



MERDEKA CORPORATE FINANCE LIMITED
领智企业融资有限公司

Room 1108, 11/F., Wing On Centre, 111 Connaught Road Central, Hong Kong
香港干诺道中 111 号永安中心 11 楼 1108 室
Tel 电话: (852) 2115 7600 Fax 传真: (852) 2115 7698

8 April 2026

*To: The Independent Board Committee of
Innovax Holdings Limited*

Dear Sirs or Madams,

**UNCONDITIONAL MANDATORY CASH OFFER BY
AFG SECURITIES LIMITED
FOR AND ON BEHALF OF
MR. WANG TINGFA
TO ACQUIRE ALL THE ISSUED SHARES OF
INNOVAX HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH HIM)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the composite offer and response document dated 8 April 2026 (the “**Composite Document**”) jointly issued by Mr. Wang Tingfa (the “**Offeror**”) and Innovax Holdings Limited (the “**Company**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

As disclosed in the Joint Announcement, on 25 September 2025 (after trading hours), the Vendor (as vendor) and the Offeror (as purchaser) entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, 110 Sale Shares, representing the entire issued share capital of Billion Shine as at the date of the Sale and Purchase Agreement, for a total consideration of HK\$270,000,000. The making of the Offer was conditional upon Completion (which in turn was conditional upon satisfaction or waiver (as may be applicable) of the Conditions Precedent), including but not limited to the Offeror and/or any other person(s) who will become a substantial shareholder of the Regulated Group Companies having applied to the SFC for approval to become a substantial shareholder of each of the Regulated Group Companies and the SFC having approved the Offeror to become a substantial shareholder of each of the Regulated Group Companies.

As disclosed in the joint announcements dated 25 March 2026 and 31 March 2026, the Conditions Precedent have been fulfilled on 24 March 2026 and the Completion took place on 31 March 2026 (i.e. the Completion Date), whereas the said consideration was fully settled in cash on the same date.

Immediately upon Completion, the Offeror (through Billion Shine) and parties acting in concert with him own 45,000,000 Shares, representing 75% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with him). Therefore, AFG Securities is, on behalf of the Offeror and in compliance with the Takeovers Code, making the Offer.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Wu Kwun Hing, Mr. Kwong Hon Nan, Eric and Ms. Chan Ka Lai, Vanessa, has been established in accordance with Rule 2.1 of the Takeovers Code to advise and give a recommendation to the Offer Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. In our capacity as the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee as to whether the Offer is fair and reasonable and as to acceptance so far as the Offer Shareholders are concerned, and such appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

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

We are independent of and not connected with the Company, the Vendor, the Offeror, CPL, MSL, and any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, we acted as the independent financial adviser to the then independent board committee of the Company and issued an opinion letter relating to the connected and discloseable transaction involving disposal of Innovax Credit Limited and Innovax Management Limited and the special deal (the “**Previous Engagement**”), details of which have been set out in the circular of the Company dated 17 November 2025. Save for the Previous Engagement and this appointment as the Independent Financial Adviser in respect of the Offer, there were no other engagements between Merdeka Corporate Finance Limited and the Group or the Offeror. Apart from the normal advisory fee payable to us in connection with our

appointment as the Independent Financial Adviser to advise the Independent Board Committee, no arrangement exists whereby we shall receive any other fees or benefits from the Offeror and the Company or any of their respective substantial shareholders or any person acting, or deemed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Offer.

BASIS OF OUR ADVICE

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the statements, information, opinions, and representations contained in or referred to in the Composite Document and the information and representations as provided to us by the Directors and the management of the Company (the “**Management**”). Our review procedures include, among others, review of the interim report of the Company for the six months ended 31 August 2025 (the “**2025 Interim Report**”) and the annual reports of the Company for the years ended 28 February 2025 (the “**2024/2025 Annual Report**”) and 28 February 2024 (the “**2023/2024 Annual Report**”), the Composite Document, relevant announcements published by the Company, the industry trends of the Group’s principal business, the historical Share price performance and the trading liquidity of the Company, and comparable companies to the Company. We have assumed that all information and representations that have been provided by the Directors and the Management are true, complete and accurate in all material respects at the time when they were made and up to the date throughout the Offer Period and should there be any material changes thereto, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Composite Document were reasonably made after due enquiries and careful considerations.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. The Offer Shareholders will be notified of any material changes to such information provided in the Composite Document and our opinion as soon as possible. We have also assumed that all statements of opinion made by the Directors and the Management in the Composite Document were reasonably made after due enquiries and careful consideration.

The Directors have confirmed that, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

While we have taken reasonable steps to satisfy the requirements under the Takeovers Code and the Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company or the Offeror as set out in the Composite Document, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the Offer.

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

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

1. Background information on the Group

1.1 Principal business

The Company is incorporated in the Cayman Islands with limited liability and its issued Shares have been listed on the Stock Exchange since 14 September 2018. The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial and securities services, including corporate finance advisory services, placing and underwriting services, securities dealing and brokerage services, securities financing services, and asset management services. The Group is an integrated financial and securities services provider licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. Prior to the Disposal Completion, the Group engaged in money lending services. Upon Disposal Completion and as at the Latest Practicable Date, the Group ceased its money lending services.

As disclosed in the circular of the Company dated 17 November 2025 (the “**Disposal Circular**”) in relation to the Disposal, on 25 September 2025, CPL, a wholly-owned subsidiary of the Company, and MSL, which is wholly-owned by the Vendor, entered into the Disposal Agreement, pursuant to which MSL has conditionally agreed to acquire and CPL has conditionally agreed to sell, or procure the sale of, the entire issued share capital of Innovax Credit and Innovax Management for a total consideration of HK\$58.2 million (subject to adjustment). As stated in the announcement of the Company dated 31 March 2026 in respect

of the Disposal Completion, completion of the Disposal took place on 31 March 2026, following which the Group ceased to (i) engage in the money lending business; and (ii) hold the securities held by Innovax Management. Please refer to the Disposal Circular for further details of the Disposal.

