

14 May 2025

To the Independent Shareholders,

Dear Sir/Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
UPBEST SECURITIES COMPANY LIMITED
FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE
ALL THE ISSUED SHARES IN UBA INVESTMENTS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

On 23 April 2025, the Offeror and the Company jointly announced that the Offeror and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Offeror agreed to acquire and the Vendor conditionally agreed to sell the Sale Shares, representing approximately 15.10% of the existing issued share capital of the Company, for a total consideration of HK\$5,760,000, representing HK\$0.03 per Sale Share.

The Completion took place on 14 April 2025 and the Consideration has been paid by the Offeror out of its own financial resources by its sole shareholder, Mr. Cheng Kai Ming Charles, from his own resources. Immediately prior to the Completion, the Offeror and the Offeror Concert Parties are interested in 340,000,000 Shares, representing approximately 26.74% of the existing issued share capital of the Company. Upon Completion, the Offeror and the Offeror Concert Parties are interested in a total of 532,000,000 Shares, representing 41.84% of the existing issued share capital of the Company. Pursuant to Rules 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties). Upbest is making the Offer for and on behalf of the Offeror.

This letter forms part of this Composite Document which sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. Further terms and procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. The Independent Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, “Letter from the Independent Board Committee” and “Letter from Vinco Financial” as set out in this Composite Document and the appendices as set out in the Composite Document and the Form of Acceptance and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

Securities of the Company

As at the Latest Practicable Date, the Company has 1,271,732,200 Shares in issue.

As at the Latest Practicable Date, the Company does not have any other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Principal Terms of the Offer

Upbest is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

The Offer

For each Offer Share HK\$0.03 in cash

The Offer Price of HK\$0.03 per Offer Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer is extended to all Shareholders (other than those Shares already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties). The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights and benefits attaching to them as at the date of despatch of this Composite Document or subsequently becoming attached to them, including but not limited to the rights to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer are made, being the date of despatch of this Composite Document.

As at the Latest Practicable Date, there were no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue other than the Shares.

Comparison of value

The Offer Price of HK\$0.03 per Offer Share represents:

- (i) a discount of approximately 31.82% to the closing price of HK\$0.044 per Share on the Latest Practicable Date;
- (ii) a premium of approximately 7.14% over the closing price of HK\$0.028 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 11.11% over the average of closing price of HK\$0.027 per Share as quoted on the Stock Exchange for five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 7.14% over the average of closing price of HK\$0.028 per Share as quoted on the Stock Exchange for ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 7.14% over the average of closing price of HK\$0.028 per Share as quoted on the Stock Exchange for thirty (30) consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 53.85% to the audited consolidated net assets per Share of approximately HK\$0.065 as at 31 March 2024 as extracted from the annual report of the Company for the year ended 31 March 2024, which was calculated based on the Group's latest published audited consolidated net assets of approximately HK\$82,715,000 and 1,271,732,200 Shares in issue as at 31 March 2024; and
- (vii) a discount of approximately 57.14% to the unaudited consolidated net assets per Share of approximately HK\$0.070 as at 30 September 2024 as extracted from the interim report of the Company for the six months ended 30 September 2024, which was calculated based on the Group's latest published unaudited consolidated net assets of approximately HK\$88,441,000 and 1,271,732,200 Shares in issue as at 30 September 2024.

Conditions to the Offer

The Offer is conditional only on valid acceptances being received in respect of such number of Offer Shares, which together with Shares owned, acquired or agreed to be acquired by the Offeror and the Offeror Concert Parties before or during the Offer, will result in the Offeror and the Offeror Concert Parties holding more than 50% of the voting rights in the Company.

Further announcement(s) in relation to the revision, extension or lapse of the Offer or the fulfilment of the conditions of the Offer shall be made in accordance with the Takeovers Code and Listing Rules in due course.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.065 per Share on 24 April 2025 and HK\$0.024 per Share on 4 March 2025, respectively.

Total Consideration of the Offer

Assuming that there is no change in the issued share capital of the Company, there would be 1,271,732,200 Shares in issue. Based on the Offer Price of HK\$0.03 per Offer Share, the entire issued share capital of the Company would be valued at HK\$38,151,966. On the basis of 1,271,732,200 Shares in issue, the Offeror and the Offeror Concert Parties own 532,000,000 Shares upon Completion. As of the Latest Practicable Date, 739,732,200 Shares will be subject to the Offer. In the case that the Offer is accepted in full, the maximum consideration payable by the Offeror for the Offer is approximately HK\$22,191,966. The aggregate value of the Offer is approximately HK\$22,191,966.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable under the Offer in full by its own internal resources provided by its sole shareholder, Mr. Cheng Kai Ming Charles, from his own resources. Diligent Capital and Pelican Financial, being the joint financial advisers to the Offeror in respect of the Offer, are satisfied that sufficient resources are and will remain available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Offer.

Neither Diligent Capital nor Pelican Financial holds or has dealt in the Shares and any outstanding options, derivatives, warrants, or other securities convertible into Shares during Relevant Period.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event, not later than seven (7) business days (as defined under the Takeovers Code) following the date on which the relevant documents of title of the Shares or the Options (as the case may be) are received by the Offeror to render each such acceptance complete and valid.

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

Compulsory acquisition

The Offeror does not intend to exercise any rights which may be available to them to compulsorily acquire any outstanding Offer Shares not acquired under the Offer after the close of the Offer.

