of the New Territories Leases (Extension) Ordinance 1988.

The current government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.

Notes:

- As at the Valuation Date, the registered owner of the property is Treasure Chance Properties Limited, in which the Company holds an indirect ownership interest of 52.79%.

2. Upon our search of the Land Registry records as at the Valuation Date, we note that the following encumbrances are registered against the property: -

- i. Occupation Permit No. N.T. 35/2013 vide memorial no. 13081900280015 dated 13 August 2013;
- ii. Deed of Mutual Covenant and Management Agreement vide memorial no. 13090902020031 dated 28 August 2013; and
- iii. Mortgage in favour of ATNT Group Management Limited vide memorial no. 23060601260013 dated 2 June 2023.

3. The property is zoned for Other Specified Use (Business) under Tsun Wan Outline Zoning Plan No. S/TW/39.

4. Pursuant to 5 tenancy agreements for workshop unit and as advised by the Group, portions of the property with a saleable area of approximately 8,474 sq.ft. were leased to 5 independent third parties for industrial use at a total monthly rent of HKD 212,000, inclusive of government rent, rates and management fees, for various terms with the expiry dates from 14 April 2026 to 31 October 2027.

5. Pursuant to a tenancy agreement for car parking units and as advised by the Group, portions of the property with 2 car parking spaces were leased to an independent third party for car parking use at a monthly rent of HKD 9,000, inclusive of government rent, rates and management fees, for 2 years with the expiry date of 13 June 2027.

6. Our valuation of the workshop unit has been made on the following basis and analysis:

In the course of our valuation, we obtained the unit rates ranging from approximately HKD 4,700 to HKD 6,300 per sq.ft. on saleable area basis during the period from July 2025 to November 2025. Appropriate adjustments were allowed to consider the difference in terms of floor, time, size and floor, etc. between the subject property and the comparables. We have therefore adopted the adjusted unit rate of HKD 5,650 per sq.ft.

7. Our valuation of the car parking spaces has been made on the following basis and analysis:

In the course of our valuation, we obtained the unit rates ranged from approximately HKD 1,390,000 per car parking space to HKD 1,600,000 per car parking space during the period from July 2025 to December 2025. Appropriate adjustments were allowed to consider the difference in terms of time, size, floor, etc. between the subject property and the comparables. We have therefore adopted the adjusted unit rate of HKD 1,500,000 per car parking space.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 <i>HKD</i>																				
5.	27th Floor (including the Roofs thereabove and the Stairhood pertaining thereto) and Car Parking Spaces Nos. P3, P5, P6, P47 and Motorcycle Parking Space No. M2 on Basement 1 Floor, W Luxe, No. 5 On Yiu Street, Shatin, New Territories, Hong Kong	<p>The property comprises 4 office units, 4 car parking spaces and a motorcycle parking space located in a 24-storey office building within a commercial development, namely W LUXE.</p> <p>The saleable area and ancillary area of the 4 office units are listed as below:</p> <table><thead><tr><th>Units on 27/F</th><th>Saleable Area (sq.ft.)</th><th>Roof Area (sq.ft.)</th><th>Flat Roof Area (sq.ft.)</th></tr></thead><tbody><tr><td>N1</td><td>875</td><td>612</td><td>–</td></tr><tr><td>N2</td><td>1,100</td><td>505</td><td>–</td></tr><tr><td>S1</td><td>1,080</td><td>1,080</td><td>491</td></tr><tr><td>S2</td><td>951</td><td>919</td><td>469</td></tr></tbody></table>	Units on 27/F	Saleable Area (sq.ft.)	Roof Area (sq.ft.)	Flat Roof Area (sq.ft.)	N1	875	612	–	N2	1,100	505	–	S1	1,080	1,080	491	S2	951	919	469	<p>The property was leased to 8 tenants for office or business use and car parking use as at the Valuation Date.</p>	<p>58,240,000</p> <p>(52.79% interest attributable to the Company: 30,745,000)</p>
Units on 27/F	Saleable Area (sq.ft.)	Roof Area (sq.ft.)	Flat Roof Area (sq.ft.)																					
N1	875	612	–																					
N2	1,100	505	–																					
S1	1,080	1,080	491																					
S2	951	919	469																					

The property was held for investment as at the Valuation Date.

Pursuant to the Occupation Permit No. N.T. 61/2020, the property was completed in 2020.

The subject development is located near the junction of On Yiu Street and On Kwan Street, approximately 170m to Shek Mun Station. The locality of the property is characterized by a mixture of commercial and industrial developments of various ages.

The property is held under New Grant No. 22220 for a lease term of 50 years commenced from 17 November 2015. The current government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.

Notes:

1. As at the Valuation Date, the registered owner of the property is Singkei Real Estate Investment Co., Limited, in which the Company holds an indirect ownership interest of 52.79%.
2. Upon our search of the Land Registry records as at the Valuation Date, we note that the following encumbrances are registered against the property: -
 - i. Occupation Permit No. N.T. 61/2020 vide memorial no. 20082802210548 dated 18 August 2020;
 - ii. Certificate of Compliance from District Lands Office, Sha Tin Lands Department vide memorial no. 20120301970075 dated 25 November 2020;
 - iii. Deed of Mutual Covenant and Management Agreement vide memorial no. 20121602010429 dated 2 December 2020;
 - iv. Mortgage in favour of Chong Hing Bank Limited vide memorial no. 21042902400051 dated 31 March 2021; and
 - v. Assignment of Rentals in favour of Chong Hing Bank Limited vide memorial no. 21042902400066 dated 31 March 2021.
3. The property is zoned for Other Specified Use (Business) under Sha Tin Outline Zoning Plan No. S/ST/39.
4. Pursuant to a tenancy agreement for an office unit and as advised by the Group, the property with a saleable area of 1,100 sq.ft. was leased to an independent third parties for business use at a monthly rent of HKD 44,880, exclusive of management fees and inclusive of government rent, rates and management fees, for a term of 3 years with the expiry date on 31 August 2028.
5. Pursuant to a tenancy agreement for an office unit and as advised by the Group, portions of the property with a saleable area of 1,080 sq.ft. were leased to an independent third parties for business use at a monthly rent of HKD 63,000, exclusive of government rent, rates and management fees, for a term of 2 years with the expiry date on 30 September 2026.
6. Pursuant to 2 tenancy agreements for office units and as advised by the Group, portions of the property with a saleable area of 1,826 sq.ft. were leased to 2 independent third parties for office or business use at a total monthly rent of HKD 91,800, inclusive of government rent, rates and management fees, for various terms with the expiry dates from 2 March 2028 to 7 December 2028.
7. Pursuant to 5 tenancy agreements for car parking spaces and as advised by the Group, portions of the property with 4 car parking spaces and a motorcycle parking space were leased to 5 independent third parties for car parking use at a total monthly rent of HKD 12,000, inclusive of government rent, rates and management fees, for various terms with the expiry dates from 3 November 2026 to 2 March 2028.

