

24 July 2025

*To the Independent Board Committee and the Independent Shareholders of
MTT Group Holdings Limited*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER
BY SUNHIGH FINANCIAL HOLDINGS LIMITED ON BEHALF OF
QH TECHNOLOGY HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
MTT GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY
QH TECHNOLOGY HOLDINGS 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 and the Independent Shareholders in respect of the terms of the Offer, details of which are set out in the Composite Document dated 24 July 2025 jointly issued by the Company and the Offeror to the Shareholders, of which this letter forms part. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

On 30 April 2025, the Board was informed that the Offeror, Mr. Yan, the Vendor and Mr. Ip had entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell, and the Offeror agreed to purchase, the Sale Shares, which represent approximately 57.3% of the total issued share capital of the Company as at the Latest Practicable Date. Completion took place on 2 May 2025.

Immediately prior to Completion, (i) none of the Offeror and the parties acting in concert with it (excluding the Vendor) was interested in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code); and (ii) the Vendor was interested in 358,380,000 Shares, i.e. the Sale Shares.

Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned an aggregate of 358,380,000 Shares, representing approximately 57.3% of the total issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, immediately following Completion, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it (including the Vendor)).

Sunhigh Financial is making, on behalf of the Offeror, the Offer on the following basis:

For each Offer Share HK\$0.256 in cash

The Offer Price of HK\$0.256 per Offer Share under the Offer is the same as the price per Sale Share of HK\$0.256 payable by the Offeror pursuant to the Sale and Purchase Agreement.

The Offer is unconditional in all respects.

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee comprising all the non-executive Directors, namely Mr. Ho Wang Shun and Mr. Chen Yiliang, and the independent non-executive Directors, namely, Mr. Lam Chi Wing, Ms. Chung Anita Mei Yiu, Ms. Wu Ching Tung Grace and Mr. Lo Kwok Loong Sammy, who have no direct or indirect interest in the Offer, has been established by the Board to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

We, Nuada Limited, have been appointed by the Company, with the approval of the Independent Board Committee, to advise the Independent Board Committee in connection with the Offer and, in particular, as to whether the Offer are fair and reasonable and as to the acceptance of the Offer.

During the past two years immediately preceding the commencement of the Offer Period, save for this appointment as the Independent Financial Adviser in respect of the Offer, there were no other engagements between the Group, the Offeror or the Vendor and Nuada Limited. Apart from normal professional fees for our services to the Company in connection the aforesaid appointment, no other arrangement exists whereby we have received/will receive any fees and/or benefits from the Group, the Offeror or the Vendor or any other parties that could reasonably be regarded as relevant to our independence. Save for this appointment as the Independent Financial Adviser in respect of the Offer and normal professional fees for our services to the Company in connection the aforesaid appointment, there is no other relationships or interests between (a) Nuada; and (b) the Group, the Offeror, the Vendor, and their respective controlling shareholders, subsidiaries and associates, nor is Nuada associated with (a) the Group; (b) the Offeror; and (c) the Vendor, or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we consider that we are independent pursuant to Rule 2 of the Takeovers Code and Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to give independent advices on the Offer.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have no reason to believe that any information or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Composite Document, which have been provided by the Company, the Directors, the sole director of the Offeror and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to Latest Practicable Date. Should there be any material changes to the information, representations and opinions contained or referred to in the Composite Document, which have been provided by the Company, the Directors, the sole director of the Offeror and the Management and our opinions and/or recommendation after the despatch of the Composite Document and throughout the Offer Period, the Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than those relating to the Group, the Vendor and parties acting in concert with it (excluding the Offeror and Mr. Yan)) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than those expressed by the Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than any information relating to the Offeror and parties acting in concert with it (excluding the Vendor and Mr. Ip)) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinion expressed in the Composite Document (other than those

expressed by the sole director of the Offeror) 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.

Our review and analysis were based upon, among other things, the information provided by the Company including the Joint Announcement and the Composite Document, and certain published information from the public domain including trading performance of the Shares on the Stock Exchange, the annual report of the Company for the financial year ended 31 March 2024 (“**Annual Report 2024**”) and the annual results announcement of the Company for the financial year ended 31 March 2025 (“**Annual Results Announcement 2025**”) respectively.

We consider that we have reviewed sufficient information, including relevant information and documents provided by the Company, the Directors and the Management and the information published by the Company, to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our opinions and advice. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the Management, nor have we conducted an independent in-depth investigation into the business and affairs, financial condition and future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE OFFER

In formulating our advice in respect of the Offer, we have taken into consideration the following principal factors and reasons:

1. Information on the Group

(a) Principal business of the Group

The Company was incorporated in the Cayman Islands on 24 July 2020 as an exempted company with limited liability. The Group is principally engaged in (i) the distribution of IT products in Hong Kong, Macau and the PRC (accounting for approximately 63.3% of the total revenue of the Group for the year ended 31 March 2025 (“**FY2025**”)); and (ii) provision of system integrated solutions (“**SI Solution**”) for IT systems involving integration of system design, development and/or implementation of hardware and software, hardware and software coordination, system configuration, and technical and maintenance support service in these regions (accounting for approximately 36.7% of the total revenue of the Group for FY2025).

According to the Management, for the distribution business, the Group acts as an mid-stream authorised distributor sourcing IT products from up-stream IT product vendors and distributes to down-stream resellers (who are SI solutions providers, telecommunication companies, traders and wholesalers). This is product-driven since the Group primarily market and sell the IT products for which the Company have obtained distribution rights. IT products of the Group’s distribution business can be broadly divided into three categories, namely data communication and systems infrastructure (e.g. router, wireless access point, server, etc), cyber security (e.g. backup, gateway, firewall, etc) and digital transformation (e.g. robotic automation, performance management applications, etc).

Meanwhile, for the SI Solution business, the Group act as down-stream SI solutions providers (i.e. resellers with value-added solutions and supports) procuring IT products from mid-stream authorised distributors, integrating them into customised SI solutions and reselling them to end-users (including government, non-governmental organisations and enterprises). This is solutions-driven as the Group addresses the IT needs and requirements of the end-users by recommending suitable IT products and SI solutions. IT products of the Group's SI Solution business can be broadly divided into three categories, namely data communication and systems infrastructure (e.g. design, build and implement IT infrastructure, either on-premises or via the internet), cyber security (e.g. safeguard IT systems including hardware, software and information including computers, servers, mobile devices, networks, programmes and data from attack, damage, unauthorized access and disruption) and digital transformation (e.g. design, plan and build solutions with latest digital technology in replacement of non-digital or manual processes to streamline the business operation).

(b) Financial information of the Group

The table below summarises the financial results of the Group for the financial years ended 31 March 2023 (“FY2023”), 31 March 2024 (“FY2024”) and 31 March 2025 respectively as extracted from the Annual Report 2024 and Annual Results Announcement 2025.