1.2 Historical financial information

Set out below is a summary of (i) the audited consolidated financial statements of the Group for the years ended 28 February 2023 (“FY2022/2023”), 29 February 2024 (“FY2023/2024”) and 28 February 2025 (“FY2024/2025”) as extracted from the 2024/2025 Annual Report and the 2023/2024 Annual Report; and (ii) the unaudited consolidated financial statements of the Group for the six months ended 31 August 2024 (“HY2024”) and 2025 (“HY2025”) as extracted from the 2025 Interim Report.

	For the six months ended		For the year ended		
	31 August 2025	31 August 2024	28 February 2025	29 February 2024	28 February 2023
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)
Revenue					
Corporate finance advisory services	4,815	4,347	8,495	11,734	17,446
– Placing and underwriting services	1,441	85,701	151,467	10,913	9,531
– Securities dealing and brokerage services	2,581	1,270	2,866	3,002	3,132
– Asset management services	1,202	205	492	427	455
– Interest income from securities financing services	896	1,409	2,611	5,525	14,808
– Interest income from money lending services	1,058	772	1,746	1,126	163
Total revenue	11,993	93,704	167,677	32,727	45,535
Other income	1,910	2,445	5,408	4,638	4,412
Other (losses) and gains	24,092	(18,301)	(26,088)	22,424	625
Total income	37,995	77,848	146,997	59,789	50,572
(Loss)/profit before tax	18,279	(22,889)	(35,287)	1,775	(6,577)
(Loss)/profit and total comprehensive income/ (expense) for the period/year	18,279	(22,889)	(35,287)	1,775	(6,577)

For the six months ended 31 August 2024 and 2025

During HY2025, the Group's total revenue was approximately HK\$12.0 million, representing a decrease of approximately 87.2%, as compared to HY2024. Notwithstanding that the revenue derived from the Group's corporate finance advisory business, securities dealing and brokerage business, asset management business and money lending business increased by approximately 10.8%, 103.2%, 485.4% and 37.0% respectively, as compared to HY2024, the decrease in the Group's total revenue was mainly attributable to (i) the significant decrease in the income generated from the placing and underwriting business, and as advised by the Management, as the investors became selective and showed a preference for higher-yields investments and issuers with stronger credit profiles, to compensate for rising risks associated with their investment, resulting in a reduction in demand and interest from the Group's clients in bond products, the Group did not participate in bond underwriting activities during HY2025 and (ii) the decrease in the interest income generated from the securities financing business given the Group's continuous prudent approach and strategy to reduce its risk exposure under the highly volatile market conditions during HY2025.

With reference to the 2025 Interim Report, we noted that the increase in other gains for HY2025 was mainly attributable to the increase in realised gain on financial assets at fair value through profit or loss ("FVTPL"), which amounted to a gain of approximately HK\$23.8 million for HY2025 whereas there was a loss of approximately HK\$2.9 million for HY2024. As advised by the Management, the financial assets of the Group mainly comprised equity securities listed in and outside Hong Kong, unlisted fund investments in Hong Kong, and unlisted equity investments in Hong Kong. The turnaround to a realised gain of approximately HK\$23.8 million for HY2025 from a realized loss of approximately HK\$2.9 million for HY2024 was primarily attributable to the gain on the Group's disposal of certain financial assets during HY2025.

During HY2025, the Group recorded a profit and total comprehensive income of approximately HK\$18.3 million, as compared with a loss and total comprehensive expense of approximately HK\$22.9 million for HY2024. The change from loss to profit was mainly attributable to the total net realised gain and unrealised gain on financial assets at FVTPL of approximately HK\$24.1 million for HY2025, as compared with the total net realised loss and unrealised loss on financial assets at FVTPL of approximately HK\$18.3 million for HY2024. Such turnaround mainly arose from the realized gain from the Group's disposal of certain financial assets during HY2025.

For the years ended 29 February 2024 and 28 February 2025

During FY2024/2025, the Group's total revenue was approximately HK\$167.7 million, representing an increase of approximately 412.4%, as compared to FY2023/2024. Such increase was mainly attributable to successfully (i) expanding the product and service coverage of its placing and underwriting business to include debt capital markets; (ii) engaging as investment manager for more investment funds and increasing the size of assets under management; and (iii) increasing secured personal loan services and corporate loan services under its money lending business, resulting in the increase in the revenue derived from the Group's placing and underwriting business, asset management business and money lending business of approximately 1,288%, approximately 15.2% and approximately 55.1% respectively, as compared to FY2023/2024, notwithstanding that the revenue derived from the Group's corporate finance business, securities dealing and brokerage business and securities financing business decreased by approximately 27.6%, approximately 4.5% and approximately 52.7% respectively, as compared to FY2023/2024. As referred to the above, we noted that the substantial increase in the revenue for FY2024/2025 is mainly attributable to the substantial increase in revenue generated from placing and underwriting business to include debt capital markets. As advised by the Management, such increased participation in debt capital markets also resulted in a substantial increase in related operating expenses (i.e. sub-underwriting expenses arising from the Group's participation in bond underwriting during FY2024/2025).

During FY2024/2025, the Group recorded a loss and total comprehensive expense of approximately HK\$35.3 million, as compared with a profit and total comprehensive income of approximately HK\$1.8 million for FY2023/2024. The change from profit to loss was mainly attributable to the net unrealised loss on financial assets at fair value through profit or loss of approximately HK\$16.3 million and the net realised loss on financial assets at fair value through profit or loss of approximately HK\$9.8 million for FY2024/2025, as compared with the net unrealised gain on financial assets at fair value through profit or loss of approximately HK\$2.6 million and the net realised gain on financial assets at fair value through profit or loss of approximately HK\$19.8 million for FY2023/2024.

For the years ended 28 February 2023 and 29 February 2024

During FY2023/2024, the Group's revenue generated from its corporate finance advisory business, securities dealing and brokerage business, securities financing business and asset management business recorded a decrease of approximately 32.7%, 4.2%, 62.7% and 6.2% respectively as compared to FY2022/2023. Consequently, during FY2023/2024, the Group's total revenue decreased by approximately 28.1% to approximately HK\$32.7 million from approximately HK\$45.5 million for FY2022/2023, notwithstanding that the revenue generated from the placing and underwriting business and the money lending business recorded an increase of approximately 14.5% and 590.8% respectively as compared to FY2022/2023. Driven by the Group's strategy to diversify its businesses from the provision of financial and securities services into capital investment leveraging on its internal resources and capital, the Group achieved a gain (unrealised and realised) from equity investment of approximately HK\$22.4 million during FY2023/2024.

