

5 May 2026

To: the Independent Board Committee

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
RED SUN CAPITAL LIMITED
FOR AND ON BEHALF OF HAPBIOTECH INVESTMENT HOLDING LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
LING YUI HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY HAPBIOTECH INVESTMENT HOLDING LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer. Details of the Offer are set out in the “Letter from Red Sun Capital” and “Letter from the Board” (the “**Board Letter**”) as contained in the Composite Document dated 5 May 2026, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

On 1 April 2026 (after trading hours of the Stock Exchange), the Offeror, the Vendors and the Guarantors entered into the Sale and Purchase Agreement, pursuant to which each of the Vendors has agreed to sell, and the Offeror has agreed to purchase, an aggregate of 560,140,000 Sale Shares, representing approximately 70.02% of the total issued share capital of the Company, for a total cash consideration of HK\$133,033,250. The Completion took place upon the execution of the Sale and Purchase Agreement on 9 April 2026.

Immediately following Completion, the Offeror and parties acting in concert with it holds a total of 560,140,000 Shares, representing approximately 70.02% of the issued Shares and has become the controlling Shareholder. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the mandatory unconditional cash offer to acquire all of the Shares in the issued share capital of the Company (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

The Offer is being made by Red Sun Capital on behalf of the Offeror. The Independent Board Committee, comprising Mr. Chong Kam Fung, Mr. Ho Chun Chung Patrick, Mr. Shi Wai Lim William and Ms. Yau Suk Man, being all the independent non-executive Directors who have no direct or indirect interest in the Offer, has been established to give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser, our role is to advise the Independent Board Committee in relation to the Offer, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

As at the Latest Practicable Date, we are not associated or connected with the Offeror and the Company or its respective directors, controlling shareholders or any party acting, or presumed to be acting, in concert with any of them and accordingly, we are considered eligible to give independent advices on the Offer.

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser, there were no other engagements between us and the Offeror or the Company or their respective directors, controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Offeror or the Company or their respective directors, controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we considered that we are independent pursuant to Rule 2 of the Takeovers Code to act as the Independent Financial Adviser to give independent advices on the Offer.

BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the representations made to us by the Directors and/or the representatives of the Company (collectively, the “**Management**”).

We have assumed that all statements, information and representations provided by the Management, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Shareholders will be notified by the Company of any material changes to such statements, information, opinions and/or representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code, in which case we will consider whether it is necessary to revise our opinion accordingly and inform the Shareholders as soon as practicable.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management (as the case may be) in the Composite Document were reasonably made after due enquiries and careful consideration. We have no reason to suspect any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, which would make any statements therein misleading. In rendering our opinion in the Composite Document, we have researched, analyzed and relied on (i) the Composite Document and other information provided by the Company; (ii) information in relation to the Group, including but not limited to, the financial reports published by the Company; and (iii)

market information obtained from the websites of the Stock Exchange, statistics and figures obtained from the Construction Industry Council and the reports on the quarterly survey of construction output published by Census and Statistics Department of Hong Kong and information.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter. We consider that we have been provided with sufficient information and have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion. We have not, however, carried out any independent investigation into the business and affairs of the Offeror, the Group, companies involved or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them.

We also have not considered the tax and regulatory implications as regard to the Offer since these depend on individual circumstances. In particular, the Independent Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

This letter is issued for the information for the Independent Board Committee solely in connection with their consideration of the Offer, 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 purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations, we have taken into considering the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1. Background and financial information of the Group

1.1 Background of the Group

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The Company is an investment holding company, and the Group is principally engaged in the provision of foundation engineering services in Hong Kong.

1.2 Historical financial performance of the Group

Set out below is a summary of the consolidated financial information of the Group for the six months ended 30 September 2024 and 2025, and for the financial years ended 31 March 2024 and 2025, as extracted from the financial reports of the Company of the relevant financial periods.

For the six months ended 30 September 2024 and 2025

	For the 6 months ended	
	30 September 2024	30 September 2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	120,588	91,406
<i>Gross profit</i>	<i>15,247</i>	<i>9,393</i>
<i>Other income and net gains</i>	<i>426</i>	<i>3,615</i>
Profit attributable to owners of the Company	1,546	311

The Group recorded a revenue in the amount of approximately HK\$91.4 million for the six months ended 30 September 2025, representing a decrease of approximately 24.2% as compared to that in the amount of approximately HK\$120.6 million for the six months ended 30 September 2024. As advised by the Company, the drop in revenue was attributed to the economic downturn in the Hong Kong's private-sector construction market and the Group's deliberate shift toward customers with stronger payment records. The Group's gross margin reduced slightly from approximately 12.6% for the six months ended 30 September 2025 to approximately 10.3% for the six months 30 September 2024 as a result from lower tender prices accepted amid fierce competition and reduce project margins. The Group also recorded an increase in other income for the six months ended 30 September 2025, which was mainly generated from the disposal of waste material and machinery rental.