8. Our valuation of the office units has been made on the following basis and analysis:

In the course of our valuation, we obtained the unit rates ranging from approximately HKD 10,800 to HKD 13,200 per sq.ft. on saleable area basis during the period from April 2025 to November 2025. Appropriate adjustments were allowed to consider the difference in terms of floor, time and size, etc. between the subject property and the comparables. We have therefore adopted the adjusted unit rates from HKD 11,360 per sq.ft. to HKD 11,651 per sq.ft.

9. Our valuation of the car parking spaces has been made on the following basis and analysis:

In the course of our valuation, we obtained the unit rates ranging from approximately HKD 1,450,000 per car parking space to HKD 1,800,000 per car parking space in December 2025. Appropriate adjustments were allowed to consider the difference in terms of time, size, floor, and asking etc. between the subject property and the comparables. We have therefore adopted the adjusted unit rate of HKD 1,450,000 per car parking space.

10. Our valuation of the motorcycle parking space has been made on the following basis and analysis:

In the course of our valuation, we obtained the unit rates ranging from approximately HKD 130,000 per motorcycle parking space to HKD 210,000 per motorcycle parking space during the period from April 2025 to December 2025. Appropriate adjustments were allowed to consider the difference in terms of time, size, floor, and asking etc. between the subject property and the comparables. We have therefore adopted the adjusted unit rate of HKD 150,000 per motorcycle parking space.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
6.	A parcel of land situated at The Remaining Portion of Sub-section 1 of Section H of Lot No. 3719 in D.D. 104, Yuen Long, New Territories, Hong Kong	<p>The property comprises a parcel of land with a site area of approximately 14,025.36 sq.ft.</p> <p>The property was held and occupied by the Group.</p> <p>The property is situated at the northwest of Yau Pok Road in Yuen Long District, with approximately 5.1 km to Yuen Long Station and 6.5 km to Lok Ma Chau Control Point, Futian Port. The locality of the property is characterized by a mixture of low-rise residential use, village type development, open space storage and wetland habitat areas.</p> <p>The property is held under the Government leases for a lease term of 75 years renewable for 24 years commenced from 1 July 1898. The term is extended until 30 June 2047 under Section 6 of the New Territories Leases (Extension) Ordinance 1988.</p> <p>The current government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The property was vacant as at the Valuation Date.</p>	<p>4,250,000</p> <p>(52.79% interest attributable to the Company: 2,244,000)</p>

Notes:

1. As at the Valuation Date, the registered owner of the property is Rich Town Properties Limited, in which the Company holds an indirect ownership interest of 52.79%.
2. Upon our search of the Land Registry records as at the Valuation Date, we note that the following encumbrance is registered against the property: -
 - i. Deed of mutual grant of right of way vide memorial no. YL150495 dated 8 May 1963.

3. The property is zoned for Other Specified Use (For “Comprehensive Development and Wetland Enhancement Area” only) under Draft Nam Sang Wai Outline Zoning Plan No. S/YL-NSW/11.
4. Our valuation of the parcel of land has been made on the following basis and analysis:

In the course of our valuation, we obtained the unit rates ranging from approximately HKD 270 to HKD 400 per sq.ft. on site area basis during the period from November 2024 to December 2025. Appropriate adjustments were allowed to consider the difference in terms of time, size and asking, etc. between the subject property and the comparables. We have therefore adopted the adjusted unit rate of HKD 303 per sq.ft.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
7.	Parcels of land situated at Shan Kai Wat Lot Nos. 7, 8, 11, 56, 87, 107 and 138, D.D. 84, North, New Territories, Hong Kong	<p>The property comprises parcels of land with a site area of approximately 2,026.41 sq.ft.</p> <p>The property was held and occupied by the Group.</p> <p>Lot Nos. 7, 8, 11, 87 and 138 are situated at Ha Shan Kai Wat while Lot No. 56 and 107 are situated at Sheung Shan Kai Wat, both in Fanling, Northern District. The lots are approximately 7.5 km to Fanling Station and 5.0 km to Heung Yuen Wai Control Point, Liantang Port. The locality of the property is characterized by a mixture of village type development and agricultural areas.</p> <p>The property is held under the Government leases for a lease term of 75 years renewable for 24 years commenced from 1 July 1898. The term is extended until 30 June 2047 under Section 6 of the New Territories Leases (Extension) Ordinance 1988.</p> <p>The current government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The property was vacant as at the Valuation Date. For the Shan Kai Wat Lot No. 107 in D.D. 84, please refer to Note No. 3.</p>	<p>1,316,000</p> <p>(52.79% interest attributable to the Company: 695,000)</p>

Notes:

- As at the Valuation Date, the registered owner of the property is Prosmart Developments Limited, in which the Company holds an indirect ownership interest of 52.79%.
- Upon our search of the Land Registry records as at the Valuation Date, we note that there are no encumbrances registered against the property.

3. At the time of our inspection, it was noted that an aged and damaged structure had been erected on a portion of the subject property, Shan Kai Wat Lot No. 107 in D.D. 84. There is no information available to us showing that a formal approval has been granted for such addition or alteration by the Lands Department. Without any information to the contrary, the benefit and reinstatement cost of such addition or alteration has not been taken into account in our valuation.
4. The property is zoned for Village Type Development under Approved Ping Che and Ta Kwu Ling Outline Zoning Plan No. S/NE-TKL/14.
5. Our valuation of the parcel of land has been made on the following basis and analysis:

In the course of our valuation, we obtained the unit rates ranging from approximately HKD 600 to HKD 810 per sq.ft. on site area basis during the period from August 2024 to October 2025. Appropriate adjustments were allowed to consider the difference in terms of time, size and location etc. between the subject property and the comparables. We have therefore adopted the adjusted unit rate of HKD 650 per sq.ft.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
8.	No. 172 Changchun 2nd Road, Zhongli District, Taoyuan City, Taiwan (台灣桃園市中壢區長春二路172號)	<p>The property comprises an industrial building located at No. 172 Changchun 2nd Road, Taoyuan City.</p> <p>According to the information provided by the Group, the total gross floor area of the property is approximately 616 sq.m.</p> <p>The property is situated at the intersection of Changchun 2nd Road and Changchun 6th Road in Zhongli District of Taoyuan City, with approximately 4.1 km to Zhongli Railway Station of Taiwan Railway and approximately 14.1 km to Taiwan Taoyuan International Airport.</p> <p>The locality of the property is characterized by a mixture of industrial and residential developments of various ages.</p>	The property was leased by the Group as at the Valuation Date.	No Commercial Value