With the Group's continuous effort in cost control, during FY2023/2024, the Group's total cost and expenses increased slightly by approximately 1.5% to approximately HK\$58.0 million from approximately HK\$57.1 million for FY2022/2023. The Group recorded a profit and total comprehensive income of approximately HK\$1.8 million for FY2023/2024, which significantly improved from a loss and total comprehensive expense of approximately HK\$6.6 million for FY2022/2023.

Financial position as at 29 February 2024 and 28 February 2025 and 31 August 2025

	As at 31 August 2025	As at 28 February 2025	As at 29 February 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
Total non-current assets	2,474	2,544	1,509
Total current assets	354,079	350,483	282,091
Total assets	356,553	353,027	283,600
Current liabilities	151,146	165,905	73,111
Non-current liabilities	255	249	–
Total liabilities	151,401	166,154	73,111
Net assets	205,152	186,873	210,489

Total assets of the Group increased slightly by 1.0% from approximately HK\$353.0 million as at 28 February 2025 to approximately HK\$356.6 million as at 31 August 2025. The total liabilities of the Group amounted to approximately HK\$151.4 million as at 31 August 2025, representing a decrease of approximately 8.9% as compared to approximately HK\$166.2 million as at 28 February 2025. The net assets of the Group amounted to approximately HK\$205.2 million, representing an increase of approximately 9.8% as compared to approximately HK\$186.8 million.

The total assets of the Group increased by 24.5% from approximately HK\$283.6 million as at 29 February 2024 to approximately HK\$353.0 million as at 28 February 2025. As advised by the Management, the increase in the total assets is mainly attributable to the increase in the current assets, which was mainly attributable to the increase in cash and bank balances – held on behalf of customers from approximately HK\$48.9 million as at 29 February 2024 to approximately HK\$133.2 million as at 28 February 2025. The total liabilities of the Group amounted to approximately HK\$166.2 million as at 28 February 2025, representing an increase of approximately 127.3% as compared to approximately HK\$73.1 million as at 29 February 2024. As advised by the Management, the increase in total liabilities is mainly due to the increase in amount payable by the Group to its clearing house and securities trading clients, representing clients' monies placed in their respective accounts maintained with the Group for the Group's securities dealing and brokerage services, which corresponded with the increase in current assets as illustrated above. The net assets of the Group decreased to approximately HK\$186.9 million as at 28 February 2025, as compared to approximately HK\$210.5 million as at 29 February 2024.

2. Background and intention of the Offeror

2.1 Background information on the Offeror

Mr. Wang has over 8 years of experience in quantitative trading and the financial sector. He served as the investment director and fund manager for Beijing Beiao Hi-Tech Investment Management Co., Ltd* (北京北翱高科投資管理有限公司), an asset management firm in the PRC focusing on quantitative investment, established in February 2016 with the private securities investment fund manager license issued by the Asset Management Association of China, from 2017 to 2023. He was responsible for sourcing prospective investments, portfolio management and relationship management. He also served as a director for Golden Hen Investment Management Limited, a corporation licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO from 2023 to 2025 where he was involved in board-level strategic guidance and oversight as a director. Mr. Wang holds a Bachelor's degree in Safety Engineering from South China University of Technology in 2009 and a Master's degree in Information and Operations Management from National Taipei University of Technology in 2013.

Having considered Mr. Wang's background in quantitative trading and asset management as mentioned above, we are of the view that Mr. Wang's experience in investment management and regulated financial services would contribute to enhancing the Group's asset management capabilities. In particular, his experience in quantitative investment strategies would strengthen the Group's investment expertise and potentially expand the range of products offered by the Group. Accordingly, it is expected that Mr. Wang's experience in the financial business sector in the PRC and in Hong Kong will bring in a positive impact and benefit to the business operation of the Group.

2.2 Intentions of the Offeror regarding the Group

Upon Completion, the Offeror became the controlling shareholder of the Company and has been interested in 45,000,000 Shares, representing 75% of the total issued share capital of the Company.

As at the Latest Practicable Date, save for Disposal, the intention of the Offeror is that the Company's existing principal activities will be maintained and continued after completion of the Offer. The Offeror confirms that there is no intention to divest the existing businesses of the Company during the Offer Period and after the end of the Offer Period unless appropriate opportunities arise. Leveraging Mr. Wang's experience, industry knowledge and network, the Offeror intends to maintain the current business of the Group and to explore related business opportunities in the future. The Offeror will conduct a review of the existing principal businesses, operations, financial position, investments, proposed investments of the Group for the purpose of formulating long-term business plans and strategies for the future business development of the Group.

Based on the information of Mr. Wang as set out above, it is expected that Mr. Wang's experience in the financial business sector in the PRC and in Hong Kong, where he acted as the investment director and fund manager of a PRC asset management firm and a director of a Hong Kong SFC Type 4 and Type 9 licensed firm and his past responsibility to source potential investment opportunities and provision of strategic guidance, will bring in a positive impact and benefit to the business operation of the Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. Save for the Offeror's intention regarding the Group as set out above, as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreements, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group.

As at the Latest Practicable Date, the Offeror has no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets other than those in its ordinary and usual course of business. The Offeror may make some changes to the composition of the Board by nominating new Directors (at a time no earlier than permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate) so as to facilitate the business operation and management of the Group. As at the Latest Practicable Date, the Offeror has not identified any potential candidates to be appointed as new Director(s) of the Company. Any changes to the members of the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made as and when appropriate.

As at the Latest Practicable Date, the Offeror has no plan to terminate the employment of any senior management personnel of the Group. Instead, the Offeror is inclined to work together with the senior management of the Company and to leverage on their expertise and experience to further promote the growth of the Group. 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. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to increase the value of the Group.

3. Prospects and outlook of the Group

As referred to in the section headed "1. Background Information on the Group" in this letter and the 2024/2025 Annual Report, approximately 97.4% of the Group's revenue for FY2024/2025 was derived from regulated activities under the SFO in Hong Kong, which continues to be the core business of the Group upon Disposal Completion. In view of the Group's principal business upon Disposal Completion, we have reviewed the outlook of both the initial public offering ("IPO") market and the secondary market in Hong Kong, which are relevant to the operating environment of the Group.