The Group recorded a profit attributable to owners of the Company in the amount of approximately HK\$0.3 million for the six months ended 30 September 2025, representing a decrease of approximately 79.9% as compared to that in the amount of approximately HK\$1.5 million for the six months ended 30 September 2024. As advised by the Company, the drop in profit was attributed to the decrease in total revenue and contracted gross profit margin as mentioned in the above.

For the year ended 31 March 2024 and 2025

	For the years ended	
	31 March 2024	31 March 2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	194,043	214,505
<i>Gross profit</i>	<i>28,637</i>	<i>30,990</i>
<i>Other income and net gains</i>	<i>1,429</i>	<i>736</i>
Profit/(Loss) attributable to owners of the Company	655	(20,549)

The Group recorded a revenue in the amount of approximately HK\$214.5 million for the year ended 31 March 2025, representing an increase of approximately 10.5% as compared to that in the amount of approximately HK\$194.0 million for the year ended 31 March 2024. As advised by the Company, the increase in revenue was mainly due to the Group's good track record and performance in contract works as a main contractor. The Group was able to recognize higher revenue from foundation projects as a main contractor, rather than acting as a sub-contractor. The Group's gross profit margin remained largely stable at 14.4% in FY2025, compared to 14.8% in FY2024.

Despite of the higher revenue, the Group turned from small net profit of HK\$0.65 million for the financial year ended 31 March 2024 into a substantial net loss of approximately HK\$20.5 million for the financial year ended 31 March 2025. This turnaround in loss, as advised by the Company, was primarily due to a large impairment loss allowance of approximately HK\$22.2 million on trade receivables and contract assets under the expected credit loss model that was arose mainly from a customer being subject to winding-up proceedings.

Financials positions as at 31 March 2024 and 2025 and 30 September 2025

	As at 31 March		As at 30
	2024	2025	September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total Assets	140,921	131,919	106,660
Current assets	96,673	100,350	75,764
<i>Trade receivables</i>	19,954	21,360	23,130
<i>Deposits, prepayments and other</i>			
<i>receivables</i>	3,464	2,961	4,050
<i>Contract assets</i>	43,315	61,256	46,994
<i>Tax recoverable</i>	87	87	–
<i>Bank balances</i>	29,853	14,686	1,590
Non-current assets	44,248	31,569	30,896
<i>Property and equipment</i>	39,196	26,435	25,918
<i>Deposits and payment for life</i>			
<i>insurance policy</i>	5,052	5,134	4,978
Total Liabilities	63,473	75,020	49,450
Current liabilities	58,734	72,235	43,359
<i>Trade payables</i>	15,519	26,880	8,389
<i>Other payables and accrued charges</i>	14,594	17,490	16,599
<i>Lease liabilities</i>	4,066	3,672	2,814
<i>Contract liabilities</i>	2,423	962	737
<i>Bank borrowings</i>	22,132	23,231	14,804
<i>Tax payable</i>	–	–	16
Non-current liabilities	4,739	2,785	6,091
<i>Lease liabilities</i>	4,568	896	5,690
<i>Bank borrowings</i>	36	1,754	266
<i>Deferred tax liabilities</i>	135	135	135
Net assets	77,448	56,899	57,210

As noted from the table above, the Group's total assets decreased from approximately HK\$140.9 million as at 31 March 2024 to approximately HK\$131.9 million as at 31 March 2025, and further to approximately HK\$106.7 million as at 30 September 2025. This represents a cumulative decline of approximately 24.3% over the 18-month period, primarily resulting from (i) depreciation in property and equipment under non-current assets; and (ii) drop in contract assets and bank balances under current assets. The Group's bank balances stood at only HK\$1.6 million as at 30 September 2025, down sharply from HK\$14.7 million as at 31 March 2025.

The Group's total liabilities increased from approximately HK\$63.5 million as at 31 March 2024 to approximately HK\$75.0 million as at 31 March 2025, before decreasing to approximately HK\$49.4 million as at 30 September 2025. This resulted in a net increase of about 22% from 31 March 2024 to 31 March 2025, mainly driven by higher trade payables and current liabilities associated with increased contract activities during the year ended 31 March 2025, followed by a substantial reduction for the six months ended 30 September 2025 due to the repayment of bank borrowings and lower trade payables after settling project-related obligations.