Notes:

- As at the Valuation Date, the lessee of the property is Process Automation (Taiwan) Limited (台灣亞洲自動化設備股份有限公司), in which the Company holds an indirect ownership interest of 52.79%.
- Pursuant to a tenancy agreement entered into between the between 維京不動產有限公司 (the “Sublessor”) and Process Automation (Taiwan) Limited (台灣亞洲自動化設備股份有限公司, “Process Automation Taiwan”) on 26 December 2022 and as advised by the Group, the property is leased for commercial, research and development and warehouse use under a term of 4 years and 3 months, commencing on 1 January 2023 and expiring on 31 March 2027. The contractual monthly rent for the lease term from 1 January 2023 to 31 March 2025 amounts to TWD 140,000, inclusive of value-added tax and exclusive of utility fees, and a rent adjustment clause has been agreed between the two parties, stipulating an adjustment of 5% to 10% for the period from 1 April 2025 to 31 March 2027.
- Pursuant to an executed consent letter dated 6 February 2026 issued by the owner of the property, consent has been given for Process Automation Taiwan to lease the property from the Sublessor.

4. We have been provided with the Taiwan Legal Opinion, which contains, *inter alia*, the following: -
 - a. The tenancy agreement is valid and legally binding, based on the tenancy agreement dated 26 December 2022 entered into between the Sublessor and Process Automation Taiwan, together with the executed consent letter dated 6 February 2026; and
 - b. Process Automation Taiwan could continue to enjoy its rights of use under the tenancy agreement pursuant to the terms and conditions thereunder.
5. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
9.	Semi-basement, Huasheng Longyue Garden, Longhua District, Shenzhen City, Guangdong Province, the PRC (中國廣東省深圳市龍華區華盛龍悅花園半地下室)	<p>The property comprises a storage unit located on the semi-basement of Huasheng Longyue Garden, which is completed in about 2020.</p> <p>According to the information provided by the Group, the total gross floor area of the property is approximately 450.00 sq.m.</p> <p>The subject development is situated at the intersection of Hongshang Road and DongHuanyi Road in Longhua District of Shenzhen City, with approximately 1.3km to Longhau Railway Station.</p> <p>The locality of the property is characterized by a mixture of commercial and residential developments of various ages.</p>	The property was leased by the Group as at the Valuation Date.	No Commercial Value

Notes:

- As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. (寶盈科技(深圳)有限公司), in which the Company holds an indirect ownership interest of 52.79%.
- Pursuant to a tenancy agreement entered into between Shenzhen Bao Sheng Long Yue Industrial Investment Company Limited (深圳市寶盛龍悅實業投資有限公司, the “Lessor”) and Process Automation (China) Ltd. (寶盈科技(深圳)有限公司, “Process Automation China”) on 12 December 2022 and as advised by the Group, the property is leased for storage use under a term of 5 years, commencing on 1 January 2023 and expiring on 31 December 2027. The contractual monthly rent amounts to RMB12,600, inclusive of value-added tax and exclusive of utility fees.
- We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - The property has obtained the real estate ownership certificate.

- b. There are certain legal deficiencies, as Process Automation China has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China to rectify the situation and may impose fines.

Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China.

- 4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
10.	Unit 101, Factory Building No. 5, Dongfang Shequ Pobian Road, and 2/F & 3/F, Block B, Pobian Industrial Zone, Hongxing Longmen Village, Songgang Subdistrict, Baoan District, Shenzhen City, Guangdong Province, the PRC	The property comprises an industrial unit situated at No. 5, Dongfang Shequ Pobian Road, together with ancillary office units on the 2nd and 3rd floors of Block B, Pobian Industrial Zone. According to the information provided by the Group, the total gross floor area of the property is approximately 3,328.00 sq.m.	The property was leased by the Group as at the Valuation Date.	No Commercial Value
	(中國廣東省深圳市寶安區松崗街道紅星龍門村坡邊工業區B棟2樓及3樓及東方社區坡邊路5號廠房101單元)	The property is located on Xifang Road, Baoan District, with approximately 3.7 km to Songgang Railway Station. The locality of the property is characterized by residential developments of various ages.		

Notes:

- As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. (寶盈科技(深圳)有限公司), in which the Company holds an indirect ownership interest of 52.79%.
- Pursuant to a tenancy agreement entered into between the 深圳市恆方科技實業有限公司 (the “Sublessor”) and Process Automation (China) Ltd. (寶盈科技(深圳)有限公司, “Process Automation China”) on 2 December 2025 and as advised by the Group, the property is leased for industrial and office use under a term of 3 years, commencing on 1 January 2026 and expiring on 31 December 2028. The contractual monthly rent amounts to RMB138,000, exclusive of value-added tax and utility fees.
- We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - The property has obtained the real estate ownership certificate.

- b. There are certain legal deficiencies, as Process Automation China has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China to rectify the situation and may impose fines.

Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China.

- c. The property involves circumstances where the Sublessor under the tenancy agreement mentioned in Note 2 is not the legal owner of the property. The following points are pertinent to this matter:
 - i. Pursuant to the Civil Code, a lessee must obtain the lessor's consent prior to subleasing the property. If the lessee subleases without such consent, the lessor could terminate the contract. Furthermore, if the lessor is aware or should be aware of the sublease and does not object within six months, consent is deemed to have been granted;
 - ii. Pursuant to the Civil Code and relevant judicial interpretations, a sublease without the lessor's consent is generally deemed valid unless there are other statutory grounds for invalidity, such as violations of mandatory laws or public order and good morals; and
 - iii. In principle, the subleasing of the property does not have a significant adverse impact on the production and operations of Process Automation China.
- 4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest..

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
11.	No. 99 Xindong Street, Jiazhuang Village, Huangpu District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市黃埔區加莊村新東街99號)	<p>The property comprises a residential unit located at No. 99 Xindong Street, Jiazhuang Village.</p> <p>According to the information provided by the Group, the total gross floor area of the property is approximately 130.00 sq.m.</p> <p>The property is situated at No. 99 Xindong Street of Jiazhuang Village, with approximately 300m to Jiazhuang Railway Station.</p> <p>The locality of the property is characterized by a mixture of industrial parks and residential developments of various ages.</p>	The property was leased by the Group as at the Valuation Date.	No Commercial Value

Notes:

1. As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. (寶盈科技(深圳)有限公司), in which the Company holds an indirect ownership interest of 52.79%.
2. Pursuant to a tenancy agreement entered into between 莫鑽清 (the “Lessor”) and Process Automation (China) Ltd. (寶盈科技(深圳)有限公司, “Process Automation China”) on 30 April 2025 and as advised by the Group, the property is leased for residential use under a term of 1 year, commencing on 1 May 2025 and expiring on 30 April 2026. The contractual monthly rent amounts to RMB2,700, exclusive of value-added tax and utility fees.
3. We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - a. The property has obtained the real estate ownership certificate.
 - b. There are certain legal deficiencies, as Process Automation China has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China to rectify the situation and may impose fines.

Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China.

4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
12.	1/F, No. 19 of Lane 5, Niushan Zhongwuwei, Dongcheng District, Dongguan City, Guangdong Province, the PRC (中國廣東省東莞市東城區牛山鐘屋圍5巷19號一樓)	<p>The property comprises a residential unit situated on the first floor of No. 19 of Lane 5, Niushan Zhongwuwei.</p> <p>According to the information provided by the Group, the total gross floor area of the property is approximately 140.00 sq.m.</p> <p>The property is situated at No. 19, Lane 5 of Zhongwuwei village, with approximately 3.0 km to Dongchengnan Railway Station.</p> <p>The locality of the property is characterized by residential developments of various ages.</p>	<p>The property was leased by the Group as at the Valuation Date.</p>	<p>No Commercial Value</p>

Notes:

1. As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. (寶盈科技(深圳)有限公司), in which the Company holds an indirect ownership interest of 52.79%.
2. Pursuant to a tenancy agreement entered into between 謝娥英 (the “Lessor”) and Process Automation (China) Ltd. (寶盈科技(深圳)有限公司, “Process Automation China”) on 15 May 2025 and as advised by the Group, the property is leased for residential use under a term of 1 year, commencing on 15 May 2025 and expiring on 14 May 2026. The contractual monthly rent amounts to RMB2,600, exclusive of value-added tax, management fees and utility fees.
3. We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - a. The property has not obtained valid ownership certificates and the tenancy agreement mentioned in Note 2 is subject to the legal risk of being deemed invalid. The following points are pertinent to this matter:
 - i. The property is supported by property ownership proof issued by the local joint-stock economic cooperative (股份經濟合作社) rather than the statutory real estate registration authority. While such certificates may serve as reference for ownership in certain rural or historical issues, they do not constitute formal proof of legal title or confirm the legality of the building;

- ii. The absence of a real estate ownership certificate does not necessarily render a tenancy agreement invalid. Pursuant to the Civil Code, a contract shall be deemed invalid only if it violates mandatory provisions of laws or administrative regulations that concern contractual validity. Specifically, where the leased property constitutes illegal construction or fails to comply with mandatory safety standards, the tenancy agreement shall be invalid. On the contrary, where the premises constitute lawful buildings but the ownership certificate has not yet been obtained due to pending registration procedures, this circumstance does not affect the validity of the tenancy agreement;
 - iii. If the lease contract of the property is deemed invalid, there would be a risk that the lessor may demand the lessee to vacate the leased property at any time. The lessor would also be entitled to claim a usage fee for the period during which the lessee occupied the leased property; and
 - iv. The likelihood of disputes arising from the leasing of such properties is low. Even if a dispute were to arise and the lease agreement were ultimately deemed invalid, it does not have a significant adverse impact on the production and operations of Process Automation China.
- b. There are certain legal deficiencies, as Process Automation China has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China to rectify the situation and may impose fines.

Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China.

4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
13.	Unit 17-6, 17/F, Block 8, No. 47 Heyun Road, Jiangbei District, Chongqing City, the PRC (中國重慶市江北區和韻路47號8單元17-6)	<p>The property comprises a residential unit located in Block 8 of a residential development, namely He Yun Jiayuan.</p> <p>According to the information provided by the Group, the total gross floor area of the property is approximately 98.52 sq.m.</p> <p>The subject development is situated at the junction of Heyun Road and Yonghe Road, with approximately 7.2 km to Fusheng Railway Station and 20.5 km to Chongqing Jiangbei International Airport.</p> <p>The locality of the property is characterized by a mixture of industrial parks and residential developments of various ages.</p>	<p>The property was leased by the Group as at the Valuation Date.</p>	<p>No Commercial Value</p>

Notes:

- As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. (寶盈科技(深圳)有限公司), in which the Company holds an indirect ownership interest of 52.79%.
- Pursuant to a tenancy agreement entered into between 傅正全 (the “Lessor”) and Process Automation (China) Ltd. (寶盈科技(深圳)有限公司, “Process Automation China”) in August 2025 and as advised by the Group, the property is leased for residential use under a term of 1 year, commencing on 4 August 2025 and expiring on 3 August 2026. The contractual monthly rent amounts to RMB2,800, exclusive of value-added tax, management fees and utility fees.
- We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - The property has obtained the real estate ownership certificate.
 - There are certain legal deficiencies, as Process Automation China has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China to rectify the situation and may impose fines.

Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China.

4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
14.	No. 2, Jiaoshi Village, Huzhen, Boluo County, Huizhou City, Guangdong Province, the PRC (中國廣東省惠州市博羅縣湖鎮教師村2號)	<p>The property comprises a residential unit situated at No. 2, Jiaoshi Village.</p> <p>According to the information provided by the Group, the total gross floor area of the property is approximately 155.28 sq.m.</p> <p>The subject property is situated at No. 2 of Jiaoshi Village, with approximately 12.3 km to Luofushan Railway Station.</p> <p>The locality of the property is characterized by a mixture of industrial parks and residential developments of various ages.</p>	<p>The property was leased by the Group as at the Valuation Date.</p>	No Commercial Value

Notes:

1. As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. (寶盈科技(深圳)有限公司), in which the Company holds an indirect ownership interest of 52.79%.
2. Pursuant to a tenancy agreement entered into between 謝鏡堯 (the “Lessor”) and Process Automation (China) Ltd. (寶盈科技(深圳)有限公司, “Process Automation China”) on 15 October 2025 and as advised by the Group, the property is leased for residential use under a term of 1 year, commencing on 1 November 2025 and expiring on 31 October 2026. The contractual monthly rent amounts to RMB2,200, exclusive of value-added tax, management fees and utility fees.
3. We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - a. The property has obtained the real estate ownership certificate.
 - b. There are certain legal deficiencies, as Process Automation China has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China to rectify the situation and may impose fines.

Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China.