In addition, given that income from underwriting and placing bonds issued by PRC private enterprises and state-owned enterprises constituted a significant portion of the Group's revenue, we also reviewed the PRC macroeconomic environment and bond market environment, which represent the principal market and issuers of the bonds underwritten and placed by the Group.

Hong Kong capital markets

According to official statistics published by the Stock Exchange, a total of 119 companies completed IPOs in Hong Kong in 2025, representing an increase of approximately 67.6% as compared with 71 IPOs recorded in 2024, reflecting a recovery in overall IPO market activity. In terms of fundraising scale, the total funds raised from IPOs as at the end of December 2025 amounted to approximately HK\$285.8 billion, representing an increase of approximately 225% from approximately HK\$88 billion during the same period in 2024.

With respect to the secondary market, based on the annual report published by the SFC for the year ended 31 March 2025, the number of Takeovers-related transactions and applications amounted to 395 during the 2024/2025 financial year, representing an increase of approximately 24.6% as compared to 2023/2024 financial year. In particular, the number of general offers and partial offers conducted under the Takeovers Code reached 44 cases during the 2024/2025 financial year, representing an increase of 37.5% and 33.3% as compared with 32 cases and 33 cases recorded in the 2023/2024 and 2022/2023 financial years, respectively.

In addition, in order to strengthen Hong Kong's position as an international financial centre, the Hong Kong Government and relevant regulators have introduced a series of policy measures and initiatives. These include, among others, initiatives outlined in the Hong Kong Government's 2025 Policy Address aimed at promoting market development and improving capital-raising efficiency, such as enhancing main board listing and structured product issuance mechanisms, studying the optimisation of dual-class share listing arrangements, promoting overseas secondary listings in Hong Kong and facilitating the return of China concept stocks. Furthermore, the Stock Exchange and the Securities and Futures Commission jointly announced on 6 May 2025 the launch of a dedicated Technology Enterprises Channel (TECH) to further facilitate new listing applications from prospective Specialist Technology Companies and Biotech Companies.

In light of the above, it is demonstrated that the overall IPO market in Hong Kong is showing clear signs of recovery, as evidenced by the increase in the number of IPOs and the substantial growth in fundraising. Together with the increasing number of general and partial offers conducted under the Takeovers Code and the supportive policy environment, this indicates improving market activity and confidence across both the primary and secondary markets in Hong Kong.

With reference to the financial information of the Group for HY2025 as set out above in this letter, we noted that revenue generated from corporate finance advisory services, securities dealing and brokerage services, and asset management services, which are primarily generated from the Hong Kong and thereby closely linked to the IPO and secondary markets in Hong Kong, recorded an increase as compared to HY2024. Accordingly, the Group's financial performance has benefited from the recovery of the Hong Kong capital market during HY2025 and is expected to continue to benefit from improving market conditions in Hong Kong following the Disposal Completion.

PRC bond market

According to the National Bureau of Statistics of China, over the past decade from 2016 to 2025, the PRC's real GDP growth exhibited an overall moderating trend from 6.7% in 2016 to 5.0% in 2025, representing a net decrease of 1.7 percentage points, with a temporary contraction to 2.3% in 2020 due to the pandemic and a rebound to 8.1% in 2021, before stabilising at around 5% in during the period from 2023 to 2025. According to the International Monetary Fund's January 2026 World Economic Outlook Update published on 19 January 2026, the IMF has raised its forecast for the PRC's real GDP growth to around 4.5% in 2026, reflecting lingering policy support and structural dynamics, with growth expected to moderate further to around 4.0% in 2027.

As further referred to statistics issued by the People's Bank of China, we noted that the annual issuance amount of corporate bonds recorded a consistent increase over the past three years. Corporate bond issuance increased from approximately RMB16,255 billion in 2023 to RMB23,917 billion in 2025, representing an increase of approximately 47.1%.

In light of the above, despite the moderating economic growth in the PRC over the past decade, the bond market has continued to expand in recent years, as reflected by the increase in bond issuance. This indicates that bond financing remains an important funding channel for the PRC corporates, which may be beneficial to the Group's bond placing and underwriting business in the future.

4. Principal terms of the Offer

AFG Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer to acquire all the Offer Shares on the following basis:

Offer Price for each Offer Share. HK\$6.00 in cash

Given the sole asset of Billion Shine is the 45,000,000 Shares held by it, the Offer Price of HK\$6.00 per Offer Share under the Offer is equivalent to the Consideration of HK\$270,000,000 divided by 45,000,000 Shares held by Billion Shine, which was arrived after arm's length negotiations between the Offeror and the Vendor.

The Offer is extended to all Offer 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 together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

The Offer is unconditional in all respects.

Immediately upon Completion, the Offeror (through Billion Shine) and parties acting in concert with him is interested in an aggregate of 45,000,000 Shares, representing 75% of the entire issued share capital of the Company. The Completion took place on the Completion Date.

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.

As disclosed in the Board Letter, as at the Latest Practicable Date, (i) no outstanding dividend declared by the Company remained unpaid; and (ii) the Board advised that the Company has no intention to make, declare or pay any future dividend or make other distributions until after the close of the Offer. If, after the date of despatch of the Composite Document, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Offer Price by an amount equal to the gross amount of such dividend or other distribution received or receivable by the Shareholders pursuant to Note 3 to Rule 26.3 and Note 11 to Rule 23.1 of the Takeovers Code.