The Group's net assets contracted notably from approximately HK\$77.4 million as at 31 March 2024 to approximately HK\$56.9 million as at 31 March 2025, and remained relatively stable at approximately HK\$57.2 million as at 30 September 2025 – represented a cumulative decline of approximately 26.1% over the 18-month period.

The Group's contraction in the balance sheet, combined with minimal profitability, raises concerns over its long-term financial sustainability and its ability to withstand prolonged industry headwinds. Although the Management has emphasized prudent financial management, selective project tendering, cost control, staff training, and system upgrades, the Group's low cash position may constrain its flexibility to fund upfront project costs, secure new tenders, or manage unexpected delays in this capital-intensive construction business.

1.3 Outlook

In light of the principal business of the Group, we have conducted researches in order to understand the prospect of the construction services in Hong Kong.

According to Construction Industry Council's (www.cic.hk) latest Construction Expenditure Forecast released in April 2026 (the "CIC Forecast"), Hong Kong's total construction expenditures has been increasing gradually over the years, primarily driven by sustained public sector, as illustrated below.

Period	Construction Expenditure	Public	Private
2021-22 vs 2022-23	3.71%	4.69%	2.63%
2022-23 vs 2023-24	8.83%	15.43%	1.41%
2023-24 vs 2024-25	6.29%	20.05%	-11.34%

The CIC Forecast (in upper bound scenario) expects this upward trend may continue in the coming years to 2030-31, with public sector projects remaining the primary driving force.

Data from the Census and Statistic Department of the Government of Hong Kong Special Administrative Region's Quarterly Survey of Construction Output ("CSD Reports") further indicates persistent weakness in the private sector. According to

information from the CSD Reports, the gross value of construction works performed by main contractors at private sector sites recorded declined by 23.2% in nominal terms in the fourth quarter of 2025 and by 18.1% in nominal terms in the third quarter of 2025, compared with the corresponding periods in the previous years.

In terms of macro-economic factors, with the United States Federal Reserve expected to adopt a cautious approach amid ongoing geopolitical uncertainties and inflation concerns, market consensus points to only modest further rate cuts in 2026. Even though a gradual easing of borrowing costs should help improve affordability in the residential property market and support a modest recovery in private-sector construction activities, the pace of rate reduction remains uncertain, and any delay in monetary easing could also prolong the current pressure on private developers and foundation works demand.

Overall, although the construction industry is supported by robust public sector spending, private sector developers are likely to face ongoing pressure in the short term, as evidenced by the notable decline in private sector construction output reported in the CSD Reports. However, with the anticipated gradual recovery of the Hong Kong economy and improving property market sentiment, which may promote more private sector projects that benefits the Group, we maintain a cautiously optimistic outlook on the Group's business prospects in the short-medium term.

2. Background information of the Offeror

2.1 The Offeror and its controlling shareholder

As set out the Letter from Red Sun Capital, the Offeror is a company incorporated in the BVI with limited liability. The Offeror was incorporated on 30 January 2026 and has not engaged in any business activities save and except the entering into of the Sale and Purchase Agreement. Immediately following Completion, the Offeror and parties acting in concert with it holds a total of 560,140,000 Shares, representing approximately 70.02% of the issued Shares and has become the controlling Shareholder.

As at the Latest Practicable Date, the entire issued share capital of the Offeror is beneficially owned by HI. HI Group is a genetic testing solutions provider with a focus on using molecular diagnostics technologies to enable precision health mainly in the PRC (further details of which has been set out under the section headed "INFORMATION ON THE OFFEROR" in the Letter from Red Sun Capital).

Key management of the Offeror

Dr. Xu, a shareholder of HI (through XU Beyond interests in approximately 28.97% in HI), and Dr. Chen, a shareholder of HI (through Antropy interests in approximately 8.14%), are the key management members of the Offeror. The Offeror intends to nominate Dr. Xu and Dr. Chen as executive Directors. The

appointment of Directors nominated by the Offeror will not take effect earlier than the posting of the Composite Document in compliance with Rule 26.4 of the Takeovers Code.

Dr. Xu Mingyan (許明炎), aged 43, founded HI Group with other founders in September 2014, has been a director of HI since November 2021 and was re-designated as its executive director in February 2023. He is primarily responsible for the overall operations and management of HI Group. Prior to that, he served as a scientist in Cambrian Genomics Inc., a biotechnology company mainly engaged in using laser-based technique to synthesize deoxyribonucleic acid (DNA) from January 2013 to July 2014, where he was principally responsible for research and development.

Dr. Xu received a bachelor's degree in chemistry from Nanchang University (南昌大學) in Jiangxi Province, the PRC in June 2005 and a master's degree in inorganic chemistry from Beijing Normal University (北京師範大學) in Beijing, the PRC in June 2008. He also received a doctoral degree in biomedical science from The University of New Mexico in Albuquerque, New Mexico, the US in July 2013.

