

31 October 2025

To the Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
QUAM SECURITIES LIMITED
FOR AND ON BEHALF OF FULLY FORT GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY
THE OFFEROR, MR. LAW AND PARTIES ACTING IN CONCERT
WITH ANY OF THEM)
OF YUFENGCHANG HOLDINGS LIMITED**

1. INTRODUCTION

Reference is made to the Offer Announcement in relation to, among other things, the Enforcement of the Share Charge and the Offer.

In light of Mr. Wang's personal financial pressure, combined with the Company's deteriorating financial position and pressing working capital needs, Mr. Law granted a loan of HK\$5.5 million to Mr. Wang on 22 May 2025, with drawdown on the same date. The Loan bore interest at 15% per annum and repayable upon the expiry of five calendar months from the date of drawdown, i.e. on 21 October 2025.

Such Loan was made available to Mr. Wang for the purpose of settling his personal debt to release the existing encumbrances over the Shares then beneficially owned by him, as well as providing funding to the Company's working capital needs. In particular, pursuant to the Loan Agreement, the Loan shall be applied as follows: (i) HK\$1.7 million for the purpose of releasing the then existing share charge granted in favour of Get Nice Securities Limited under the facility in support of the 2024 General Offer; and (ii) HK\$3.8 million for the purpose of providing general working capital to the Company.

In connection with the Loan, Hong Kong Yufengchang, the controlling shareholder of the Company wholly owned by Mr. Wang, agreed to provide security by charging all 25,563,000 ordinary shares in the Company (representing approximately 63.91% of the issued share capital) in favour of Mr. Law pursuant to the Share Charge Agreement executed on the same date. Other than the Share Charge in favour of Mr. Law, the Loan was unsecured and was not backed by any guarantees, security interests, or other forms of collateral.

To the best knowledge, information and belief of Mr. Law, following the grant of the Loan, Mr. Wang's financial condition and the Company's liquidity further worsened. These circumstances constituted a material adverse change under the Loan Agreement and triggered an event of default. In particular, pursuant to the Loan Agreement, an event of default includes any situation which, in the opinion of Mr. Law as the lender, gives reasonable grounds to believe that a material adverse change in the business, financial condition or prospects of the Company has occurred, or that the ability of Mr. Wang or any other obligor to perform its obligations has been or will be materially and adversely affected. To the best knowledge and belief of Mr. Law, Mr. Wang was unable to discharge substantial personal obligations arising from the 2024 General Offer, including outstanding professional fees owed to Shenwan Hongyuan Capital (H.K.) Limited, the financial adviser to Hong Kong Yufengchang for the 2024 General Offer, as at the date of enforcement of the Share Charge. Separately, the Company failed to settle amounts due to its professional service providers, with arrears exceeding HK\$0.9 million. Several of these professional service providers have issued demand letters or legal notices for the outstanding fees since early August 2025. These circumstances evidenced a persistent inability to meet financial obligations and triggered the event of default under the Loan Agreement. As such, on 6 August 2025, following the default, Mr. Law enforced his rights under the Share Charge Agreement, resulting in the transfer of all the Charged Shares to him on the same date.

The following table sets out the shareholder structure of the Company (i) immediately prior to the Enforcement; and (ii) immediately upon the Enforcement and as at the Latest Practicable Date, based on public available information:

	Immediately prior to the Enforcement		Immediately after the Enforcement and as at the Latest Practicable Date	
	Number of Shares	Approximately % of issued Shares	Number of Shares	Approximately % of issued Shares
Hong Kong Yufengchang (Note 1)	25,563,000	63.91	–	–
The Offeror, Mr. Law and parties acting in concert with any of them	1,996,000	4.99	27,559,000	68.90
Public Shareholders	<u>12,441,000</u>	<u>31.10</u>	<u>12,441,000</u>	<u>31.10</u>
Total	<u>40,000,000</u>	<u>100.00</u>	<u>40,000,000</u>	<u>100.00</u>

Note:

1. Based on public information, Hong Kong Yufengchang is directly and wholly owned by Yufengchang International Holdings Company Limited, which in turn is directly, wholly owned and beneficially owned by Mr. Wang.

Immediately after completion of the Enforcement and as at the Latest Practicable Date, the Offeror, Mr. Law and parties acting in concert with any of them were interested in 27,559,000 Shares, representing approximately 68.90% of the entire issued share capital of the Company. The Offeror was therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror, Mr. Law and parties acting in concert with any of them.