4.1 Analysis on the Offer Price

The Offer Price of the Offer of HK\$6.00 per Offer Share represents:

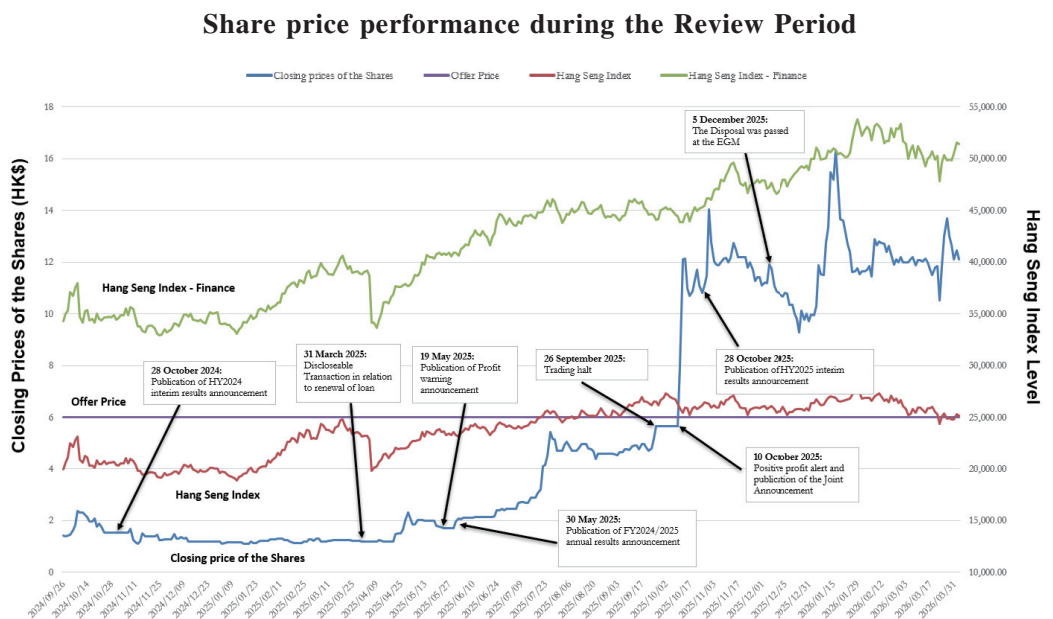
- (i) a discount of approximately 50.4% to the closing price of HK\$12.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 6.0% over the closing price of HK\$5.66 per Share as quoted on the Stock Exchange on 25 September 2025, being the Last Trading Day;
- (iii) a premium of approximately 19.2% over the average closing price of approximately HK\$5.03 per Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 20.8% over the average closing price of approximately HK\$4.97 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 25.9% over the average closing price of approximately HK\$4.76 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 37.1% over the average closing price of approximately HK\$4.38 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Day;

(vii) a premium of approximately 92.6% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$3.115 per Share as at 28 February 2025 calculated based on audited equity attributable to owners of the Company of approximately HK\$186,873,000 as at 28 February 2025 and 60,000,000 Shares in issue as at the Latest Practicable Date; and

(viii) a premium of approximately 75.5% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$3.419 per Share as at 31 August 2025 calculated based on unaudited equity attributable to owners of the Company of approximately HK\$205,152,000 as at 31 August 2025 and 60,000,000 Shares in issue as at the Latest Practicable Date.

4.2 Historical performance of the Shares

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 26 September 2024, being the twelve-month period prior to the Last Trading Day (i.e. 25 September 2025), up to and including the Latest Practicable Date (the “**Review Period**”) and the comparison of the trend of Hang Seng Indices:



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

Note: The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 26 September 2025 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 13 October 2025.

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

As illustrated above, the highest and lowest closing prices of the Shares during the Review Period were HK\$16.31 per Share recorded on 16 January 2025 and HK\$1.10 per Share recorded on various dates, including 12 November 2024, 3 January 2025, 16 and 17 January 2025, as quoted on the Stock Exchange. The average daily closing price of the Shares during the Review Period is approximately HK\$5.313 per Share. The Offer Price of HK\$6.0 per Share represents (i) a discount of approximately 63.21% to the highest closing price of HK\$16.31 per Share; (ii) a premium of approximately 445.45% over the lowest closing price of HK\$1.10 per Share; and (iii) a premium of approximately 12.94% over the average daily closing price of approximately HK\$5.313 per Share during the Review Period.

After taking into account that (i) the Disposal was first announced in the Joint Announcement dated 10 October 2025, and further details, including the financial effects of the Disposal on the Group, were disclosed in the Disposal Circular dated 17 November 2025; (ii) the Disposal was approved by the then independent shareholders at the extraordinary general meeting held on 5 December 2025; and (iii) the Disposal Completion took place on 31 March 2026, being approximately 2 trading days prior to the Latest Practicable Date, we consider that information relating to the Disposal had been publicly available to the market since the date of the Joint Announcement and the market had a reasonable period of approximately 118 trading days to assimilate the relevant information and incorporate such information into the Share prices. Accordingly, we are of the view that the closing price of the Shares as at the Latest Practicable Date generally reflects the investor's valuation of the Company's financial position and business profile following Disposal Completion, and the comparison between the closing prices of the Shares as at the Latest Practicable Date with the Offer Price is relevant in assessing the fairness and reasonableness of the Offer Price.

Pre-Announcement Period

During the period under review from 26 September 2024 to 25 September 2025 (being the Last Trading Day) (the "**Pre-Announcement Period**"), the highest closing price of the Shares was HK\$5.66 per Share recorded on 25 September 2025 (i.e. the Last Trading Day) and the lowest closing price of the Shares was HK\$1.10 recorded on various dates, including 12 November 2024, 3 January 2025, 16 and 17 January 2025, as quoted on the Stock Exchange. The Offer Price of HK\$6.0 per Share represents (i) a premium of approximately 6.01% over the highest closing price of HK\$5.66 per Share; (ii) a premium of approximately 445.45% over the lowest closing price of HK\$1.10 per Share; and (iii) a premium of approximately 171.36% to the average daily closing price of approximately HK\$2.211 per Share during the Pre-Announcement Period.

As illustrated in the above chart, the closing prices of the Share demonstrated a general upward trend throughout the Pre-Announcement Period. The Share prices commenced from HK\$1.411 on 26 September 2024 and subsequently declined to its lowest closing level of HK\$1.10 on 12 November 2024. Thereafter, the Share price rebounded and entered a sustained upward trend from late 2024 onwards, and reached its highest level during the Pre-Announcement Period at HK\$5.66 per Share on 26 September 2025. We have observed that the Company (i) published its interim results announcement for HY2024 on 28 October 2024; (ii) announced the renewal of loan on 31 March 2025; (iii) published a profit warning announcement on 19 May 2025; and (iv) announced its annual results announcement for FY2024/2025 on 30 May 2025. We have made inquiries with the Management and were advised that, save for the publication of announcements of the Company as described above, the Directors were not aware of any specific reasons that may have an impact on the fluctuations of Share prices during the Pre-Announcement Period.