	For the year ended 31 March		
	2025	2024	2023
	HK\$'000	HK\$'000	HK\$'000
		(Audited)	(Audited)
Revenue	630,172	628,075	752,547
Gross profit	61,363	70,976	126,718
<i>Gross profit margin (%)</i>	<i>9.7</i>	<i>11.3</i>	<i>16.8</i>
Selling and distribution expenses	(26,552)	(36,170)	(36,404)
Administrative expenses	(37,353)	(34,470)	(30,667)
(Loss)/profit for the year	(10,320)	(14,973)	43,737

Financial performance for FY2024 vs FY2023

The Group recorded revenue of approximately HK\$628.1 million for FY2024, representing a decrease of approximately 16.5% as compared with that of approximately HK\$752.5 million for FY2023. Meanwhile, gross profit margin also decreased from approximately 16.8% for FY2023 to approximately 11.3% for FY2024. According to the Management and as disclosed in the Annual Report 2024, the decrease in revenue and gross profit margin were mainly attributable to the increase in market competition regarding sales of content delivery network (“CDN”) license in the distribution business and the decrease in demand under weak economic environment for SI solution business. Overall, the Group recorded a loss for the year of approximately HK\$15.0 million for FY2024 as compared with a profit for the year of approximately HK\$43.7 million for FY2023. According to the Management, such change was mainly attributable to the decrease in gross profit by HK\$55.7 million, which in turn was due to the decrease in revenue and gross profit margin as disclosed above.

Financial performance for FY2025 vs FY2024

The Group recorded revenue of approximately HK\$630.2 million for FY2025, which remained relatively stable as compared with that of approximately HK\$628.1 million for FY2024. Gross profit of the Group decreased by approximately 13.5% from approximately HK\$71.0 million in FY2024 to approximately HK\$61.4 million in FY2025, while overall gross profit margin decreased slightly from approximately 10.7% in FY2024 to approximately 9.7% in FY2025. According to the Management and as disclosed in the Annual Results Announcement 2025, the decrease in the gross profit was primarily due to lower selling prices as a result of the fierce competition and weak economic environment. Overall, the Group recorded a loss for the year of approximately HK\$10.3 million for FY2025 as compared with a loss for the year of approximately HK\$15.0 million for FY2024, representing a decrease by approximately HK\$4.7 million. According to the Management, such change was mainly attributable to the combined effect of (i) the decrease in net impairment losses under expected credit loss model by approximately HK\$9.8 million (which in turn was mainly attributable to an one-off impairment loss of approximately HK\$9.0 million in FY2024 recognised for a credit impaired debtor encountering financial difficulties and undergoing a voluntary liquidation process); (ii) the decrease in selling and distribution expenses by approximately HK\$9.6 million (which in turn was mainly attributable to a decrease in commissions paid to staff); and partially offset by (iii) decrease in gross profit by approximately HK\$9.6 million as mentioned above; and (iv) increase in administrative expenses by approximately HK\$2.9 million (which in turn was mainly attributable to the increase in staff cost in relation to the strategic planning and the legal and professional fee, the latter mainly included provision for the Competition Commission's costs of proceedings against the Company and Multisoft relating to a contravention of the Competition Ordinance (Cap. 619), details of the proceeding were disclosed in the Company's announcements dated 23 March 2023 and 11 June 2024).

Financial position as at 31 March 2024 and 31 March 2025

The table below summarises the financial position of the Group as at 31 March 2024 and 31 March 2025 respectively as extracted from the Annual Results Announcement 2025.

	As at 31 March 2025 (HK\$'000)	As at 31 March 2024 (HK\$'000) (Audited)
Current assets	454,671	453,006
– Trade and other receivables, deposits and prepayments	385,503	384,912
– Pledged bank deposits	31,666	37,460
– Inventories	18,056	17,762
– Bank balances and cash	10,459	10,685
Current liabilities	292,318	280,432
– Trade and other payables and accrued charges	191,483	194,470
– Bank borrowings	48,153	59,891
– Contract liabilities	50,301	23,157
Net current assets	162,353	172,574
Non-current assets	24,688	27,752
– Property and equipment	8,096	12,531
– Financial assets at fair value through profit or loss	11,258	11,321
Non-current liabilities	3,478	6,464
– Lease liabilities	3,198	5,579
Net assets/total equity	183,563	193,862

As stated in Annual Results Announcement 2025, net current assets of the Group decreased by approximately HK\$10.2 million from approximately HK\$172.6 million as at 31 March 2024 to approximately HK\$162.4 million as at 31 March 2025, and net assets of the Group also decreased by approximately HK\$10.6 million from approximately HK\$193.9 million as at 31 March 2024 to approximately HK\$183.6 million as at 31 March 2025. According to the Management, the decrease was mainly due to the increase in contract liabilities (which in turn was due to delayed shipments and customers' revisions of planning).

Our view

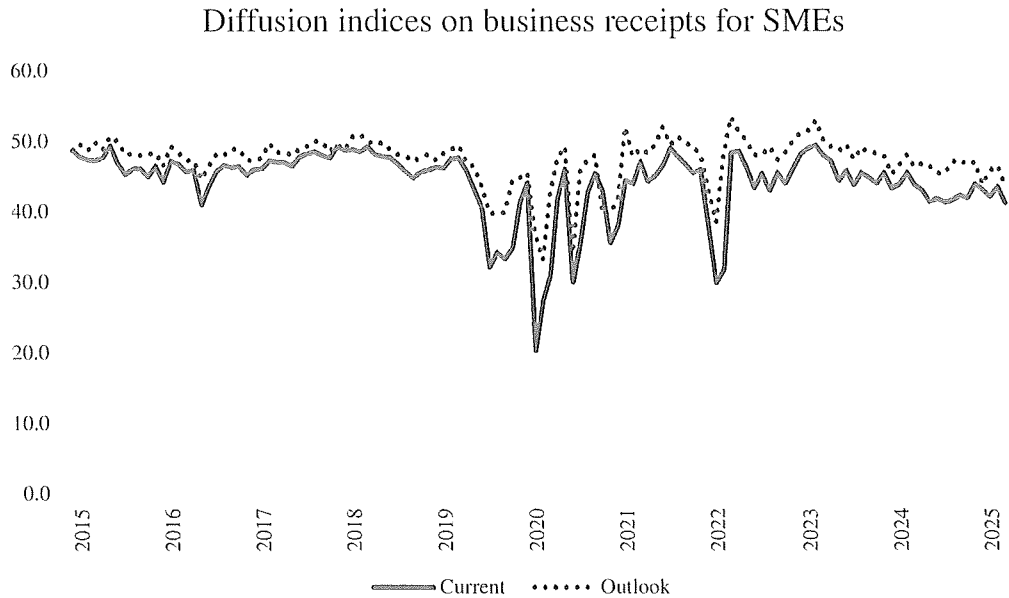
Taking into account (i) the deterioration of the revenue; (ii) the decrease in gross profit margin; and hence (iii) the change from profit to loss for the year in FY2024 and the continuous loss in FY2025, we are of the view that the Group had unsatisfactory financial performance in recent financial periods.