This letter forms part of this Offer Document and sets out, among other things, details of the principal terms of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. Further terms of and procedures for acceptance of the Offer are set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

Pursuant to the Takeovers Code, the Company is required to despatch the Response Document within 14 days after the posting of this Offer Document. Shareholders are advised to read this Offer Document and the Response Document (including the letter of recommendation from the independent committee of the Board and the letter of advice from the independent financial adviser to be contained therein) before taking any action in respect of the Offer.

2. TERMS OF THE OFFER

Quam Securities, on behalf of the Offeror, is making the Offer to acquire all the Offer Shares pursuant to Rule 26.1 of the Takeovers Code on the following basis:

The Offer Price for each Offer Share HK\$0.223 in cash

The Offer Price of HK\$0.223 per Offer Share under the Offer is approximately equal to but not lower than the price of HK\$0.223 per Charged Share paid by Mr. Law as aggregate consideration attributable to the Charged Shares upon the Enforcement.

The aggregate consideration attributable to the Charged Shares upon the Enforcement was HK\$5,676,459, being the outstanding loan principal of HK\$5,500,000 together with the accrued interest payable by Mr. Wang to Mr. Law under the Loan of HK\$176,459, representing the amount of interest accrued over a period of two months and sixteen days from the drawdown date up to the date of Enforcement, calculated at the interest rate of 15% per annum.

Such consideration was applied towards the settlement of the aforesaid indebtedness. This represents a consideration of approximately HK\$0.223 per Charged Share (calculated by dividing the Loan together with the accrued interest payable by the total number of Charged Shares). The amount of consideration attributed to the Charged Shares, principally being the amount of the principal of the Loan, was determined based on negotiations between Mr. Law and Mr. Wang after taking into account (i) the prevailing closing prices of the Shares; (ii) the historical price trend and low liquidity of the Shares; and (iii) the existing financial position and operation prospects of the Group's business.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimal number of the Shares or any other conditions.

Comparison of the Offer Price

The Offer Price of HK\$0.223 per Offer Share represents:

- (i) a discount of approximately 54.02% over the closing price of HK\$0.485 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 52.35% over the average of the closing prices as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.468 per Share;
- (iii) a discount of approximately 51.84% over the average of the closing prices as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.463 per Share;
- (iv) a discount of approximately 55.81% over the average of the closing prices as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.505 per Share; and
- (v) a premium of approximately HK\$0.455 over the audited consolidated net liabilities attributable to the owners of the Company of approximately HK\$0.232 per Share (based on audited consolidated net liabilities attributable to owners of the Company of approximately HK\$9.3 million as at 31 March 2025 as shown in the Company's annual report and the total number of issued Shares as at the Latest Practicable Date).

The comparison of the Offer Price per Offer Share against the closing price per Share as quoted on the Stock Exchange as at the Latest Practicable Date is not available as trading in the Shares on the Stock Exchange has been suspended and remains suspended since the Last Trading Day.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.89 per Share on 23 June 2025 and HK\$0.4 per Share on 23 and 26 May 2025, respectively.

Value of the Offer

As at the Latest Practicable Date and based on the publicly available information, there were 40,000,000 Shares in issue. Excluding the 1,996,000 Initial Shares held by the Offeror and the 25,563,000 Charged Shares held by Mr. Law pursuant to the Enforcement, a total of 12,441,000 Shares will be subject to the Offer. Based on the Offer Price of HK\$0.223 per Offer Share and on the basis of full acceptance of the Offer, the cash consideration payable by the Offeror under the Offer will amount to approximately HK\$2,774,343.

Confirmation of financial resources available for the Offer

The Offeror will finance the consideration payable for the Offer by the Quam Facility. Pursuant to the arrangement of the Quam Facility, the Offeror has agreed to charge the Charge Over Account, and the Shares to be acquired through the Offer (if any) to Quam Securities as collateral. As at the Latest Practicable Date, the securities account under the Charge Over Account comprise (i) Initial Shares; and (ii) cash balance of approximately HK\$600,000.

The Offeror does not intend that the payment of interest on, repayment of or provision of security for any liability (contingent or other) under the Quam Facility will depend on any significant extent on the business of the Company.

Alpha Financial, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for the full acceptance of the Offer in respect of the 12,441,000 Offer Shares.