4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
15.	Room 601, Unit 1, Block 1, Jinyi Haoyuan, Qianwu Town, Doumen District, Zhuhai City, Guangdong Province, the PRC (中國廣東省珠海市鬥門區幹務鎮金逸豪苑1棟1單位601房)	<p>The property comprises a residential unit located in Block 1 of a residential development, namely Jinyi Haoyuan.</p> <p>According to the information provided by the Group, the total gross floor area of the property is approximately 102.49 sq.m.</p> <p>The subject development is located near the junction of Fuyang Road and Xinchengdadao in Qianwu Town, Doumen District of Zhuhai City, with approximately 28.0 km to ZhuhaiHezhou Railway Station, 32.4 km to Zhuhai Jinwan Airport and 50.0 km to Hong Kong-Zhuhai-Macau Bridge Zhuhai Port.</p> <p>The locality of the property is characterized by a mixture of industrial parks and residential developments of various ages.</p>	The property was leased by the Group as at the Valuation Date.	No Commercial Value

Notes:

- As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. (寶盈科技(深圳)有限公司), in which the Company holds an indirect ownership interest of 52.79%.
- Pursuant to a tenancy agreement entered into between 梁志炳 (the “Sublessor”) and Process Automation (China) Ltd. (寶盈科技(深圳)有限公司, “Process Automation China”) on 21 November 2025 and as advised by the Group, the property is leased for residential use under a term of 1 year, commencing on 23 November 2025 and expiring on 22 November 2026. The contractual monthly rent amounts to RMB2,600, exclusive of value-added tax, management fees and utility fees.
- We have been provided with the PRC Legal Opinion, which contains, inter alia, the following: -
 - The property has obtained the real estate ownership certificate.
 - There are certain legal deficiencies, as Process Automation China has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China to rectify the situation and may impose fines.

Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China.

- c. The property involves circumstances where the Sublessor under the tenancy agreement mentioned in Note 2 is not the legal owner of the property. The following points are pertinent to this matter:
 - i. Pursuant to the Civil Code, a lessee must obtain the lessor's consent prior to subleasing the property. If the lessee subleases without such consent, the lessor could terminate the contract. Furthermore, if the lessor is aware or should be aware of the sublease and does not object within six months, consent is deemed to have been granted;
 - ii. Pursuant to the Civil Code and relevant judicial interpretations, a sublease without the lessor's consent is generally deemed valid unless there are other statutory grounds for invalidity, such as violations of mandatory laws or public order and good morals; and
 - iii. In principle, the subleasing of the property does not have a significant adverse impact on the production and operations of Process Automation China.
- 4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
16.	3/F, No. 9 of Lane 2, Dengtang Street, Baiyun District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市白雲區登塘街二巷9號3樓)	<p>The property comprises a residential unit located at No. 9 of Lane 2, Dengtang Street.</p> <p>According to the information provided by the Group, the total gross floor area of the property is approximately 130.00 sq.m.</p> <p>The property is situated at No. 9, Lane 2 of Dengtang Street, with approximately 5.7 km to Jiufu Railway Station, 27.7 km to Guangzhou Baiyun International Airport.</p> <p>The locality of the property is characterized by a mixture of agricultural lands and residential developments of various ages.</p>	The property was leased by the Group as at the Valuation Date.	No Commercial Value

Notes:

1. As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. (寶盈科技(深圳)有限公司), in which the Company holds an indirect ownership interest of 52.79%.
2. Pursuant to a tenancy agreement entered into between 鄺鏡華 (the “Lessor”) and Process Automation (China) Ltd. (寶盈科技(深圳)有限公司, “Process Automation China”) on 14 October 2025 and as advised by the Group, the property is leased for residential use under a term of 6 months commencing on 24 October 2025 and expiring on 23 April 2026. The contractual monthly rent amounts to RMB1,800, exclusive of value-added tax, management fees and utility fees.
3. We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - a. The property has not obtained valid ownership certificates and the tenancy agreement mentioned in Note 2 is subject to the legal risk of being deemed invalid. The following points are pertinent to this matter:
 - i. The property is supported only by a Rural (Market Town) Homestead Use Certificate (農村(墟鎮)宅基地使用證). According to the Lessor, the certificate is registered in his father’s name;

- ii. The absence of a real estate ownership certificate does not necessarily render a tenancy agreement invalid. Pursuant to the Civil Code, a contract shall be deemed invalid only if it violates mandatory provisions of laws or administrative regulations that concern contractual validity. Specifically, where the leased property constitutes illegal construction or fails to comply with mandatory safety standards, the tenancy agreement shall be invalid. On the contrary, where the premises constitute lawful buildings but the ownership certificate has not yet been obtained due to pending registration procedures, this circumstance does not affect the validity of the tenancy agreement;
 - iii. The lessor only holds a Rural (Market Town) Homestead Use Certificate (農村(墟鎮)宅基地使用證) and does not possess any other ownership certificate. Judicial practice differs with respect to the validity of lease agreements for such properties. Some courts have held these agreements to be valid, reasoning that the certificate is a legally issued document and remains effective unless revoked. Provided the leased area does not exceed the scope of the certificate and the agreement does not violate mandatory laws or regulations, the lease should be recognized as valid;
 - iv. Other courts, however, have held such lease agreements to be invalid for two main reasons: (i) rural homestead land is welfare land allocated exclusively to members of collective economic organizations and is strictly limited to self-built residential use by such members. It cannot be leased, sold, or used for non-residential purposes. Therefore, such leases are contrary to mandatory legal provisions and should be deemed invalid; and (ii) if the lessor cannot provide legal construction approvals or formal ownership certificates, the lease may be deemed invalid due to the lack of legal basis for the property, even if a Rural (Market Town) Homestead Use Certificate is held;
 - v. If the lease contract of the property is deemed invalid, there would be a risk that the lessor may demand the lessee to vacate the leased property at any time. The lessor would also be entitled to claim a usage fee for the period during which the lessee occupied the leased property; and
 - vi. The likelihood of disputes arising from the leasing of such properties is low. Even if a dispute were to arise and the lease agreement were ultimately deemed invalid, it does not have a significant adverse impact on the production and operations of Process Automation China.
- b. There are certain legal deficiencies, as Process Automation China has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China to rectify the situation and may impose fines.
- Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China.
4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
17.	Room 302, Block 2, Tianxiang Intelligent Industrial Park, No. 666 Fenting Avenue, Suzhou Industrial Park District, Suzhou City, Jiangsu Province, the PRC (中國江蘇省蘇州市蘇州工業園區封亭大道666號天翔智能產業園區2棟302室)	The property comprises an office unit located in Block 2 of Tianxiang Intelligent Industrial Park. According to the information provided by the Group, the total gross floor area of the property is approximately 585.98 sq.m. The subject development is located near the junction of Fenting Avenue and Xinghu Street in Suzhou Industrial Park district of Suzhou City, with approximately 2.6 km to Suzhou Industrial Park Railway Station and 40.8 km to Wuxi Shuofang Airport. The locality of the property is characterized by industrial parks.	The property was leased by the Group as at the Valuation Date.	No Commercial Value

Notes:

- As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. Suzhou Branch (寶盈科技(深圳)有限公司蘇州分公司), in which the Company holds an indirect ownership interest of 52.79%.
- Pursuant to a tenancy agreement entered into between 蘇州天翔軟件科技有限公司 (the “Lessor”) and Process Automation (China) Ltd. Suzhou Branch (寶盈科技(深圳)有限公司蘇州分公司, “Process Automation China Suzhou”) on 15 May 2025 and as advised by the Group, the property is leased for office use under a term of 1 year commencing on 18 June 2025 and expiring on 17 June 2026. The contractual monthly rent amounts to RMB14,673, inclusive of value-added tax and exclusive of management fees and utility fees.
- We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - The property has obtained the real estate ownership certificate.
 - There are certain legal deficiencies, as Process Automation China Suzhou has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China Suzhou to rectify the situation and may impose fines.

Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China Suzhou.

4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
18.	Room 901, No. 27 of Lane 168, Shenbei Road, Shanghai City, the PRC (中國上海市申北路168弄27號 901室)	<p>The property comprises a residential unit located at No. 27 of Lane 168, Shenbei Road.</p> <p>According to the information provided by the Group, the total gross floor area of the property is approximately 134.00 sq.m.</p> <p>The property is situated near the junction of Chundong Road and Shenbei Road in Shanghai City, with approximately 810m to Yindu Road Railway Station and 13.2 km to Shanghai Hongqiao International Airport.</p> <p>The locality of the property is characterized by residential developments.</p>	<p>The property was leased by the Group as at the Valuation Date.</p>	<p>No Commercial Value</p>

Notes:

- As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. Suzhou Branch (寶盈科技(深圳)有限公司蘇州分公司), in which the Company holds an indirect ownership interest of 52.79%.
- Pursuant to a tenancy agreement entered into between 張金福 (the “Lessor”) and Process Automation (China) Ltd. Suzhou Branch (寶盈科技(深圳)有限公司蘇州分公司, “Process Automation China Suzhou”) on 21 October 2024 and as advised by the Group, the property is leased for residential use under a term of 2 years, commencing on 1 November 2024 and expiring on 31 October 2026. The contractual monthly rent amounts to RMB6,600, inclusive of value-added tax and exclusive of utility fees.
- We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - The property has obtained the real estate ownership certificate.
 - There are certain legal deficiencies, as Process Automation China Suzhou has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China Suzhou to rectify the situation and may impose fines.

Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China Suzhou.

- c. The property involves circumstances where the lessor is only one of the co-owners of the property. The following points are pertinent to this matter:
 - i. Although relevant Civil Code provides that “the disposal of co-owned real or movable property, as well as major repairs, changes in nature, or changes in use of such property, shall be subject to the consent of co-owners holding at least two-thirds of the shares or all joint co-owners, unless otherwise agreed among the co-owners.”, the prevailing view in judicial practice is that leasing co-owned property constitutes a use of the co-owned property, which is legally regarded as an act of management rather than disposal. Therefore, such action does not require the unanimous consent of all co-owners. On this basis, a lease agreement signed by only one co-owner as the contracting party with the lessee is generally recognized as valid in judicial practice; and
 - ii. If a co-owner leases the co-owned property without the consent of the other co-owners and the other co-owners subsequently request the lessee to vacate, the latest judicial practice generally does not support such claims, provided the lessee has taken possession of the leased premises and paid rent as agreed. Accordingly, provided Process Automation China Suzhou has taken possession of the premises and paid rent as agreed, the fact that the property is co-owned but leased by only one co-owner does not have a significant adverse impact on the production and operations of Process Automation China Suzhou.
- 4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
19.	Room 406, Block 29, Yixin Garden, Huqiu District, Suzhou City, Jiangsu Province, the PRC (中國江蘇省蘇州市虎丘區怡馨花園29棟406室)	<p>The property comprises a residential unit located in Block 29 of a residential development, namely Yixin Garden.</p> <p>According to the information provided by the Group, the total gross floor area of the property is approximately 96.39 sq.m.</p> <p>The subject development is situated near the junction of Changjiang Road and Heshan Road in Suzhou City, with approximately 10.0 km to Suzhou Railway Station and 30.5 km to Wuxi Shuofang Airport.</p> <p>The locality of the property is characterized by residential developments and industrial parks.</p>	The property was leased by the Group as at the Valuation Date.	No Commercial Value

Notes:

- As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. Suzhou Branch (寶盈科技(深圳)有限公司蘇州分公司), in which the Company holds an indirect ownership interest of 52.79%.
- Pursuant to a tenancy agreement entered into between 李志明 (the “Lessor”) and Process Automation (China) Ltd. Suzhou Branch (寶盈科技(深圳)有限公司蘇州分公司, “Process Automation China Suzhou”) on 23 July 2025 and as advised by the Group, the property is leased for residential use under a term of 1 year, commencing on 16 July 2025 and expiring on 15 July 2026. The contractual monthly rent amounts to RMB3,800, inclusive of value-added tax and exclusive of utility fees.
- We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - The property has obtained the real estate ownership certificate.
 - There are certain legal deficiencies, as Process Automation China Suzhou has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China Suzhou to rectify the situation and may impose fines.

Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China Suzhou.

4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
20.	Unit 901, Block 1, Jinsha Plaza, 6 Weihua Road, Suzhou Industrial Park District, Suzhou City, Jiangsu Province, the PRC (中國江蘇省蘇州市蘇州工業園區唯華路6號金沙廣場1棟901單元)	The property comprises a residential unit located in Block 1 of Jinsha Plaza. According to the information provided by the Group, the total gross floor area of the property is approximately 54.28 sq.m. The subject development is located near the junction of Weihua Road and Henglong Street in Suzhou City, with approximately 3.6 km to Suzhou Industrial Park Railway Station and 39.3 km to Wuxi Shuofang Airport. The locality of the property is characterized by residential developments and recreational areas.	The property was leased by the Group as at the Valuation Date.	No Commercial Value

Notes:

- As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. Suzhou Branch (寶盈科技(深圳)有限公司蘇州分公司), in which the Company holds an indirect ownership interest of 52.79%.
- Pursuant to a tenancy agreement entered into between 王冰潔 (the “Lessor”) and Process Automation (China) Ltd. Suzhou Branch (寶盈科技(深圳)有限公司蘇州分公司, “Process Automation China Suzhou”) on 17 February 2025 and as advised by the Group, the property is leased for residential use under a term of 1 year, commencing on 1 March 2025 and expiring on 28 February 2026. The contractual monthly rent amounts to RMB2,400, inclusive of value-added tax and management fees, and exclusive of utility fees.
- We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - The property has obtained the real estate ownership certificate.
 - There are certain legal deficiencies, as Process Automation China Suzhou has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China Suzhou to rectify the situation and may impose fines.

Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China Suzhou.

- c. The property involves circumstances where the lessor is only one of the co-owners of the property. The following points are pertinent to this matter:
 - i. Although relevant Civil Code provides that “the disposal of co-owned real or movable property, as well as major repairs, changes in nature, or changes in use of such property, shall be subject to the consent of co-owners holding at least two-thirds of the shares or all joint co-owners, unless otherwise agreed among the co-owners.”, the prevailing view in judicial practice is that leasing co-owned property constitutes a use of the co-owned property, which is legally regarded as an act of management rather than disposal. Therefore, such action does not require the unanimous consent of all co-owners. On this basis, a lease agreement signed by only one co-owner as the contracting party with the lessee is generally recognized as valid in judicial practice; and
 - ii. If a co-owner leases the co-owned property without the consent of the other co-owners and the other co-owners subsequently request the lessee to vacate, the latest judicial practice generally does not support such claims, provided the lessee has taken possession of the leased premises and paid rent as agreed. Accordingly, provided Process Automation China Suzhou has taken possession of the premises and paid rent as agreed, the fact that the property is co-owned but leased by only one co-owner does not have a significant adverse impact on the production and operations of Process Automation China Suzhou.
- 4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
21.	Room 1804, Block 183, Shimao Diehu Bay, No. 228 Xinnan Zhong Road, Kunshan City, Suzhou City, Jiangsu Province, the PRC (中國江蘇省蘇州市崑山市新南中路228號世茂蝶湖灣183棟1804號)	<p>The property comprises a residential unit located in Block 1 of a residential development, namely Shimao Diehu Bay.</p> <p>According to the information provided by the Group, the total gross floor area of the property is approximately 131.52 sq.m.</p> <p>The subject development is located near the junction of Xinnan Zhong Road and Changjiang Zhong Road in Kunshan City, with approximately 2.8 km to Kunshannan Railway Station and 46.7 km to Shanghai Hongqiao International Airport.</p> <p>The locality of the property is characterized by residential developments and industrial parks.</p>	The property was leased by the Group as at the Valuation Date.	No Commercial Value

Notes:

- As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. Suzhou Branch (寶盈科技(深圳)有限公司蘇州分公司), in which the Company holds an indirect ownership interest of 52.79%.
- Pursuant to a tenancy agreement entered into between 宋衛華 (the “Lessor”) and Process Automation (China) Ltd. Suzhou Branch (寶盈科技(深圳)有限公司蘇州分公司, “Process Automation China Suzhou”) on 26 November 2025 and as advised by the Group, the property is leased for residential use under for a term of 1 year commencing on 28 October 2025 and expiring on 27 October 2026. The contractual monthly rent amounts to RMB3,800, inclusive of value-added tax and exclusive of utility fees.
- We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - The property has obtained the real estate ownership certificate.
 - There are certain legal deficiencies, as Process Automation China Suzhou has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China Suzhou to rectify the situation and may impose fines.

Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China Suzhou.

- c. The property involves circumstances where the lessor is only one of the co-owners of the property. The following points are pertinent to this matter:
 - i. Although relevant Civil Code provides that “the disposal of co-owned real or movable property, as well as major repairs, changes in nature, or changes in use of such property, shall be subject to the consent of co-owners holding at least two-thirds of the shares or all joint co-owners, unless otherwise agreed among the co-owners.”, the prevailing view in judicial practice is that leasing co-owned property constitutes a use of the co-owned property, which is legally regarded as an act of management rather than disposal. Therefore, such action does not require the unanimous consent of all co-owners. On this basis, a lease agreement signed by only one co-owner as the contracting party with the lessee is generally recognized as valid in judicial practice; and
 - ii. If a co-owner leases the co-owned property without the consent of the other co-owners and the other co-owners subsequently request the lessee to vacate, the latest judicial practice generally does not support such claims, provided the lessee has taken possession of the leased premises and paid rent as agreed. Accordingly, provided Process Automation China Suzhou has taken possession of the premises and paid rent as agreed, the fact that the property is co-owned but leased by only one co-owner does not have a significant adverse impact on the production and operations of Process Automation China Suzhou.
- 4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2025 HKD
22.	Room 101, Block 10, Shuangxiang Jiayuan, Xinwu District, Wuxi City, Jiangsu Province, the PRC (中國江蘇省無錫市新吳區雙象家園10-101室)	<p>The property comprises a residential unit Block 10 of a residential development, namely Shuangxiang Jiayuan.</p> <p>According to the information provided by the Group, the total gross floor area of the property is approximately 156.52 sq.m.</p> <p>The subject development is located near the junction of Hongxin Road and Xingzhai Road in Xinhu District of Wuxi City, with approximately 12.3 km to Wuxi Xinqu Railway Station and 11.0 km to Wuxi Shuofang Airport.</p> <p>The locality of the property is characterized by residential developments and industrial parks.</p>	The property was leased by the Group as at the Valuation Date.	No Commercial Value

Notes:

- As at the Valuation Date, the lessee of the property is Process Automation (China) Ltd. Suzhou Branch (寶盈科技(深圳)有限公司蘇州分公司), in which the Company holds an indirect ownership interest of 52.79%.
- Pursuant to a tenancy agreement entered into between 陸文婷 (the “Lessor”) and Process Automation (China) Ltd. Suzhou Branch (寶盈科技(深圳)有限公司蘇州分公司, “Process Automation China Suzhou”) on 21 October 2025 and as advised by the Group, the property is leased for residential use under a term of 1 year, commencing on 25 August 2025 and expiring on 24 August 2026. The contractual monthly rent amounts to RMB3,200, inclusive of value-added tax and management fees and exclusive of utility fees.
- We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following: -
 - The property has obtained the real estate ownership certificate.
 - There are certain legal deficiencies, as Process Automation China Suzhou has not applied for lease registration and filing (租賃登記備案) in respect of the tenancy agreement mentioned in Note 2. The relevant government authorities may require Process Automation China Suzhou to rectify the situation and may impose fines.

Pursuant to the Civil Code, failure to complete lease registration and filing procedures does not render the relevant lease contract invalid. The deficiencies do not have a significant adverse impact on the production and operations of Process Automation China Suzhou.

4. In undertaking our valuation, we have attributed no commercial value to the property leased by the Group, as the Group holds only rights of use and occupation, without legal title or ownership interest.

1. RESPONSIBILITY STATEMENT

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than any information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than any information relating to the Offeror or any parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror's directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

With effect from 3 March 2014, relevant concepts such as nominal (par) value and requirement for authorised capital have been abolished under the Companies Ordinance (Cap. 622 of the laws of Hong Kong).