(c) Business outlook of the Group

As stated in the section headed “ (a) Principal business of the Group” above, the Group is principally engaged in (i) the distribution of IT products in Hong Kong, Macau and the PRC; and (ii) provision of SI Solution for IT systems in these regions. In particular, we note from Annual Report 2024 that the majority of revenue of the Group (over 95%) was generated in Hong Kong.

In order to understand the market outlook of IT industry in Hong Kong, we have examined the relevant data and reports from the Census and Statistics Department (“CSD”) of Hong Kong as well as other government departments or statutory bodies (such as the Hong Kong Trade Development Council and the Digital Policy Office) which may release official data about the IT industry in Hong Kong. We consider official data released by the government authorities which are openly available to be objective and trustworthy. While we attempted to review statistics directly related to the IT industry, we note from the report titled “Hong Kong as an Information Society (2025 Edition)” published by the CSD on 30 Jun 2025 that the latest relevant statistics (e.g. investment in IT equipment and software in the business sector and total IT expenditure in the business sector) are up to year 2023 only, i.e. around two years ago. As such, we considered that those statistics may not provide insight on the latest development of the industry. Meanwhile, the statistics disclosed in the website of Hong Kong Trade Development Council are extracted from the aforesaid report by CSD while the Digital Policy Office only publishes codes and guidelines (related to AI technologies), policy statement (related to data security), etc but not statistics related to the IT industry. Nevertheless, having considered the demand for the services and products of the Group depends on, among others, general business and economic environment in Hong Kong, we have resorted to review (i) the current and outlook diffusion indices on business receipts for small and medium-sized enterprises (“SMEs”); and (ii) net balance of expected changes in business situation as compared with respective quarters. Since customers of the Company include, among others, enterprises of different size, we consider both statistics which reflect the sentiment of SMEs and prominent enterprises respectively to be relevant.

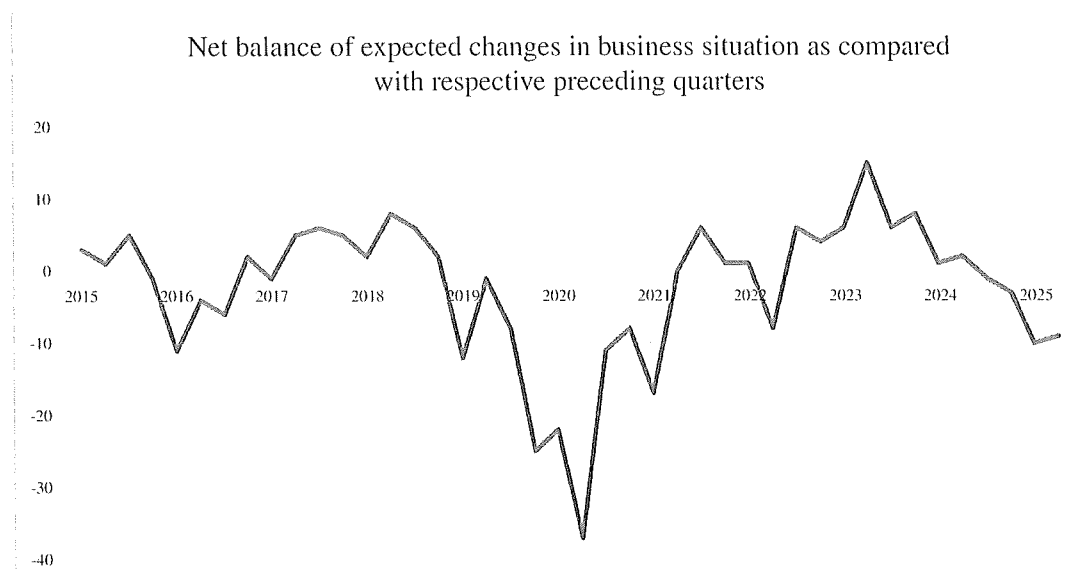
Graph 1: Diffusion indices on business receipts for SMEs



Source: CSD

Note: The “current diffusion index” reflects the current business situation as compared with the preceding month and the “outlook diffusion index” reflects expected business situation in one month’s time as compared with the current situation. Diffusion index is computed by adding the percentage of SMEs reporting “up” in the category concerned (e.g. business receipts) to half of the percentage of SMEs reporting “same”. SMEs in the sectors covered refer to establishments with fewer than 50 persons engaged and include six sectors, i.e wholesale trade, retail trade, import and export trades, restaurants, logistics, real estates and business services (which in turns covers information technology service activities; data processing, hosting and related activities; legal and accounting activities; management consultancy activities; advertising; and employment activities). The indices shown above are weighted averages of sectoral figures.

Graph 2: Net balance of expected changes in business situation as compared with respective preceding quarters



Source: CSD

Note: The “net balance” is the difference between the percentage of establishments choosing “better” and that choosing “worse”. The magnitude of the “net balance” reflects only the prevalence of optimism or pessimism, but not the magnitude of expected change. The CSD collects views on short-term business performance from the senior management of around 570 prominent establishments in ten sectors in Hong Kong. The ten sectors surveyed are (i) manufacturing; (ii) construction; (iii) import/export trade and wholesale; (iv) retail; (v) accommodation and food services; (vi) transportation, storage and courier services; (vii) information and communications; (viii) financing and insurance; (ix) real estate; and (x) professional and business services. The “net balance” shown above are weighted averages of sectoral figures.

Graph 1 shows the current and outlook (shown in dotted line) diffusion indices on business receipts for SMEs of all sectors collected from the Report on Monthly Survey on the Business Situation of Small and Medium-sized Enterprises compiled by the CSD. According to CSD, a reading above 50 indicates that the business condition is generally favourable, whereas that below 50 indicates otherwise. We note that both diffusion indices showed similar trend in the past ten years, and were significantly lower in 2019 and 2020, possibly related to social unrest in Hong Kong and COVID-19 at the time. Both indices had fluctuated a lot since then but returned closer to 50 around 2022, then started showing slow downward trend and fell below 50 since 2023 up to April 2025.

Graph 2 shows the net balance of expected changes in business situation as compared with respective preceding quarters collected by CSD quarterly. As shown in the graph above, the weighted average of net balance of all ten surveyed sectors fluctuated in the recent ten years, and was negative (i.e. showing prevalence of pessimism) from 2019 to 2021, possibly related to social unrest in Hong Kong and COVID-19 at the time. It was mostly positive (i.e. showing prevalence of optimism) from 2021 to 2023 but has gradually declined since the fourth quarter of 2023 and turned negative again for four consecutive quarters since the third quarter of 2024 and up to the second quarter of 2025.