Dr. Chen Shifu (陳實富), aged 41, founded HI Group with other founders in September 2014, has been a director of HI since January 2023 and was re-designated as its executive director in February 2023. He is primarily responsible for product research and development, academic research and the establishment of diagnostic development system of HI Group. Prior to that, from June 2010 to October 2014, he consecutively served as a CUDA Technical Consultant and senior software engineer principally responsible for CUDA parallel computing and software development in NVIDIA Semiconductor (Shenzhen) Co., Ltd. (英偉達半導體(深圳)有限公司), a company principally engaged in manufacturing and development of artificial intelligence hardware and software and the shares of its parent company NVIDIA Corporation are listed on the NASDAQ (NASDAQ: NVDA).

Dr. Chen received a bachelor's degree in mathematics and applied mathematics from Nanchang University (南昌大學) in Jiangxi Province, the PRC in August 2005 and a master's degree in computer software and theory from Institute of Computing Technology, Chinese Academy of Sciences (中國科學院計算技術研究所) in Beijing, the PRC in July 2010. He also received a doctoral degree in pattern recognition and intelligent systems Shenzhen Institute of Advanced Technology (深圳先進技術研究院) established by Chinese Academy of Sciences (中國科學院) in Guangdong Province, the PRC in January 2018.

As at the Latest Practicable Date, neither Dr. Xu nor Dr. Chen held any directorship in any other listed company in Hong Kong, nor were they substantial shareholders of any other listed company in Hong Kong.

2.2 The Offeror's intentions in relation to the Group

Following the close of the Offer, it is the intention of the Offeror that the Group will continue with its existing principal business for long-term purposes by leveraging on the Offeror's existing resources and connections to explore foundation engineering works. The Offeror, with an aim to diversify revenue stream of HI Group, does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. Dr. Xu, leveraging his extensive expertise in business operations, corporate governance and client relations, aim to explore and diversify into industry sectors, including but not limited to, construction industry through strategic investments. Dr. Xu's client management experience and business network accumulated from his years of experience in business operation and corporate affairs will assist the Company in establishing and maintaining business relationships to further enhance the customer base of the Group for sustainable development, and his business network may assist the Group in enhancing its market competitiveness of the principal businesses of the Group. Furthermore, given the background and experience of Dr. Chen in the field of artificial intelligence hardware and software, the Offeror will explore possibilities to apply the relevant technology to optimize the Group's business operations and enhance the Company's performance. As at the Latest Practicable Date, the Offeror did not enter into any agreement, arrangement, understanding or negotiation to downsize, cease or dispose of any of the existing businesses of the Group. Nevertheless, following the close of the Offer, the Offeror will conduct a detailed review on the existing principal operations and business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. Any acquisition or disposal of the assets or business of the Group, if any, will be conducted in compliance with the Listing Rules.

As at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

In our view, the above intention indicates that the Offeror does not currently have a concrete or funded development plan specifically designed to transform or materially enhance the Group's business following the Offer. In the absence of a clearly articulated strategy to strengthen the Group's prospects, together with our view sets out under the sub-section headed "1.3 Outlook" in this letter suggesting that private sector developers are likely to face ongoing pressure in the short term, Shareholders may wish to give careful consideration to whether accepting the Offer represents a preferable alternative to continuing to hold the Shares in the existing business on a largely unchanged basis.

2.3 Proposed change of Board Composition

As at the Latest Practicable Date, the Board comprises two executive Directors, one non-executive Director and four independent non-executive Directors. The Offeror intends to continue the employment of the existing management and employees of the Group (except for a possible nomination of the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate).

We also noted that the Offeror intends to nominate Dr. Xu and Dr. Chen as executive Directors. The appointment of Directors nominated by the Offeror will not take effect earlier than the posting of the Composite Document in compliance with Rule 26.4 of the Takeovers Code. As at the Latest Practicable Date, other than Dr. Xu and Dr. Chen, the Offeror has not identified any potential candidate to be appointed as new director(s) to the Board. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) make material changes to the employment of the management and employees of the Group; and (ii) dispose of or redeploy the assets of the Group other than those in its ordinary and usual course of business.

Based on the above and the background information sets out under the sub-section headed "*Key management of the Offeror*" above, we are of the view that Dr. Xu and Dr. Chen have extensive experience primarily in the fields of biotechnology and artificial intelligence hardware and software, which, while valuable, does not directly translate into expertise in the Group's principal business of providing foundation engineering services in Hong Kong. As such, this may represent a potential disadvantage during the transition period after the close of the Offer.