Effect of accepting the Offer

Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person that all Offer Shares to be sold by such person under the Offer are fully paid and free from all Encumbrances whatsoever together with all rights and interests attaching thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of the Composite Document.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders who have registered addresses outside Hong Kong and wish to accept the Offer should satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer of other taxes due by such accepting Overseas Shareholders in respect of such jurisdiction). As at the Latest Practicable Date, there is no Overseas Shareholder.

Acceptance of the Offer 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. The Overseas Shareholders should consult their professional advisers in case of any doubt.

Stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Offer at a rate of 0.10% of the consideration payable in respect of the relevant acceptances, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Independent Shareholders who accept the Offer. The Offeror will then arrange for payment of the stamp duty on behalf of those Independent Shareholders who accepted the Offer. The Offeror will bear the Offeror's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Company, the Offeror or the Offeror Concert Parties or any of 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.

Dealing and interests in the Company's securities

Save for the Acquisition and the Sale Shares, none of the Offeror nor any of the Offeror Concert Parties has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability on 18 May 2023. The sole director of the Offeror is Mr. Cheng Kai Ming Charles. Mr. Cheng Kai Ming Charles has professional qualifications in both accounting and marketing and has been engaged in the investment advisory and securities business for over twenty years. As at the Latest Practicable Date, the Offeror is wholly owned by Mr. Cheng Kai Ming Charles, who is also one of the discretionary objects of a trust which assets include assets in the entire issued share capital of Fung Fai.

The Offeror did not carry on any business since its incorporation until the entering of the Sale and Purchase Agreement and the transactions in connection therewith.

The reason for the Offeror to make the Acquisition is that Mr. Leong Chi Wai, the sole shareholder of the Vendor, would like to realise his investment in the Company. As such, the Vendor has approached the Offeror and the Offeror has, upon considering that the Acquisition could improve its investment portfolio, agreed to purchase the Sale Shares from the Vendor.

As of the Latest Practicable Date, the Offeror owns 192,000,000 Shares, and together with the Offeror Concert Parties, are holding in aggregate 532,000,000 Shares, representing approximately 41.84% of the total issued share capital of the Company.

Fung Fai is a member of the Offeror Concert Parties. Fung Fai is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, the entire issued share capital of Fung Fai is owned by a trust. Mr. Cheng Wai Lun, Andrew (who is an executive Director), Mr. Cheng Kai Ming Charles and their family members are the beneficiaries of the trust which assets include interests in the entire issued share capital of Fung Fai. As at the Latest Practicable Date, Fung Fai owns 340,000,000 Shares, representing approximately 26.74% of the total issued share capital of the Company.

Save as disclosed above, the Offeror and the Offeror Concert Parties have no other relationship with the Vendor or its respective associates as at the Latest Practicable Date. The Offeror is not connected, related or otherwise associated with the Group's suppliers, customers, sub-contractors and joint venture partners. The Offeror has no business relationship or financing arrangement with the Group in the past or at present.

INFORMATION ON THE GROUP

Details of the information on the Group are set out in the “Letter from the Board” to this Composite Document. Financial information of the Group is set out in Appendix II to this Composite Document. General information of the Group is set out in Appendix III to this Composite Document.

INTENTION OF THE OFFEROR AND THE OFFEROR CONCERT PARTIES IN RELATION TO THE COMPANY

The Offeror and the Offeror Concert Parties consider and confirm that (a) it is intended that the Group will continue with the existing business of the Group; and (b) they have no intention to (i) introduce any major changes to the existing business of the Group; or (ii) discontinue the employment of any of the Group’s employees; or (iii) re-deploy the fixed assets of the Group other than in its ordinary course of business.

The Offeror will, depending on the business operations and development of the Group in the future, constantly review the employee structure of the Group so as to meet the needs of the Group from time to time. The Offeror has no intention to discontinue the employment of the employees (save for the potential change in the composition of the Board) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

The Offeror has no intention or has not entered into any agreement, arrangement, negotiation or undertaking to downsize or dispose of any of the Company’s existing business and/ or acquire any new businesses.

As at the Latest Practicable Date, no material 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.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

Pursuant to the Listing Rules, the Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares (excluding treasury shares) are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.

The Offeror intends the issued Shares to remain listed on the Main Board after the close of the Offer. The sole director of the Offeror (i.e. Mr. Cheng Kai Ming Charles) and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

FURTHER TERMS OF THE OFFER

Your attention is drawn to the further terms of the Offer, including procedures for acceptance, settlement and the acceptance period, as set out in Appendix I to this Composite Document and the Form of Acceptance.

GENERAL

To ensure equality of treatment to all Independent Shareholders, those registered Independent Shareholders who hold any Offer Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Offer Shares whose investment are registered in the names of nominees to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer. The attention of Independent Shareholders with registered addresses in jurisdiction outside Hong Kong is drawn to the section headed “7. Overseas Shareholders” in Appendix I to this Composite Document.

All documents and remittances sent to the Independent Shareholders by ordinary post will be sent to them at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company, or in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the register of members of the Company. None of the Offeror, the Company, Diligent Capital, Pelican Financial, Upbest, Vinco Financial, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

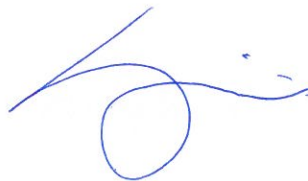
ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by Vinco Financial to the Independent Board Committee and the Independent Shareholders in respect of the Offer as set out in the “Letter from Vinco Financial” as contained in this Composite Document.

In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,

Upbest Securities Company Limited

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke extending to the right.

CHENG Wai Ling, Annie

Director