We note that the two statistics showed similar trend in the past ten years and that both showed a pessimism trend regarding business environment in the past two years. While the surveys of the CSD do not include the reasons the interviewees remained pessimistic regarding the future business environment, we consider that (i) the escalating trade protectionism (e.g. additional tariff imposed by the United States) may disrupt global trade and investment flows; and (ii) there has been change in the residents' consumption pattern since the COVID-19 pandemic subsided, therefore the environment has been clouded by uncertainties. We consider that in view of a generally negative outlook on business environment in Hong Kong, enterprises will more likely adopt a prudent approach in operation and cut down unnecessary infrastructure investments, e.g. investments in new IT products and solutions.

We have also reviewed government policy regarding IT industry. We note from the Chief Executive's 2024 Policy Address delivered on 16 October 2024 that the government attempts to increase investment and guide more market capital to invest in innovation and technology industry with the following three measures: (i) setting up a \$10 billion Innovation and Technology Industry-Oriented Fund ("IFTF") to invest in specified emerging and future industries of strategic importance, including life and health technology, AI and robotics, semi-conductors and smart devices, advanced materials and new energy; (ii) redeploy \$1.5 billion to set up funds jointly with the market, on a matching basis, investing in start-ups of strategic industries; and (iii) maximising the impact of the Hong Kong Investment Corporation Limited as "patient capital" which will continue to attract innovation and technology enterprises to establish their presence and settle in Hong Kong. Out of the above three measures, the IFTF may have more impact on the IT industry and the Company in terms of magnitude and relevance. Nevertheless, it is not certain how it will benefit the IT industry or the Company specifically as the IFTF will invest in a wide range of innovation and technology industries as mentioned above, whereas the Company distributes and sells a wide variety of IT products and only some of them (i.e. the design, building and implementation of IT infrastructure for data centre) are related to one of the industries of strategic importance (i.e. AI). Save for the above, we are not aware of any government policy that are relevant to the IT industry.

Having considered (i) the pessimistic view expressed by the enterprises in Hong Kong which may indicate less investment in IT infrastructure; and (ii) the government policy from the Chief Executive's 2024 Policy Address which is only partially beneficial to the Company, we are of the view that the Company's outlook and prospects remains uncertain.

2. Information on the Offeror and the Offeror's intention regarding the Group

(a) Information on the Offeror

As stated in the section headed "Letter from Sunhigh Financial" in the Composite Document, the Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability. Save for the Acquisition, the Offeror has not engaged in any other business activities since its incorporation on 7 March 2025. Mr. Yan is the sole beneficial owner and sole director of the Offeror. Please refer to the paragraph headed "(c) Board composition of the Company – Mr. Yan" below for the background of Mr. Yan.

(b) Intention of the Offeror regarding the Group

As stated in the section headed “Letter from Sunhigh Financial” in the Composite Document, the Offeror’s investment in the Company was made having considered, among others, the Company’s principal businesses aligns with emerging trends in IT across various industries and business sectors in Hong Kong, the PRC and around the world, which positions it as a key enabler for digital transformation and artificial intelligence (“AI”) adoption.

With his background in, among others, digital and intelligent solutions in the fields of procurement, logistics and supply chain management, as mentioned in the paragraph headed “Board composition of the Company – Mr. Yan” below, Mr. Yan believes that the Company’s principal businesses keenly aligns with the emerging technology trends, including the push for AI development and digital transformation, in many business sectors in Hong Kong, the PRC and around the world. Please refer to the paragraph headed “Intention of the Offeror in relation to the Company” in the section headed “Letter from Sunhigh Financial” for details of Mr. Yan’s view regarding the business of the Company.

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. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group after the close of the Offer and does not intend to redeploy or dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business.

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 had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

As at the Latest Practicable Date, save as set out in the paragraph headed “Board composition of the Company” below, the Offeror had no intention to make material changes to the employment of employees or other personnel of the Group. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the benefit of the Group. Any changes to the members of the Board will be made in compliance with the Takeovers Code and the Listing Rules.

(c) *Board composition of the Company*

As at the Latest Practicable Date, the Board comprised Mr. Ip and Mr. Chan Tim Cheung as executive Directors, Mr. Ho Wang Shun and Mr. Chen Yiliang as non-executive Directors, and Mr. Lam Chi Wing, Ms. Chung Anita Mei Yiu, Ms. Wu Ching Tung Grace and Mr. Lo Kwok Loong Sammy as independent non-executive Directors.

Pursuant to the Sale and Purchase Agreement, (i) Mr. Chan Tim Cheung shall resign as executive Director, (ii) Mr. Ip shall be re-designated from an executive Director to a non-executive Director; and (iii) all independent non-executive Directors and all non-executive Directors shall resign, all with effect from the day immediately after the close of the Offer. For the avoidance of doubt, such resignations shall not take effect until after the publication of the closing announcement on the Closing Date. The Offeror intends to nominate Mr. Yan and Mr. Wang Guan (“**Mr. Wang**”) as executive Directors to the Board, with effect from the day after the despatch of the Composite Document. The Offeror is in the course of identifying additional candidates for the Board subject to compliance with the Takeovers Code and the Listing Rules. Further announcement(s) will be made by the Company regarding changes in the Board composition when such changes come into effect, and as and when appropriate.

The biographies of Mr. Yan and Mr. Wang Guan are set out below (as extracted from the section headed “Letter from Sunhigh Financial” in the Composite Document):

“Mr. Yan

Mr. Yan, aged 48, holds a bachelor’s degree in law from China University of Political Science and Law and an Executive Master of Business Administration (EMBA) from Cheung Kong Graduate School of Business. During the period from 2000 to 2012, he was a partner of JianZhong Law Firm. Between March 2014 and July 2015, he served as an executive director and Chief Executive of Cherish Sunshine International Limited, whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 1094) (formerly known as China Public Procurement Limited) (“**CPPL**”). CPPL was then principally engaged in the public procurement related businesses, including bulk commodity trading, the development and operation of electronic public procurement platforms and provision of procurement information and other added value services to users of the procurement platforms. In 2017, Mr. Yan served as a member of the National Intelligent Logistics Platform (Pallet Exchange System) Working Group (全國智慧物流平台(托盤共享系統)工作小組) established by the China Federation of Logistics and Purchasing (中國物流與採購聯合會). The working group was responsible for promoting the preliminary planning of the National Intelligent Logistics Platform (Pallet Exchange System) project (全國智慧物流平台(托盤共享系統)項目) developing the platform and participating in the planning of later-stage operations. He also served as Chief Operating Officer of CPPL from March 2013 to June 2014. During the period from 2014 to 2024, Mr. Yan served as directors and legal representatives, and held investments in various enterprises in the PRC, which were involved in the operation of public procurement digital platforms, scientific research and technical services and intelligent logistics.