Effect of accepting the Offer

By accepting the Offer, Independent Shareholders shall sell their Shares free from all Encumbrances and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the date on which the Offer is made, being the date of posting of this Offer Document. Acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all Encumbrances and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, by reference to a record date on or after the date on which the Offer is made. In the event that after the despatch date of this Offer Document, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Closing Date, the amount of such dividends or other distributions will be deducted from the Offer Price. Based on the publicly available information, the Company had no outstanding dividend declared but not yet paid as at the Latest Practicable Date.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code as set out in the paragraph headed “5. Right of withdrawal” of Appendix I of this Offer Document.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible and in any event within seven (7) Business Days after the date on which the duly completed acceptances of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptances are received by the Offeror to render each such acceptance complete and valid.

No fractions of a cent (HK\$) will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent (HK\$).

Overseas Shareholders

The Offeror is making the Offer available to all Shareholders, including those who are not resident in Hong Kong. The making and the implementation of the Offer to Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant overseas jurisdictions in which such Shareholders are located. Overseas Shareholders should inform themselves about and observe any applicable legal requirements and restrictions in their own jurisdictions, and where necessary, seek independent legal advice in respect of the Offer.

It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Independent Shareholder who is not resident in Hong Kong will be deemed to constitute a representation and warranty from such Independent Shareholder to the Offeror that the local laws and requirements have been complied with. All such Independent Shareholders should consult their professional advisers if in doubt.

Hong Kong Stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Offer currently amounting to 0.1% of the amount payable in respect of relevant acceptances by the Independent Shareholders, or the market value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), whichever is higher, will be deducted from the cash amount payable to the Independent Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting Independent Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, Mr. Law and parties acting in concert with any of them and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

3. INFORMATION ON THE OFFEROR GROUP

The Offeror is an investment holding company incorporated in the British Virgin Islands and is wholly and ultimately owned by Mr. Law.

Mr. Law, aged 37, is the executive Director, and compliance officer and the director of Wing Ko Petroleum Chemistry (China-Hong Kong) Limited (“**Wing Ko**”) and Forever Treasure Holdings Limited, being the Group’s subsidiaries. He is responsible for overseeing all aspects of the Group’s operations, strategic planning and formulation of corporate policies. He was appointed as the Director on 31 October 2017 and was re-designated as an executive Director on 24 November 2017.

Mr. Law has over 15 years of experience in the sale and transport of diesel oil and related products. Mr. Law joined Wing Ko in July 2006 and was appointed as the director of Wing Ko in March 2012. He was responsible for overseeing Wing Ko’s daily operation, including but not limited to maintaining stable relationship with the Group’s key customers and suppliers, monitoring the logistics of projects and managing its corporate accounting and administrative matters.

Mr. Law obtained a Bachelor’s degree in Design majoring in interior design from Raffles College of Design and Commerce in August 2009 and an Advanced Diploma in Interior Design in from Raffles Design Institute in September 2009, in Shanghai, China.

4. INTENTION OF THE OFFEROR ON THE GROUP

Operational Matters, Employees and Senior Management

The Offeror intends to continue the existing principal businesses of the Group. Given that Mr. Law has been serving as an executive Director of the Group for a substantial period and has been closely involved in overseeing its strategic, operational, and financial management, he possesses in-depth knowledge of the Group’s business operations, corporate governance, and long-term development plans. Leveraging his extensive experience and understanding of the Groups markets, management, and employees, the Offeror does not expect any material change to the business operations, day-to-day management, or corporate strategy of the Group following the close of the Offer.

As at the Latest Practicable Date, the Offeror has no intention to (i) downsize, cease or dispose of any of the Company’s existing businesses and operations; (ii) discontinue the employment of any employees of the Group; (iii) introduce major changes to the principal business of the Company, including the dispose of or re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business; and (iv) no material investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

5. MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer.

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 (excluding treasury shares), are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that 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 Offeror intends the Company to remain listed on the Stock Exchange. The director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's shares.

The Offeror will issue a separate announcement as and when necessary in this regard.

6. COMPULSORY ACQUISITION

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

7. GENERAL

The attention of the Overseas Shareholders is drawn to the section headed "7. Overseas Shareholders" in Appendix I to this Offer Document.

No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity required in respect thereof) in respect of the Shares will be given.

8. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Offer Document, which form part of this Offer Document and the accompanying Form of Acceptance.

Yours faithfully,
for and on behalf of
QUAM SECURITIES LIMITED



CHIU Chun Kit, Calvin
Responsible Officer