2.4 Public float

The Offeror also intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The Offeror, any new Director(s) to be proposed by the Offeror and the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps after the close of the Offer to ensure that at least 25% of the total number of issued Shares will be held by the public.

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

3. Principal terms of the Offer

The Offer is being made by Red Sun Capital on behalf of the Offeror to acquire all the Offer Shares on the terms set out in the Composite Document on the following basis:

For each Offer Share HK\$0.2375 in cash

The Offer Price of HK\$0.2375 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of the Composite Document. As at the Latest Practicable Date, the Company does not have any declared and unpaid dividend and does not have any intention to make, declare or pay any future dividend or make other distributions or any return of capital until the close of the Offer and there was no dividend declared but unpaid as at the Latest Practicable Date.

Shareholders and potential investors of the Company should be aware that, following the making of such statement, the Offeror will not be allowed to increase the Offer Price save in wholly exceptional circumstances, as provided in Rule 18.3 of the Takeovers Code.

4. Analysis on the Offer Price

4.1 Comparison of value of the Offer Price

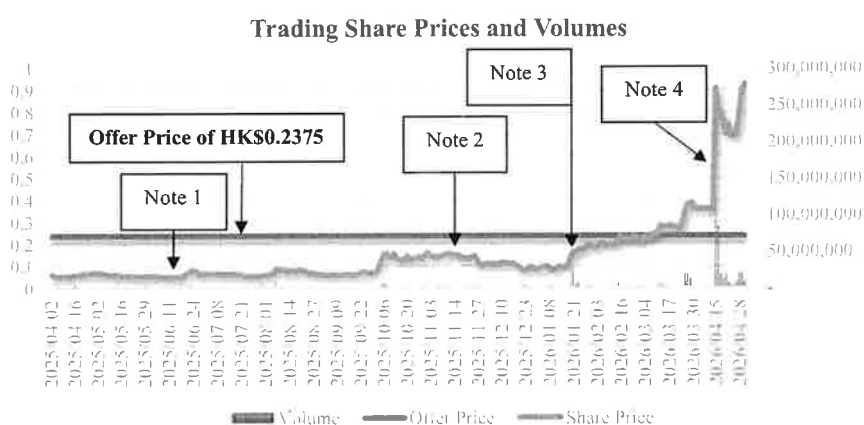
The Offer Price of HK\$0.2375 per Offer Share represents:

- (i) a discount of approximately 74.5% to the closing price of HK\$0.930 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 34.0% to the closing price of HK\$0.360 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 36.0% to the average closing price of approximately HK\$0.371 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to but excluding the Last Trading Day;
- (iv) a discount of approximately 26.7% to the average closing price of approximately HK\$0.324 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to but excluding the Last Trading Day;
- (v) a discount of approximately 11.2% to the average closing price of approximately HK\$0.268 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days prior to but excluding the Last Trading Day;
- (vi) a premium of approximately 233.9% over the audited consolidated net asset value of approximately HK\$0.071 per Shares as at 31 March 2025 (based on (a) the Group's audited consolidated net assets value of approximately HK\$ 56,899,000 as at 31 March 2025; and (b) a total of 800,000,000 issued Shares as at 31 March 2025); and

- (vii) a premium of approximately 232.11% over the unaudited consolidated net asset value of approximately HK\$0.072 per Share as at 30 September 2025 (based on (a) the Group's unaudited consolidated net assets value of approximately HK\$57,210,000 as at 30 September 2025; and (b) a total of 800,000,000 issued Shares as at 30 September 2025).

4.2 Historical price performance of the Shares

Set out below is the movement of the daily closing prices of the Shares during the period from 2 April 2025 to the Last Trading Day, and subsequently up to and including the Latest Practicable Date (the “**Review Period**”) as quoted from the Stock Exchange. We consider the period of approximate and more than one year is reasonable and representative to reflect the general market sentiment and illustrates the general trend and level of movement of the daily closing price of the Shares.



Source: the Stock Exchange

Notes

1. The Company issued a profit warning announcement on 13 June 2025 in respect of an expected turnaround from profit to loss position for the year ended 31 March 2025 and issued annual results announcement on 26 June 2025 for the year ended 31 March 2025.
2. The Company issued interim results announcement on 14 November 2025 for the six months ended 30 September 2025.
3. An irregularly high trading volume of Shares was recorded on 21 January 2026, with a total of 26.5 million of Shares traded.
4. The trading of the Shares was suspended during 2 April 2026 to 14 April 2026 pending the publication of the Joint Announcement. The closing price and trading volume of the Share increased sharply the business day after the publication of the Joint Announcement on 15 April 2026.