Mr. Wang Guan

Mr. Wang, aged 41, graduated from the School of Accounting at Jiangxi University of Finance and Economics in 2007 with a bachelor's degree in management. He served as head of the asset management department of Shenzhen Shenshang Holding Group Co., Ltd.* (深圳市深商控股集团股份有限公司) from 2017 to 2025."

We note that Mr. Yan has experience in digital and intelligent solutions in the fields of procurement, logistics and supply chain management which, despite involving IT, is mainly related to logistics and supply chain management and is mostly different from the principal business of the Group (i.e. the distribution of IT products and provision of SI Solution for IT systems), while Mr. Wang does not seem to have relevant experience in the principal business of the Group or the IT industry at all.

(d) Public float and maintenance of the listing status of the Company

As stated in the section headed "Letter from Sunhigh Financial" in the Composite Document, the Offeror intends to maintain the listing of the Shares on the Stock Exchange.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The sole director of the Offeror and the new Director to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, which may include but is not limited to placing down of sufficient number of accepted Offer Shares by the Offeror and/or issue of additional Shares by the Company for this purpose. No arrangements had been confirmed or put in place as at the Latest Practicable Date. Further announcement(s) will be made in this respect in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

(e) Our view

As discussed above, we note that neither Mr. Yan nor Mr. Wang has direct experience related to the principal business of the Group, while all but one of the existing Directors will resign with effect from the day immediately after the close of the Offer and the remaining executive Director (i.e. Mr. Ip) will be re-designated from an executive Director to a non-executive Director. Accordingly, we are of the view that there is uncertainty on the future performance of the Group under the leadership of the Offeror and the new Directors to be nominated.

3. Principal terms of the Offer

(a) *Comparison of the market prices of the Shares*

As stated in the section headed “Letter from Sunhigh Financial” in the Composite Documents, the Offer Price of HK\$0.256 per Offer Share represents:

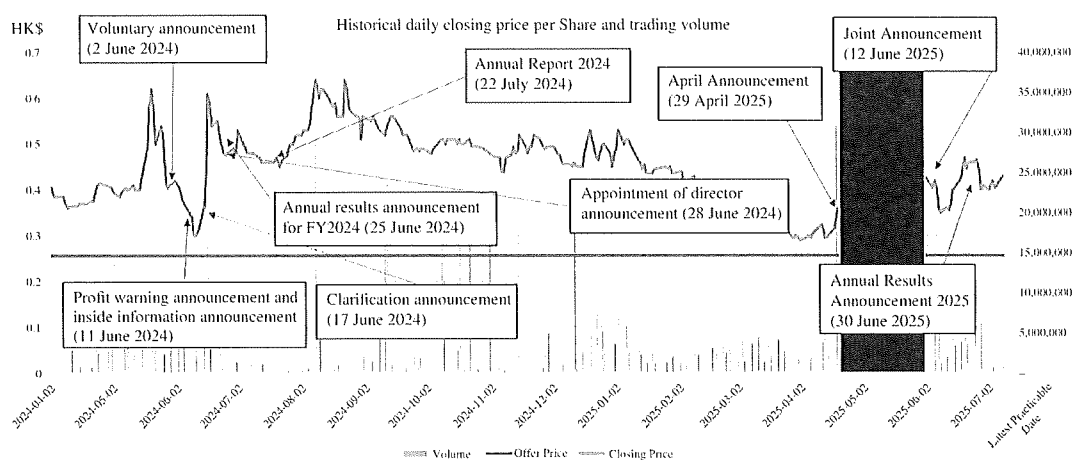
- (a) a discount of approximately 40.5% to the closing price of HK\$0.430 per the Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (b) a discount of approximately 18.7% to the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the last Business Day before the publication of the April Announcement, i.e. on 28 April 2025;
- (c) a discount of approximately 26.9% to the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on 29 April 2025, being the date on which the Offer Period has commenced;
- (d) a discount of approximately 28.9% to the closing price of HK\$0.360 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (e) a discount of approximately 21.0% to the closing price of approximately HK\$0.324 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (f) a discount of approximately 18.5% to the closing price of approximately HK\$0.314 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (g) a discount of approximately 23.2% to the closing price of approximately HK\$0.333 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;
- (h) a discount of approximately 17.5% to the audited consolidated net asset value per Share of the Company as at 31 March 2024 of approximately HK\$0.310 (which is calculated by dividing the total equity of the Company as at 31 March 2024 of approximately HK\$193,862,000 as disclosed in the consolidated statement of financial position of the Company set out in Annual Report 2024 by 625,000,000 Shares in issue as at the Latest Practicable Date);
- (i) a discount of approximately 8.9% to the unaudited consolidated net asset value per Share of the Company as at 30 September 2024 of approximately HK\$0.281 (which is calculated by dividing the total equity of the Company as at 30 September 2024 of approximately HK\$175,875,000 as disclosed in the unaudited condensed consolidated

statement of financial position of the Company set out in its interim report for the six months ended 30 September 2024 by 625,000,000 Shares in issue as at the Latest Practicable Date); and

- (j) a discount of approximately 12.9% to the unaudited consolidated net asset value per Share of the Company as at 31 March 2025 of approximately HK\$0.294 (which is calculated by dividing the total equity of the Company as at 31 March 2025 of approximately HK\$183,563,000 as disclosed in the unaudited consolidated statement of financial position of the Company set out in its annual results announcement for the year ended 31 March 2025 by 625,000,000 Shares in issue as at the Latest Practicable Date).

(b) *Historical price performance of the Shares*

The graph below shows Offer Price and the movement of the closing prices of the Shares during the period from 2 April 2024, being the first trading day of the twelve months prior to the Last Trading Day (i.e. 30 April 2025), to the Latest Practicable Date (the “Review Period”), with key/relevant events labelled. We consider that the Review Period can reflect the latest market conditions and the recent price performance and trading volume of the Shares for conducting an analysis against the Offer Price. Accordingly, we consider the Review Period adopted is fair and reasonable.



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

Note: Please refer to the paragraphs below for the details of the relevant publications as indicated in the graph above. Trading of the Shares was suspended from 2 May 2025 to 12 June 2025 (both days inclusive) pending the publication of the Joint Announcement, which is indicated by the shaded area.