Post-Announcement Period

During the period under review from 13 October 2025 (i.e. day of resumption of trading after publication of the Joint Announcement) up to and including the Latest Practicable Date (the “**Post-Announcement Period**”), the Offer Price of HK\$6.0 per Share represents (i) a discount of approximately 63.21% to the highest closing price of HK\$16.31 per Share; (ii) a discount of approximately 25.00% to the lowest closing price of HK\$8.0 per Share during the Post-Announcement Period; and (iii) a discount of approximately 47.33% to the average daily closing price of approximately HK\$11.39 per Share during the Post-Announcement Period. We have enquired with the Directors and were advised that save for the publication of the Joint Announcement and the announcement in relation to Disposal Completion and Completion, the Directors were not aware of any specific reasons or information which may lead to the surge in the share prices of the Shares during the Post-Announcement Period. The Offer 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.

We have also compared the pricing trend of the Shares with the trend of each of the Hang Seng Index and Hang Seng Index – Finance (“**HSI-Finance**”), a sector sub-index comprising companies principally engaged in financial services (including banking, insurance and other financial services), to assess whether movements in the Shares were broadly consistent with the wider market and the financial sector. The comparison is to assess whether the movements in the Shares are in line with the broader market and the finance sector, and if so, whether the movement in the Share price could be explained by reference to factors affecting the Hang Seng Index and HSI-Finance.

As illustrated in the chart above, although the closing price trend of the Shares generally moved in line with the Hang Seng Index during the period prior to the commencement of the Review Period to early November 2024 and from April 2025

onwards, the closing price trend of the Shares did not move in line with the Hang Seng Index during the period from mid-November 2024 to early April 2025. According to the official website of Hang Seng Indexes, as the HSI-Finance exhibited a trend broadly similar to that of the Hang Seng Index during the relevant period, the closing price trend of the Shares also deviated from that of the HSI-Finance during the aforesaid period.

As advised by the Company, apart from the aforesaid announcements, they were not aware of any specific reasons or information relating to the Group that would have led to the historical movements in the closing price of the Shares or the divergence from the trend of the Hang Seng Index and HSI-Finance. Given the Hang Seng Index is a free-float market capitalisation weighted index comprising only the largest companies listed on the Stock Exchange and the HSI-Finance mainly comprises 10 largest financial companies listed on the Stock Exchange, it is considered that the difference in pricing trend with the Hang Seng Index and HSI-Finance is not uncommon for smaller-cap listed companies, including the Company, to exhibit price movements that differ from the Hang Seng Index and HSI-Finance. Hence, a comparison with the Hang Seng Index and HSI-Finance is considered not relevant in assessing the fairness and reasonableness of the Offer Price. Based on the observation above, it is considered that the investors may not buy or sell the Shares at a price principally with reference to the news or the trend of the Hang Seng Index and HSI-Finance.

Whilst the trading prices of the Shares were generally below the Offer Price during the Pre-Announcement Period, we consider that comparing the Offer Price against the trend of the closing prices of the Shares during the Post-Announcement Period and the closing price of the Shares as at the Latest Practicable Date remains a relevant reference for evaluating the fairness and reasonableness of the Offer Price, after considering that the Post-Announcement Period represents a substantial period of over five months and includes a sufficient number of trading days (i.e. being approximately 118 trading days prior to the Latest Practicable Date), we are of the view that the market has had adequate time to digest the information contained in the Joint Announcement and reflect such information in the Share prices.

Having considered: (i) a discount of approximately 50.4% to the closing price of HK\$12.10 on the Latest Practicable Date; (ii) a premium of approximately 12.94% over the average closing price of approximately HK\$5.313 during the Review Period; and (iii) the Shares have consistently traded at a price higher than the Offer Price during the Post-Announcement Period, we are of the view that the Offer Price is unattractive and therefore not fair and not reasonable.

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

In addition, Offer Shareholders considering realising their investment in the Company should (i) note that realising a sizeable volume of Shares in the open market may potentially impose downward pressure on the price of the Shares given the low trading volume of the Company as mentioned in the sub-section headed “4.3 Historical trading volume of the Shares” below; and (ii) only realise their Shares in the open market when the net proceeds after transaction costs from the sale of such Share in the open market are not less than that receivable by the Offer Shareholders upon acceptance of the Offer.

4.3 Historical trading volume of the Shares

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

Month/Period	Total trading volume for month/period (number of Shares)	Number of trading days during the month (days)	Average daily trading volume for month/period (number of Shares)	Percentage of average daily trading volume to total number of the Shares in issue as at the Latest Practicable Date (note 3)	Percentage of average daily trading volume to total number of the Shares held by public Shareholders as at the Latest Practicable Date (note 4)
2024					
26-30 September	47,479	3	15,826	0.0264%	0.1055%
October	660,212	21	31,439	0.0524%	0.2096%
November	738,400	21	35,162	0.0586%	0.2344%
December	203,400	20	10,170	0.0170%	0.0678%
2025					
January	84,600	18	4,700	0.0078%	0.0313%
February	175,960	20	8,798	0.0147%	0.0587%
March	143,600	21	6,838	0.0114%	0.0456%
April	676,100	19	35,584	0.0593%	0.2372%
May	242,400	20	12,120	0.0202%	0.0808%
June	379,100	21	18,052	0.0301%	0.1203%
July	1,143,942	22	51,997	0.0867%	0.3466%
August	149,600	21	7,124	0.0119%	0.0475%
September	736,300	19	38,753	0.0646%	0.2584%
October	12,720,700	14	908,621	1.5144%	6.0575%
November	1,718,900	20	85,945	0.1432%	0.5730%
December	988,900	21	47,090	0.0785%	0.3139%

Month/Period	Total trading volume for month/period (number of Shares)	Number of trading days during the month (days)	Average daily trading volume for month/period (number of Shares)	Percentage of average daily trading volume to total number of the Shares in issue as at the Latest Practicable Date	Percentage of average daily trading volume to total number of the Shares held by public Shareholders as at the Latest Practicable Date
				(note 3)	(note 4)
2026					
January	5,026,583	21	239,361	0.3989%	1.5957%
February	1,013,100	17	59,594	0.0993%	0.3973%
March	2,190,630	22	99,574	0.1660%	0.6638%
April (up to the Latest Practicable Date)	63,600	2	31,800	0.0530%	0.2120%
		Maximum	908,621	1.5144%	6.0575%
		Minimum	4,700	0.0078%	0.0313%
		Average	87,427	0.1457%	0.5828%

Source: www.hkex.com.hk

Notes:

1. The Review Period commenced on 26 September 2024.
2. The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 26 September 2025 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 13 October 2025.
3. Based on 60,000,000 Shares in issue as at the Latest Practicable Date.
4. Based on 15,000,000 Shares held by public Shareholders as at the Latest Practicable Date.