During the Review Period, the lowest closing price of the Share was HK\$0.050 per Share, recorded on 7 April 2025 and 6, 9, 10, 11, 12, 13, 16, 17 and 18 June 2025, while the highest closing price of the Share was HK\$0.930 per Share, recorded on 30 April 2026. The average daily closing price per Share over the Review Period was approximately HK\$0.151 per Share.

The Offer Price of HK\$0.2375 per Offer Share represents (i) a premium of approximately 375.0% over the lowest closing price; and (ii) a discount of approximately 74.5% to the highest closing price during the Review Period. The Offer Price was higher than the daily closing price of the Share on 227 trading days out of 254 trading days during the Review Period.

As noted from the graph above, the daily closing price of the Shares traded between HK\$0.050 and HK\$0.160 per Share from the beginning of the Review Period to 20 January 2026. Thereafter, the Share price increased markedly, trading between HK\$0.161 and HK\$0.390 per Share up to the Last Trading Day. The Directors have confirmed that they are not aware of any reasons for the pronounced upward trend and fluctuations in the daily closing price of the Shares during January 2026.

Since mid-March 2026 and following the resumption of trading of the Shares on 15 April 2026, the closing price of the Shares has remained notably above the Offer Price, which may have been influenced in parts by the announcement and continuation of the Offer. Save for the Offer, the Directors and the Offeror confirmed that they are not aware of any reasons for the pronounced upward trend and/or the fluctuation in the daily closing price.

Based on the sections headed “Information on the Offeror” and “Future Intentions of the Offeror Regarding the Group” in the Letter from Red Sun Capital, we are given to understand that (i) the Offeror intends that the Group will continue with its existing principal business for long-term purposes and does not intend to introduce any major changes to the Group’s existing operations and business immediately after the close of the Offer; and that (ii) Dr. Xu has extensive experience in biotechnology industry and Dr. Chen is experienced in computing and software development, while valuable, does not directly translate to expertise in the Group’s principal business in provision of foundation engineering services, which may represent a potential disadvantage during the transition period after the close of the Offer.

Although the Offer Price represents a discount of approximately 34.03% to the closing price of the Share of the Last Trading Day and a discount of approximately 74.46% to the closing price of the Share of the Latest Practicable Date, **Independent Shareholders should note that there is no guarantee that the prevailing level of market price of the Shares will sustain during and after the Offer Period.** Particularly noting that (i) the absence of any inside information, material business developments or fundamental catalysts driving such elevated prices, as confirmed by the Directors and Offeror and analysed above; and (ii) the fact that the Offer Price exceeded the daily closing price of the Share for 227 trading days, representing the majority of the Review Period, we consider the Offer Price to be fair and reasonable.

4.3 Historical trading liquidity of the Shares

The following table sets out the average daily trading volume of the Share (the “Average Daily Volume”) on a monthly basis and the respective percentage of the Average Daily Volume as compared to the total number of issued Shares and the Shares being held by public Shareholders.

Table 5

Month/ Period	Trading Days	Average Daily Volume Shares	Percentage of the Average Daily Volume as compared to the total issued Shares (%) (note 1)	Percentage of the Average Daily Volume as compared to the Shares held by public Shareholders (%) (note 2)
2025				
April	18	655,000	0.0819	0.2731
May	20	274,000	0.0343	0.1142
June	21	806,190	0.1008	0.3361
July	22	355,909	0.0445	0.1484
August	21	636,667	0.0796	0.2654
September	22	160,909	0.0201	0.0671
October	20	1,405,000	0.1756	0.5858
November	20	667,000	0.0834	0.2781
December	21	701,429	0.0877	0.2924
2026				
January	21	2,697,619	0.3372	1.1247
February	17	1,430,588	0.1788	0.5964
March	22	3,598,636	0.4498	1.5003
April (up to and including the Latest Practicable Date)	13	35,943,849	4.4930	14.9853
	Min	160,909	0.0201	0.0671
	Max	35,943,849	4.4930	14.9853
	Average	3,794,831	0.4744	1.5821

Source: the Stock Exchange

Notes

1. Based on 800,000,000 Shares in issued from the month ended 30 April 2025 and up to the Latest Practicable Date.
2. Based on 239,860,000 Shares held by public Shareholders.

Based on the above, we noted that the Shares were relatively thinly traded with limited liquidity for the majority of the Review Period. Excluding January 2026, March 2026 and April 2026, during which their Average Daily Volume exceeded 0.33% of the Company's total issued Shares of 800,000,000 Shares, the average daily trading volume ranged from approximately 0.0201% and approximately 0.1788% of the Company's total issued Share.