As illustrated in the graph above, the closing price of the Shares experienced a spike in mid-May 2024 resulting in a maximum of HK\$0.62 on 22 May 2024, which was followed by a fall reaching a bottom of HK\$0.3 on 12 June 2024 and then a rebound to the top of HK\$0.59 on 20 June 2024. We have reviewed the publications made by the Company and noted (i) save for regular monthly return of equity issuer on movements in securities and a circular regarding arrangements on dissemination of corporate communications (dated 10 April 2024), there were no other publications

made during the two-month period immediately prior to the spike; (ii) save for (a) an voluntary announcement dated 2 June 2024 regarding memorandum of understanding on strategic cooperation; (b) a profit warning announcement dated 11 June 2024 disclosing a change from net profit for FY2023 to a net loss for FY2024; and (c) an inside information announcement dated 11 June 2024 regarding settlement of proceedings commenced before the Competition Tribunal by the Competition Commission against the Company and a wholly-owned subsidiary of the Company, there were no other publication made by the Company before or during the fall in closing prices of the Shares up to 12 June 2024; (iii) save as disclosed above and a clarification announcement dated 17 June 2024 regarding the aforesaid memorandum of understanding on strategic cooperation, there were no other publication made by the Company before or during the rebound in closing prices of the Shares up to 20 June 2024. We consider that (i) there was no publication relevant to the spike in May 2024; (ii) the profit warning announcement and inside information announcement which might exert negative pressure on the closing price of the Shares were published on 11 June 2024, in contrast to the closing price of the Shares which had been falling since late May 2024 and reaching a bottom on 12 June 2024; and (iii) the clarification announcement dated 17 June 2024 clarified that the Company has not authorised any market launch ceremonies/events in relation to the memorandum of understanding on strategic cooperation dated 2 June 2024 and emphasised that the strategic cooperation may and may not proceed, yet the closing price of the Shares continued to surge until 20 June 2024.

The closing price of the Shares then experienced another fall from HK\$0.59 on 20 June 2024 to HK\$0.45 on 25 July 2024 and a rebound HK\$0.64 on 13 August 2024. We note that save for (a) an announcement dated 25 June 2024 regarding annual results for FY2024; (b) an announcement dated 28 June 2024 regarding appointment of non-executive Director on 28 June 2024; and (c) the Annual Report 2024 published on 22 July 2024, there were no other publication made by the Company up to 13 August 2024. We note that (i) the announcement regarding annual results for FY2024 (showing the turn from profit for the year in FY2023 to loss for the year in FY2024) was published on 25 June 2024 while the closing price of the Shares had started falling since 20 June 2024; and (ii) the Annual Report 2024 published on 22 June 2024 only provided additional information to the announcement regarding annual results for FY2024, yet the closing price of the Shares experienced a rebounded after reaching a bottom a few days later on 25 July 2025

Based on the above, we note that in general, the aforesaid fluctuations in the closing price of the Shares during the period from mid-May 2024 to mid-August 2024 did not seem to be correlated with any publication made by the Company. We have also discussed with the Management on any other possible reason for the fluctuation in closing price of the Shares in the aforesaid period but they were not aware of any.

Following the aforesaid fluctuations in closing price of the Shares, it showed a generally decreasing trend up to the Last Trading Day, from HK\$0.64 per Share on 13 August 2024 to HK\$0.35 per Share on 30 April 2025. Trading of the Shares was suspended from 2 May 2025 to 12 June 2025 (both days inclusive) pending the publication of the Joint Announcement (indicated by the shaded area), after which the closing price of the Shares surged to HK\$0.425 per Share on 13 June 2025 and fell down to HK\$0.350 per Share on 20 June 2025 (around the level prior to suspension of trading of the Shares), and surged again from HK\$0.355 per Share on 24 June 2025 to HK\$0.465 per Share on 2 July 2025, during which the Annual Results Announcement 2025 was published on 30 June 2025. The closing price of the Shares then fell to HK\$0.4 per Share on 14 July 2025 and fluctuated above that level up to the Latest Practicable Date.

During the Review Period, the closing prices of the Shares ranged from the highest of HK\$0.64 per Share recorded on 13 August 2024 to the lowest of HK\$0.29 per Share recorded on 11 April 2025, with an average of approximately HK\$0.45 per Share. During the Review Period, the Offer Price of HK\$0.256 per Share (i) represents a discount of approximately 60.0% to the highest closing price of HK\$0.64 per Share; (ii) represents a discount of approximately 11.7% to the lowest closing price of HK\$0.29 per Share; and (iii) represents a discount of approximately 43.1% to the average closing price of approximately HK\$0.45 per Share.

(c) *Historical trading liquidity of the Shares*

The following table sets out the historical trading liquidity of the Shares during the Review Period:

	Number of trading days in each month/period	Average daily trading volume (Note 1)	Percentage of average daily trading volume to total issued share capital (%) (Note 2)	Percentage of average daily volume of the Shares to the total number of issued Shares held by public Shareholders (%) (Note 3)
2024				
April	20	1,375,250	0.220	0.328
May	21	4,936,905	0.790	1.179
June	19	7,382,368	1.181	1.763
July	22	473,182	0.076	0.113
August	22	2,473,182	0.396	0.627
September	19	3,399,474	0.544	0.863
October	21	4,480,714	0.717	1.175
November	21	3,623,810	0.580	0.996
December	20	2,601,500	0.416	0.715
2025				
January	19	3,165,000	0.506	0.876
February	20	1,952,750	0.312	0.545
March	21	2,795,952	0.447	0.780
April	19	4,317,368	0.691	1.205
May (Note 4)	Nil	Not Applicable	Not Applicable	Not Applicable
June (Note 4)	12	6,758,013	1.081	1.886
July (up to the Latest Practicable Date)	14	2,815,000	0.450	0.785
Review Period	290	3,391,452	0.543	0.889

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

Notes:

1. It is calculated by dividing the total trading volume of the Shares for the month/period by the corresponding number of trading days of that month/period.
2. It is calculated by dividing the average daily trading volume of the Shares by the total issued share capital of the Company at the end of each month or as at the Latest Practicable Date, where applicable.
3. It is calculated by dividing the average daily trading volume of the Shares by the total issued share capital of the Company held by public Shareholders.
4. Trading of the Shares was suspended from 2 May 2025 to 12 June 2025 (both days inclusive).

As depicted above, during the Review Period, the average daily trading volume in each month/period represents approximately (i) 0.076% to 1.181% of total issued share capital (with an average of 0.543% of the entire Review Period); and (ii) 0.113% to 1.886% of the total number of Shares in issue held by public Shareholders (with an average of 0.889% of the entire Review Period). We note that the average daily trading volume was slightly higher for June 2024 (i.e. approximately 1.181%) and June 2025 (i.e. approximately 1.081%) than other months in the Review Period. We note that the slightly higher trading volume in June 2024 and June 2025 corresponded to (i) the aforesaid fall and rebound in closing prices of the Shares as detailed in the paragraph headed “(b) Historical price performance of the Shares” above; and (ii) the resumption of trading of the Shares after trading of the Shares being suspended for one month and a half pending the publication of the Joint Announcement. Accordingly, we consider that the liquidity of the Shares had been generally thin during the Review Period. Nevertheless, while the Offer provides an exit alternative at the Offer Price for the Independent Shareholders who would like to realise their investments in the Shares at a fixed price and within a short period of time, those Shareholders are also advised to consider to sell their Shares in the open market instead of accepting the Offer if the closing prices of the Shares is above the Offer Price, after taking into account the possible downward pressure on the Share price when selling in bulk.