As at the Latest Practicable Date, save for a total of 103,938,695 Shares in issue, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). All issued Shares rank *pari passu* in all respects with each other, including in particular as to rights to dividend, voting and return on capital.

Since 31 December 2024, being the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date, the Company has not issued any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

3. DISCLOSURE OF INTEREST IN THE SHARES

As at the Latest Practicable Date:

- (a) save for 102,511,061 Shares held by the Offeror, neither the Offeror, the directors of the Offeror nor the Offeror Concert Parties is interested in, owned or had control or direction over any voting rights, or rights over the Shares or convertible securities, warrants, options or any derivatives in respect of such securities; and

- (b) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any of the Offeror Concert Parties has borrowed or lent (other than any borrowed shares which have been either on-lent or sold).

4. DEALINGS IN THE SHARES

Neither the Offeror, the directors of the Offeror nor the Offeror Concert Parties had dealt in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during Relevant Period.

5. DISCLOSURE OF INTERESTS UNDER THE TAKEOVERS CODE

As at the Latest Practicable Date:

- (a) Mr. Lam Kwok Hing and Mr. Nam Kwok Lun, each being a director of the Company, is respectively interested in 80,000 shares and 20,000 shares of the Offeror, representing 80% and 20% shareholding in the Offeror respectively;
- (b) none of the Directors and the Company has dealt for value in any shares of the Offeror or any convertible securities, warrants or options of the Company or any derivatives in respect of relevant securities of the Offeror during the Relevant Period;
- (c) the Company is not interested in share of the Offeror;
- (d) the Directors did not have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (e) none of the subsidiary of the Company, pension fund of the Company or any of its subsidiaries or the person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers, owned or controlled any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;

- (f) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) or (5) of the definition of “acting in concert” under the Takeovers Code, or any of the Company’s associates by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code, and any other person;
- (g) none of the Shares is managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (h) none of the Directors held any beneficial shareholding in the Company which would otherwise entitle them to accept or reject the Offer;
- (i) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares;
- (j) none of the Directors and fund managers (other than exempt fund managers) connected with the Company has dealt for value in any Shares convertible securities, warrants or options of the Company or any derivatives in respect of relevant securities of the Company during the Relevant Period; and
- (k) there was no other understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder and the Company, its subsidiaries or associated companies.

6. ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date:

- (a) no benefit would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;
- (b) The Offeror had no intention to transfer, charge or pledge any securities in the Company acquired pursuant to the Offer to any other person, and had no agreement, arrangement or understanding with any third party to do so;
- (c) neither the Offeror nor the Offeror Concert Parties has received any irrevocable commitment to accept or reject the Offer;
- (d) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code that existed between any person and the Offeror or any Offeror Concert Parties;

- (e) save for the Offer Price, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any Offeror Concert Parties on the one hand and any of the Directors, recent Directors, Shareholders or recent Shareholders on the other hand having any connection with or dependence upon the Offer;
- (f) save as disclosed in the paragraph headed “Conditions to the Offer” in the section headed “Letter from Innovax Capital” of this Composite Document, there was no agreement or arrangement to which any of the Offeror or Offeror Concert Parties is a party which relates to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offer; and
- (g) there was no understanding, arrangement, agreement or special deal (as defined in Rule 25 of the Takeovers Code) between any Shareholder and the Offeror and the Offeror Concert Parties.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, there were no contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which had been entered into by the Company or any of its subsidiaries within the two years immediately preceding the commencement date of the Offer Period and up to the Latest Practicable Date, which are or may be material in relation to the business of the Company as a whole.

9. ARRANGEMENT AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit was or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) there were no material contracts entered into by the Offeror in which any Director has a material personal interest.

10. UNDERSTANDING, ARRANGEMENT, AGREEMENT OR SPECIAL DEAL

As at the Latest Practicable Date, there was no understanding, arrangement or agreement or special deal between any Shareholder on the one hand, and the Company, its subsidiaries or associated companies on the other hand.

11. DIRECTOR'S SERVICE AGREEMENTS

As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the Offer Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group or any associated companies of the Company which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

12. EXPERT AND CONSENT

The following are the qualifications of the expert(s) which have given advice which are contained in this Composite Document:

Name	Qualification
Innovax Capital	a corporation licensed to carry out carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Alpha Financial Group Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
AVISTA Valuation Advisory Limited	Property valuer

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of the text of its opinions, reports and/or letters (as the case may be) and/or the references to its name and/or opinions, reports and/or letters (as the case may be) in the form and context in which it appears.

As at the Latest Practicable Date, each of the above expert does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

13. MISCELLANEOUS

As at the Latest Practicable Date:

- (a) The Offeror is directly owned as to 80% by Mr. Lam Kwok Hing, and directly owned as to 20% by Mr. Nam Kwok Lun.
- (b) The directors of the Offeror are Mr. Lam Kwok Hing and Mr. Nam Kwok Lun.
- (c) Principal members of the Offeror Concert Parties are Mr. Lam Kwok Hing and Mr. Nam Kwok Lun. The correspondence address of each of Mr. Lam Kwok Hing and Mr. Nam Kwok Lun is at Rooms 607-610, 6/F, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong.
- (d) The registered office of the Offeror is at Trident Chambers, P.O. Box 146, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of the Offeror in Hong Kong is at Rooms 607-610, 6/F, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong.
- (e) The registered office of the Company is at Rooms 607-610, 6/F, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong.
- (f) The Independent Financial Adviser's registered office is at Room A, 17/F, Fortune House, 61 Connaught Road Central, Central, Hong Kong.
- (g) Innovax Capital is the financial adviser to the Offeror and its registered office is at Room B, 13/F, Neich Tower, 128 Gloucester Road, Wan Chai, Hong Kong.
- (h) The English texts of this Composite Document shall prevail over the Chinese texts in case of inconsistency.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection on the website of the Company at www.karfun.hk and the website of the SFC at www.sfc.hk from the date of this Composite Document up to and including the final Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the articles of association and Bye-laws of the Company;
- (c) the letter from Innovax Capital, the text of which is set out in the section headed "Letter from Innovax Capital" of this Composite Document;

- (d) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” of this Composite Document;
- (e) the letter from the Independent Financial Adviser, the text of which is set out in the section headed “Letter from Independent Financial Adviser” of this Composite Document;
- (f) the audited consolidated accounts of the Company for each of the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024;
- (g) the property valuation report of the Group as at 31 December 2025, the text of which is set out in Appendix IV to this Composite Document; and
- (h) the written consents referred to in the section headed “12. Expert and Consent” in this Appendix V.