The Directors have confirmed that they are not aware of any specific reasons for the pronounced increase in trading volume observed in January 2026 and March 2026. This indicates that such movements were not attributable to undisclosed inside information, material business developments, or fundamental catalysts. Such enhanced liquidity may not be sustainable, as demonstrated by the notably decline in the Average Daily Volume in February 2026 to approximately 0.1788% of the Company's total issued share capital. While, the increase in trading volume in April 2026 may have been partly attributable to the announcement and continuation of the Offer. There is, however, also no assurance that such liquidity levels will be sustained during or after the Offer Period. In particular, any attempt to dispose of a significant number of Shares in the open market could exert downward pressure on the Share price, potentially resulting in sale proceeds that are lower than those obtainable by accepting the Offer. Accordingly, Independent Shareholders who wish to dispose of a significant number of the Shares may wish to consider accepting the Offer in order to realize their investment in the Company at the Offer Price.

4.4 Comparable analysis

To further assess the fairness and reasonable of the Offer Price, we have considered three of the most commonly used valuation ratios, namely the price-to-earnings ratio, price-to-sales ratio ("**PSR**") and price-to-book ratio ("**PBR**"). These multiples are widely adopted by market participants as they provide complementary perspectives on a company's earnings generation ability, revenue-generating capacity and net asset value, respectively.

Given that the Company recorded a net loss for the year ended 31 March 2025, the price-to-earnings ratio is not meaningful and has not been adopted in our analysis. Instead, we have placed emphasis on the PSR, which is particularly applicable in the present circumstances given the cyclical and volatile nature of the construction sector that may result in profit fluctuations arising from project timing and cost overruns. In addition, as a foundation engineering contractor with a tangible asset base, we consider the PBR ratio remains relevant as it provides an assessment of the Offer Price relative to the Group's net asset value.

We noted from our section headed “1. Background and financial information of the Group” that the Group generated its revenue from engaging in the provision of foundation engineering services in Hong Kong. Accordingly, we have searched for Hong Kong listed companies (i) which are principally engaged in similar business (i.e. provision of foundation engineering services) comparable to the business of the Group; (ii) which derived more than 60% of their revenue from such business in Hong Kong and Macau according to their respective latest published annual reports; and (iii) not on long-suspension (i.e. over 6 months on the Last Trading Day) (the “Comparables”).

Based on the above criteria, we have identified an exhaustive list of 5 Comparables after excluding Century Group International Holdings Limited (stock code: 2113) from our analysis below as it reported net liabilities in its latest financial position, which makes its PBR inapplicable.

Independent Shareholders should note that despite the aforesaid criteria, the business, the scale of operations, trading prospects and capital structure of the Group are not exactly identical as those of the Comparables, and we have not conducted any in-depth investigation into the businesses and operations of the Comparables. Nevertheless, we believe that the selected Comparables are sufficient and suitable as benchmark references for our comparative analysis, reflecting the prevailing market sentiment towards this business sector and business models for companies similarly engaged in provision of foundation engineering services, and which are also listed on the same platform.

Details of the Comparables:

	Company (stock code)	Principal business	Market Capitalisation (HK\$' million) (note 1)	Revenue (HK\$' million) (note 3)	PSR Times (note 4)	Net assets (HK\$' million) (note 3)	PBR Times (note 5)
1	IN Construction Holdings Limited (1500)	Engaged in foundation works and other associated works	190.1	273.6	0.69	270.1	0.70
2	AB Builders Group Limited (1615)	Provision of construction services, including foundation work, basement work, piling and pile cap work	225.0	265.1 (note 3)	0.85	207.6 (note 3)	1.08
3	Sheung Yue Group Holdings Limited (1633)	Engaged in foundation engineering business	232.8	264.8	0.88	171.9	1.35
4	Wan Kei Group Holdings Limited (1718)	Provision of foundation works	104.9	301.1	0.35	79.0	1.33

Company (stock code)	Principal business	Market Capitalisation (HK\$' million) (note 1)	Revenue (HK\$' million)	PSR Times (note 4)	Net assets (HK\$' million)	PBR Times (note 5)
5 Wing Chi Holdings Limited (6080)	Engaged in the foundation and site formation business	146.8	808.0	0.18	137.7	1.07
		Minimum		0.18		0.70
		Maximum		0.88		1.35
		Average		0.59		1.11
		Median		0.69		1.08
The Company	Provision of foundation engineering services in Hong Kong	190.0 (note 2)	214.5	0.89 (note 4)	57.2	3.32 (note 5)

Sources: the Stock Exchange and the financial reports of the respective Comparables

Notes:

1. Based on the share closing price times the total number of shares in issue as at the Latest Practicable Date.
2. The implied market capitalisation of the Company, based on the Offer Price times the total number of Shares in issued as at the Latest Practicable Date.
3. Exchange rate of MOP1 to HK\$0.9709 as at 1 April 2026 was adopted, being the date of the Sale and Purchase Agreement
4. The PSRs were based on the market capitalisation of the Comparables as at the Latest Practicable Date and divided by the revenue as stated in their respective latest available annual report/results. The Implied PSR (as defined below) was based on (a) the implied market capitalisation of the Company of approximately HK\$190.0 million based on the Offer Price and the issued number of Shares as at the Latest Practicable Date; and (b) the revenue of the Group for the year ended 31 March 2025 as extracted from its annual report for the year ended 31 March 2025.
5. The PBRs were based on the market capitalisation of the Comparables as at the Latest Practicable Date and divided by the equity attributable to the owners of the respective companies as stated in their respective latest available annual/interim report. The Implied PBR (as defined below) was based on (a) the implied market capitalisation of the Company of approximately HK\$190.0 million based on the Offer Price and the issued number of Shares as at the Latest Practicable Date; and (b) the net asset value of the Group for the six months ended 30 September 2025 as extracted from its interim report for the six months ended 30 September 2025.

Based on the Offer Price of HK\$0.2375 per Offer Share and the total number of issued Shares of 800,000,000 Shares as at the Latest Practicable Date, the Company is valued at HK\$190.0 million. The PSR of the Company implied by the Offer Price is approximately 0.89 times (the “**Implied PSR**”) and the PBR of the Company implied by the Offer Price is approximately 3.32 times (the “**Implied PBR**”).

As shown in the table above, the PSRs of the Comparables ranged from approximately 0.15 times to approximately 0.88 times, with an average of approximately 0.59 times and a median of approximately 0.69 times. The Implied PSR is therefore higher than the range of the PSR of the Comparables.

As shown in the table above, the PBRs of the Comparables ranged from approximately 0.70 times to approximately 1.35 times, with an average of approximately 1.11 times and a median of approximately 1.08 times. The Implied PBR is therefore higher than the range of the PBR of the Comparables.

Given that the Implied PSR is higher than the range of the PSR of the Comparables and the Implied PBR is also higher than the range of the PBR of the Comparables, we consider the Offer Price to be fair and reasonable.

In view of the recent surging of the closing prices of the Shares (as illustrated in the section headed “4.2 *Historical price performance of the Shares*”), Independent Shareholders are reminded that they may choose to dispose their Shares at prices better than the Offer Price in the open market if and when such opportunities exist. The above is to indicate that the Offer Price is considered to be fair and reasonable from the perspectives of the PSR and PBR analysis; Independent Shareholders are also reminded to take into account of the other factors of the Group including the operation and business outlook of the Group as well as the share price performance and trading liquidity as set out in the other sections of this letter.

RECOMMENDATION

In summary, having considered the following principal factors and reasons:

- (i) the Group’s contraction in the balance sheet, combined with minimal profitability, raises concerns over its long-term financial sustainability and its ability to withstand prolonged industry headwinds;
- (ii) the Group’s low cash position may constrain its flexibility to fund upfront project costs, secure new tenders, or manage unexpected delays in this capital-intensive construction business;
- (iii) we remain cautiously optimistic on the outlook of the Group’s business in the short-medium term as mentioned in the sub-section headed “1.3 *Outlook*” in this letter;
- (iv) while the Offer Price represents a substantial discount to the current trading price of the Share, there is no guarantee that the prevailing level of market price of the Shares will sustain during and after the Offer Period, especially taking into consideration that it also represents premiums of approximately 233.9% and 232.1% over the audited and unaudited consolidated net asset value attributable to the Shareholders as at 31 March 2025 and 30 September 2025 respectively;

- (v) our analysis sets out in the section headed “4.2 Historical price performance of the Shares” in this letter, which illustrated that the Offer Price was higher than the daily closing price of the Share for a majority of time during the Review Period;
- (vi) our analysis sets out in the section headed “4.3 Historical trading liquidity of the Shares” in this letter, which illustrated that the trading in the Shares was mostly inactive throughout the Review Period; and
- (vii) our analysis sets out in the section headed “4.4 Comparables analysis” in this letter, which offered our view that the Offer Price is considered to be fair and reasonable from the perspectives of the PSR and PBR analysis.

we are of the opinion that the Offer is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

Yours faithfully,
For and on behalf of
Veda Capital Limited



Julisa Fong
Managing Director

Ms. Julisa Fong is a licensed person registered with the SFC and a responsible officer of Veda Capital Limited which is licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity and has over 29 years of experience in corporate finance industry.