(d) Comparable analysis

For comparison, we have conducted a search of companies listed on the Stock Exchange which are principally engaged in business similar to the Group, i.e. distribution of IT products and/or provision of system integrated solutions for IT systems in Hong Kong, based on the criteria that over 50% of revenue are derived from such business in their respective latest financial years. Based on the above criteria, we have identified an exhaustive list of ten peer companies (the “**Peer Companies**”).

In assessing the fairness and reasonableness of the Offer, we have considered the price to earnings ratio (“**PE Ratio**”), price to book ratio (“**PB Ratio**”), the price to sales ratio (“**PS Ratio**”) and the enterprise value (“**EV**”) to Earnings before interest, taxes depreciation and amortisation (“**EBITDA**”) ratio (“**EV/EBITDA Ratio**”), which are the most commonly used benchmark multiples in valuation. Having considered that (i) the Company recorded loss attributable to owners of the Company for FY2025, rendering PE Ratio not applicable; and (ii) the PS ratio ignores the cost structure of and hence the profitability of a company (for instance, the Company had relatively low gross profit margin from FY2024 to FY2025 of around 10% whereas the Peer Companies had an mean gross profit margin of approximately 25.2%, in addition to other operating expenses which are not captured by the PS Ratio), which is critical in reflecting the market value, we adopted the PB Ratio and the EV/EBITDA Ratio. The PB Ratio compares the market capitalisation to the net assets of a company, while the EV/EBITDA Ratio compares the enterprise value (the sum of debt and market capitalisation minus cash) to EBITDA (which measures the profitability of the operating business before effect of indebtedness, cost to maintain its assets, etc) and hence is independent of the capital structure (i.e. the mixture of debt and equity) and is an alternative to PE Ratio which is not applicable in this case. A relatively higher PB Ratio or a EV/EBITDA Ratio implies that the price of company is more favourable to the seller.

Details of the Peer Companies, including their PB Ratio and EV/EBITDA Ratio, are set out below:

No.	Stock Code	Company name	Principal business	Market Capitalisation (HK\$ million) (Note 1)	Net asset (HK\$ million) (Note 2)	EV (HK\$ million) (Note 3)	EBITDA (HK\$ million) (Note 4)	PB Ratio (Note 5)	EV/EBITDA Ratio (Note 6)
1.	46	Computer and Technologies Holdings Limited	(i) provision of enterprise application software and e-commerce services for enterprises; (ii) provision of IT solution implementation and application software development; and (iii) property investment and securities treasury investment	393.4	502.3	264.5	55.2	0.78	4.79
2.	318	Vongroup Limited	(i) provision of software development, information technology (IT) services, consulting and business solutions; (ii) leasing of properties; and (iii) consumer financing, securities trading and other financial-related activities	119.2	561.6	114.2	31.8	0.21	3.59
3.	771	Automated Systems Holdings Limited	(i) provision of IT and related products; and (ii) provision of systems integration, software and consulting services, engineering support for products and solutions, as well as management services	842.0	2,276.9	542.9	111.0	0.37	4.89
4.	1410	Edvance International Holdings Limited	(i) distribution of IT security products which include procurement of network security products, system security products and application and data security products; and (ii) provision of IT security services which include provision of technical implementation, maintenance and support and consultancy services to customers	220.9	186.57	150.1	52.8	1.18	2.84

No.	Stock Code	Company name	Principal business	Market Capitalisation (HK\$ million) (Note 1)	Net asset (HK\$ million) (Note 2)	EV (HK\$ million) (Note 3)	EBITDA (HK\$ million) (Note 4)	PB Ratio (Note 5)	EV/EBITDA Ratio (Note 6)
5.	1460	ICO Group Limited	(i) provision of IT infrastructure solutions services and the sales of hardware and software related to IT infrastructure solutions; (ii) provision of IT maintenance and support services; (iii) design and implementation of IT application solutions and the procurement of third-party hardware and software; (iv) provision of secondment services for a fixed term under secondment service agreements; and (v) property leasing and e-commerce businesses	258.9	581.1	22.6	69.1	0.45	0.33
6.	1985	Microware Group Limited	(i) provision of information technology (IT) infrastructure solution services; and (ii) provision of design of solutions, provision of maintenance and support services to IT systems of the customers	465.0	191.3	316.2	52.8	2.43	5.98
7.	8033	Vodatel Networks Holdings Limited	(i) design, sale and implementation of network and systems infrastructure, customer data automation, customization and integration and provision of technical support services segment and the customer network management system; and (ii) provision of warehouse services	76.4	210.9	43.0	31.8	0.36	1.35
8.	8178	China Information Technology Development Limited	(i) sales of computer hardware and the provision of software development, system integration, as well as technical support and maintenance services; and (ii) leasing of in-house developed computer hardware	219.8	245.0	275.2	(8.5) (Note 7)	0.90	N/A (Note 7)
9.	8319	Expert Systems Holdings Limited	Provision of IT infrastructure solutions for its customers by integrating different hardware and software sourced from third party suppliers to satisfy various IT requirements and needs of its customer	89.2	197.8	(87.7) (Note 8)	18.6	0.45	N/A (Note 8)

No.	Stock Code	Company name	Principal business	Market Capitalisation (HK\$ million) (Note 1)	Net asset (HK\$ million) (Note 2)	EV (HK\$ million) (Note 3)	EBITDA (HK\$ million) (Note 4)	PB Ratio (Note 5)	EV/EBITDA Ratio (Note 6)
10.	8606	Kinetix Systems Holdings Limited	(i) provision of IT Infrastructure Solutions Services including analyses services of customers' existing IT infrastructure, procurement services of hardware and software, installation and testing and integration services; (ii) provision of IT Development Solutions Services including designing services of IT development solutions including system analysis and design, software development and technology consultancy; (iii) provision of IT Maintenance and Support Services provides IT maintenance and support services to systems developed by the group, maintenance and support services on hardware and software purchased or developed from third party suppliers; and (iv) trading of entertainment products and consultant service for digital payment advisory on payment platform	137.4	64.5	106.4	0.01	2.13	10,642.97 (Note 9)
		The Company	(i) distribution of IT products; and (ii) provision of system integrated solutions for IT systems	160.0	183.6	197.7	3.8	0.87	51.77
							Mean	0.93	3.40
							Median	0.62	3.59
							Maximum	2.43	5.98
							Minimum	0.21	0.33

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

Notes:

1. The closing prices of the shares of the Peer Companies are quoted on the Stock Exchange as at the Latest Practicable Date. The market capitalisation is calculated by multiplying the closing prices by the number of issued shares of the respective Peer Companies as at the Latest Practicable Date. The implied market capitalisation (the “**Implied Market Capitalisation**”) of the Company is calculated by multiplying the Offer Price by the total number of issued shares of the Company as at the Latest Practicable Date.
2. The net assets of the Peer Companies and the Company are extracted from the latest published annual, interim or quarterly reports of the Peer Companies prior to the Latest Practicable Date (or in the case of the Company, Annual Results Announcement 2025).
3. The EVs of the Peer Companies are calculated as the market capitalisation as at the Latest Practicable Date plus debt (e.g. bank borrowings and bonds) minus cash and cash equivalent (the latter two extracted from the latest published annual, interim or quarterly reports of the Peer Companies prior to the Last Trading Day). The EV of the Company implied by the Offer is calculated as the Implied Market Capitalisation plus debt minus cash and cash equivalent (the latter two extracted from Annual Results Announcement 2025).
4. The EBITDAs of the Peer Companies and the Company are calculated as profit adding back non-operating items (e.g. income taxes and interest) and non-cash items (e.g. depreciation and amortization) as extracted from the latest published annual reports prior to the Latest Practicable Date (or in the case of the Company, Annual Results Announcement 2025).
5. PB Ratio of a Peer Company (or the Company as implied by the Offer (the “**Implied PB Ratio**”)) is calculated as market capitalisation (or the Implied Market Capitalisation) divided by net assets.
6. EV/EBITDA Ratio of a Peer Company (or the Company as implied by the Offer (the “**Implied EV/EBITDA Ratio**”)) is calculated as EV (or the implied EV) divided by EBITDA.
7. Peer Company No. 8 recorded negative EBITDA and therefore its EV/EBITDA Ratio is not applicable.
8. Peer Company No. 9 recorded negative EV as it had substantial cash and cash equivalent of approximately HK\$175.0 million as at 30 September 2024 as compared with its market capitalisation of approximately HK\$79.5 million and therefore its EV/EBITDA Ratio is not applicable.
9. The EV/EBITDA Ratio of Peer Company No. 10 is abnormally high due to minimal EBITDA of approximately HK\$0.01 million. Peer Company No. 10 recorded substantial loss of approximately HK\$38.4 million in the latest financial year despite recording gross profit of approximately HK\$22.4 million, which was mainly due to administrative expenses of approximately HK\$34.1 million and change in fair value of investment properties of approximately HK\$20.6 million. Accordingly, we consider it to be an outlier and is excluded from the EV/EBITDA of the Peer Companies.

As shown in the table above, the PB ratios of the Peer Companies ranged from approximately 0.21 times to approximately 2.43 times, with a mean and median of approximately 0.93 times and 0.62 times respectively. The Implied PB Ratio of approximately 0.87 times is slightly below the mean but higher than the median PB Ratio of the Peer Companies.

Meanwhile, the EV/EBITDA ratios of the Peer Companies ranged from approximately 0.33 times to approximately 5.98 times, with a mean and median of approximately 3.40 times and 3.59 times respectively. The Implied EV/EBITDA Ratio of approximately 51.77 times is substantially higher than both the mean and median EV/EBITDA Ratio of the Peer Companies, which is mainly due to the fact that the Company recorded loss for FY2025 and hence low EBITDA of approximately HK\$3.8 million. Hence, the Implied EV/EBITDA Ratio might not be directly comparable to those of the Peer Companies and is provided for reference only. Nevertheless, we consider that it illustrates the fact that the Offer provides an exit alternative (other than selling the Shares in the open market) despite the unsatisfactory financial performance of the Company, i.e. loss for the year for two consecutive year with low EBITDA, in contrast to eight/nine of the ten Peer Companies recording profit/positive EBITDA with an mean EBITDA of approximately HK\$41.5 million.

(e) Our view on the Offer Price

Notwithstanding the discounts represented by the Offer Price to the closing prices of the Shares in recent period, having considered that (i) the financial performance of the Group has been unsatisfactory in recent financial periods as disclosed in the paragraph headed “ (b) Financial information of the Group” above; (ii) the prospect and outlook of the Group remain uncertain as disclosed in the paragraph headed “ (c) Business outlook of the Group” above; and (iii) Implied PB ratio are close to or higher than those of the Peer Companies (in addition to the fact that eight of the ten Peer Companies recorded profit for their latest financial years while the Company recorded loss for two consecutive financial years which is not reflected in the PB Ratio) as disclosed above which is more favourable to the investors who are willing to realise their investment, we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

Nevertheless, it should be noted that the closing price of the Shares has risen and fluctuated since the date of the Joint Announcement and was above the Offer Price as at the Latest Practicable Date. Independent Shareholders who intends to accept the Offer are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period. Independent Shareholders considering realising their investment in the Company should, based on their own circumstances, evaluate selling the Shares in the open market instead of accepting the Offer if the net proceeds (after transaction costs) from such a sale would exceed what they would receive under the Offer.

RECOMMENDATION

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

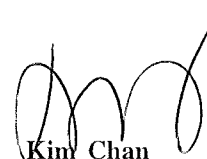
- (i) the Group had unsatisfactory financial performance in recent period with reduced revenue and change from profit for the year to loss for the year in FY2024 and continuous loss for the year in FY2025 respectively;
- (ii) as enterprises expressed generally pessimistic view regarding the business outlook in Hong Kong since the past two years and the recent government policy is only beneficial to a subset of IT products of the Company, the Company’s outlook and prospects remains uncertain;

- (iii) none of the executive Directors intended to be nominated has direct experience related to the principal business of the Group, while all but one of the existing Directors will resign and the remaining executive Director (i.e. Mr. Ip) will be re-designated from an executive Director to a non-executive Director, we are of the view that there is uncertainty on the future performance of the Group under the leadership of the Offeror and the new Directors to be nominated;
- (iv) notwithstanding the Offer Price representing discounts to the recent closing prices of the Shares, Implied PB ratio are close to or higher than those of the Peer Companies (in addition to the fact that eight of the ten Peer Companies recorded profit for their latest financial years while the Company recorded loss for two consecutive financial years which is not reflected in the PB Ratio) which is more favourable; and
- (v) the liquidity of the Shares has been generally thin during the Review Period, and the Offer provides an exit alternative at the Offer Price for the Independent Shareholders who would like to realise their investments in the Shares at a fixed price and within a short period of time,

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

However, Independent Shareholders intending to accept the Offer are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, especially because disposing of large blocks of Shares in the open market may trigger price slump due to the generally thin trading volume during the Review Period. Independent Shareholders considering realising their investment in the Company should, based on their own circumstances, evaluate selling the Shares in the open market instead of accepting the Offer if the net proceeds after transaction costs from such a sale would exceed what they would receive under the Offer.

Yours faithfully,
For and on behalf of
Nuada Limited



Kim Chan
Director

Mr. Kim Chan is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 20 years of experience in corporate finance industry.