As illustrated above, the average daily trading volume of the Shares as a percentage of the total number of the Shares in issue as at the Latest Practicable Date ranged from the lowest of approximately 0.0078% in January 2025 to the highest of approximately 1.5144% in October 2025, with an average daily trading volume of approximately 0.1457% of the total number of issued Shares as at the Latest Practicable Date.

If only Shares held by public Shareholders (the “**Free Float Shares**”) are considered in calculating the percentage of average daily trading volume of the Shares as at the Latest Practicable Date, the average trading volume of the Free Float Shares during the Review Period ranged from the lowest of approximately 0.0313% in January 2025 to the highest of approximately 6.0575% in October 2025 with an average daily trading volume of approximately 0.5828% of the total number of Free Float Shares. We noted that the trading volume in October 2025 was relatively higher than that of the rest of the other months during the Review Period. In this regard, we made enquiries with the Management and were advised that the Company is not aware of any particular reason that led to the higher trading volume of the Shares.

Taking into account the fact that the average daily trading volume of the Shares during the Review Period was approximately 0.1457% of the total issued Shares and approximately 0.5828% of the Free Float Shares, we are of the view that the trading volume of Shares are considered as low, and in normal circumstances, if the Offer Shareholders are to dispose of a large number of Shares in the market, it may exert downward pressure on the market price of Shares.

4.5 Comparable Analysis

In assessing the fairness and reasonableness of the Offer Price, we have considered using the price-to-earnings ratio (the “**P/E ratio**”) analysis, the price-to-sales ratio (the “**P/S ratio**”) analysis, the price-to-book ratio (the “**P/B ratio**”) analysis, and dividend yield analysis, which are commonly adopted valuation methods for comparing the market valuation of companies.

Given that (i) the Group was loss-making for FY2024/2025 and the turnaround from loss to profit for HY2025 was mainly attributable to other gain arising from the disposal of certain securities held by the Group, which was a one-off gain and not part of the Group’s principal business, rendering the P/E ratio not meaningful; (ii) upon Disposal Completion, the Group will principally engage in provision of financial and securities services including corporate finance advisory services, placing and underwriting services, securities dealing and brokerage services, securities financing services and asset management services, the revenue of which are generally transaction-driven and subject to market fluctuations and may not represent stable or sustainable income, rendering the P/S ratio not meaningful; (iii) the Group conducts its business under Type 1, Type 4, Type 6 and Type 9 regulated activities under the SFO; (iv) approximately 97.4% of the Group’s revenue for FY2024/2025 was generated from the regulated activities under the SFO; and (v) and no dividend was announced by the Group for FY2024/2025, rendering dividend yield analysis not meaningful, we consider that the P/E ratio analysis, P/S ratio analysis and the dividend yield analysis are not applicable.

On the other hand, given that (i) the Group principally engages in the provision of regulated financial services under the SFO, which are capital-driven in nature; (ii) the Group maintains a substantial portion in its assets in liquid financial assets and cash balance, which represents an aggregate amount of approximately HK\$262.8 million, representing approximately 73.7% of its total assets as at 31 August 2025, which directly support its regulated business operations and capital requirements; and (iii) having regard to the nature of the Group's business as mentioned above, its net asset value largely reflects its available capital resources and financial strength, which in turn determine its operational capacity and ability to generate revenue from regulated activities, we consider that the Group's net asset value represents a meaningful indicator of its financial strength and capital available for its businesses. Accordingly, we have adopted the P/B ratio analysis as the most appropriate valuation approach.

Based on the Offer Price of HK\$6.0 per Offer Share and the total number of issued Shares of 60,000,000 as at the Latest Practicable Date, the implied market capitalization of the Company would be HK\$360.0 million. The P/B Ratio of the Company implied by the Offer Price is approximately 1.75 times (the "**Implied P/B Ratio**"), calculated based on the unaudited consolidated net assets of the Group of approximately HK\$205.1 million as at 31 August 2025 and the implied market capitalization.

Given that the principal business of the Group is the provision of financial and securities services, with approximately 97.4% of the Group's revenue being generated from regulated activities under the SFO, for the purpose of our comparable analysis, we have identified comparable companies based on the following criteria: (i) the shares of which are listed on the Stock Exchange; (ii) holds Type 1, 4, 6 and 9 licenses for the regulated activities under the SFO, of which all licenses remained active as at the Last Trading Day; (iii) more than 50% of its revenue from generated from the regulated activities under the SFO in most recent financial year, which ensures that the identified comparable companies are principally engaged in business sectors similar to those of the Company; and (iv) the market capitalisation as at the Latest Practicable Date was not more than HK\$1,000 million. Based on such criteria, we have identified an exhaustive list of 2 comparable companies (the "**Comparable Companies**").

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

No.	Company name (stock code)	Principal activity	Revenue contribution of the Regulated activities under the SFO (Note 1)	Market capitalisation as at the Latest Practicable Date (Note 2) (HK\$' million)	P/B ratio (Note 3) (times)
1	Da Yu Financial Holdings Limited (stock code: 1073)	The group was principally engaged in the provision of corporate finance advisory services and asset management services, in investment in securities, in securities broking and placing of securities, and in money lending business in Hong Kong.	96.7%	430.7	0.645
2	Somerley Capital Holdings Limited (stock code: 8439)	The group was principally engaged in providing corporate finance advisory services and asset management services.	100.0%	51.3	0.854
				Maximum	0.854
				Minimum	0.645
				Average	0.749
	The Company			360.0 (Note 4)	1.75 (Note 5)

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

Notes:

1. The proportion of revenue attributable to regulated activities under the SFO of each of the Comparable Companies was referred to the information set out in their respective latest available annual reports.
2. The market capitalisation of the Comparable Companies was calculated based on the closing share prices and the total issued shares of the Comparable Companies as at the Latest Practicable Date.
3. The P/B ratio was based on the then market capitalisation of Comparable Companies as at the Latest Practicable Date, divided by the net asset value of the Comparable Companies as stated in their respective latest available annual report or interim report.
4. The implied market capitalisation of the Company is calculated based on the Offer Price of HK\$6.0 and the number of issued Shares as at the Latest Practicable Date (i.e. 60,000,000 Shares).
5. The Implied P/B Ratio of approximately 1.75 times is based on (a) the implied market capitalization of the Company of approximately HK\$360.0 million based on the Offer Price and the issued number of Shares as at the Latest Practicable Date; and (b) the unaudited consolidated net assets of the Group of approximately HK\$205.1 million as at 31 August 2025.

As set out in the table above, the P/B ratios of the Comparable Companies ranged from approximately 0.645 times to approximately 0.854 times, with an average of approximately 0.749 times. The Implied P/B Ratio of approximately 1.75 times, based on the Offer Price, falls above the range and the average of the Comparable Companies, respectively.

In this regard, the Offer Price represents a premium to the average market valuation of the Comparable Companies. Nevertheless, we consider the Offer Price to be unattractive given that the Offer Price represents a discount of approximately 50.4% to the closing price of HK\$12.10 on the Latest Practicable Date. Taking into account the prevailing market price level of the Shares, we consider that the Offer is not fair and not reasonable.

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

As stated in the “Letter from AFG Securities” contained in the Composite Document, the Stock Exchange has stated that:

- (a) if, at the close of the Offer, the Stock Exchange believes that:
 - a false market exists or may exist in the trading of the Shares; or
 - an orderly market does not exist or may not exist;it will consider exercising its discretion to suspend dealings in the Shares; and
- (b) if, at the close of the Offer, the Company has a Significant Public Float Shortfall (as defined in Rule 13.32F of the Listing Rules), then:
 - the Stock Exchange will add a designated marker to the stock name of the Shares; and
 - the Stock Exchange will cancel the listing of the Shares if the Company fails to comply with Rule 13.32B of the Listing Rules for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

The Offeror intends the Company to remain listed on the Stock Exchange. The Offeror has undertaken to the Stock Exchange that if, at the close of the Offer, the Company fails to comply with the requirement of Rule 13.32B of the Listing Rules, he will take appropriate steps to ensure the Company’s compliance with Rule 13.32B of the Listing Rules at the earliest possible moment. The steps that the Offeror may take include but not limited to placing down or selling sufficient number of accepted Shares which it will acquire from the Offer to selected Independent Third Parties, or in the market. No arrangements have been confirmed or put in place as at the Latest Practicable Date.

Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. Further announcement(s) regarding the restoration of public float (if any) will be made by the Company as and when appropriate.

RECOMMENDATION

Taking into consideration the aforementioned principal factors and reasons, in particular:

- (i) the Group's total revenue for HY2025 decreasing by approximately 87.2% as compared to HY2024, which was mainly attributable to a decrease in revenue generated from the underwriting and placing of bonds issued by PRC organisations, as the investor sentiment remained selective, with a stronger preference for higher-yield bonds and issuers with stronger credit profiles, resulting in a reduction in demand and interest from the Group's clients in bond products. Accordingly, notwithstanding the continued expansion of the overall PRC bond market as mentioned in paragraph (iii) below, the Group did not participate in such business during HY2025. In comparison, the revenue derived from other SFO-regulated business segments recorded a year-on-year increase, primarily due to the recovery of the Hong Kong capital markets, as referred to the paragraph (iv) below;
- (ii) the closing prices of the Shares were traded below the Offer Price for the Pre-Announcement Period, whereas the closing prices of the Shares have been trading above the Offer Price during the Post-Announcement Period; and the Offer Price represents a discount of approximately 50.4% to the closing price of HK\$12.10 on the Latest Practicable Date. As the Joint Announcement was published in October 2025, being approximately 118 trading days prior to the Latest Practicable Date, we consider that the market has had a sufficient period of time to digest the information relating to the Disposal and the Offer and to reflect such information in the Share price. Accordingly, a comparison between the closing price of the Shares as at the Latest Practicable Date and the Offer Price is relevant in assessing the fairness and reasonableness of the Offer Price as detailed in the section headed "4.2 Historical performance of the Shares" above;
- (iii) as further discussed in the section headed "3. Prospects and Outlook of the Group", notwithstanding the moderating macroeconomic growth in the PRC, the PRC bond market has continued to expand in recent years, as reflected by the increase in corporate bond issuance. Given the Group was principally engaged in the underwriting and placing of the bonds issued by the private and state-owned enterprises in the PRC, the expansion in the PRC bond market may continue to provide potential opportunities for the Group's bond placing and underwriting business in future;
- (iv) official statistics demonstrated that the overall IPO market in Hong Kong is in recovery. Together with the increasing number of general and partial offers conducted under the Takeovers Code and the supportive policy environment, this indicates improving market activity and confidence across both the primary and secondary markets in Hong Kong, which is relevant to the operating environment of the Group; and
- (v) it is expected that Mr. Wang's experience in the financial business sector in the PRC and in Hong Kong will bring a positive impact and benefit to the business operation of the Group,

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

For those Offer Shareholders who wish to realise their investments, we recommend that they consider disposing of their Shares in the open market. Nevertheless, the Offer Shareholders should also note that (i) there is no guarantee that the Share price will sustain at a level above the Offer Price and/or after the Offer Period; and (ii) the Offer Shareholders (regardless to their amount of shareholdings) may not be able to realise their investments in the Shares at a price higher than the Offer Price when they are going to dispose of their partial or entire holdings. In such circumstances, the Offer might provide an exit alternative for the Shareholders who would like to realise their investments in the Shares at the Offer Price of HK\$6.0. However, for those Offer Shareholders who intend to accept the Offer, we would remind them to closely monitor the market price and liquidity of the Shares during the Offer Period, and having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from such sale of Shares would be higher than that receivable under the Offer. For those Offer Shareholders who intend to dispose of large blocks of Shares in the open market, we would also remind them of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the market prices of the Shares as a result of the thin trading in the Shares.

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

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



Wallace So
Managing Director

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