MESSIS 大有融資

31 August 2026

To: The Independent Board Committee

Dear Sirs,

MANDATORY UNCONDITIONAL CASH OFFERS BY RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF L.V.E.P. HOLDINGS LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF, AND TO CANCEL ALL THE OUTSTANDING OPTIONS OF MS GROUP HOLDINGS LIMITED (OTHER THAN THE EXCLUDED SHARES AND THE EXCLUDED OPTIONS)

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the terms of the Offers and as to the acceptance of the Offers. Details of the Offers are set out in the composite document of the Company dated 31 August 2026 (the "**Composite Document**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 20 April 2026 (after trading hours), Mr. Chau and Ching Wai Holdings (as vendors), and Mr. Chung and L.V.E.P. (as purchasers) entered into the Sale and Purchase Agreement, pursuant to which Mr. Chau shall procure Ching Wai Holdings to sell, and Ching Wai Holdings shall sell as legal and beneficial owner, and Mr. Chung shall procure L.V.E.P. to purchase, and L.V.E.P. shall purchase, the Sale Shares, being 75,000,000 Shares, representing approximately 36.69% of the total issued share capital of the Company as at the date of the Joint Announcement, free from all Encumbrances and third party rights and together with all rights attached thereto as at Completion, for a total cash Consideration of HK$60,000,000, equivalent to HK$0.80 per Sale Share.

Immediately prior to Completion, the Offeror, Mr. Chung and Mr. Leonard Chung were interested in an aggregate of 72,572,000 Shares, representing approximately 35.50% of the issued share capital of the Company. As at the Latest Practicable Date, the Offeror, Mr. Chung and Mr. Leonard Chung are interested in an aggregate of 147,572,000 Shares, representing approximately 72.20% of the issued share capital of the Company.

In addition, as at the Latest Practicable Date, Mr. Chung and Mr. Leonard Chung hold Mr. Chung's Options and LC's Options, respectively, which entitle them to subscribe for a total of 1,960,000 new Shares, representing approximately 0.96% of the issued share capital of the Company.

Pursuant to Rules 13.1, 13.5 and 26.1 of the Takeovers Code, the Offeror is therefore required to make mandatory unconditional cash offers to acquire all of the Offer Shares and to cancel all the Offer Options. The Share Offer and the Option Offer will be made to the Offer Shareholders and the Offer Optionholders, respectively.

The Offers will be unconditional in all respects when made and will not be conditional upon acceptances being received in respect of a minimum number of Offer Shares and in respect of a minimum number of Offer Options to be cancelled.

The Share Offer

As at the Latest Practicable Date, the Company has 204,400,000 Shares in issue. Excluding the Excluded Shares, a total of 56,828,000 Shares will be subject to the Share Offer.

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

Offer price for each Offer Share . . . . HK$0.8 in cash

The Share Offer will be extended to all Offer Shareholders in accordance with the Takeovers Code.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights and benefits attaching thereto as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the right to receive in full all dividends, distributions and any return of capital, if any, which may be made or declared or agreed to be made or declared, and the record date of which falls on or after the date on which the Offers are made, being the date of despatch of the Composite Document.

The Option Offer

As at the Latest Practicable Date, the Company has a total of 11,600,000 outstanding Options (including the Excluded Options), comprising: (i) 1,600,000 Options with an exercise price of HK$0.68 each; and (ii) 10,000,000 Options with an exercise price of HK$1.02 each.

As at the Latest Practicable Date, excluding the Excluded Options, there is a total of 9,640,000 Offer Options subject to the Option Offer, comprising:

(i) 1,400,000 vested Options with an exercise price of HK$0.68 each;

(ii) 5,768,000 vested Options with an exercise price of HK$1.02 each; and

(iii) 2,472,000 unvested Options with an exercise price of HK$1.02 each.

Rainbow Capital is, for and on behalf of the Offeror, making the Option Offer to the Offer Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all Offer Options in exchange for cash on the following basis:

In respect of the Offer Options with an exercise price of HK$0.68 each:

"See-through" cancellation price for each such Offer Option . . . . HK$0.12 in cash

In respect of the Offer Options with an exercise price of HK$1.02 each:

Cancellation price for each such Offer Option .HK$0.0001 in cash

Under the Option Offer, the "see-through" cancellation price (being the Share Offer Price minus the relevant exercise price of the Offer Options) is offered for the cancellation of every Offer Option (whether vested or unvested). In respect of Offer Option with an exercise price higher than the Share Offer Price, the cancellation price is at a nominal amount of HK$0.0001.

On 27 May 2024, 10,000,000 Options with an exercise price of HK$1.02 each were granted and are subject to three vesting stages (i.e. 40% vested on 27 May 2025, 30% vested on 27 May 2026, and 30% vesting on 27 May 2027). For details of the grant of these Options, please refer to the Company's announcement dated 27 May 2024. Excluding the aggregate 1,760,000 Options with an exercise price of HK$1.02 each held by Mr. Chung and Mr. Leonard Chung (which form part of the Excluded Options), as at the Latest Practicable Date, 5,768,000 Options have been vested and 2,472,000 Options are unvested and will be vested on 27 May 2027.

As set out in the section headed "Letter from the Board"in the Composite Document, the Company confirms that as at the Latest Practicable Date, (i) it has 204,400,000 Shares in issue; (ii) it has not declared any dividend which remains unpaid; (iii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the Closing Date; (iv) save for the outstanding Options, the Company does not have any outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares; (v) it has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue other than the Shares; and (vi) it has no intention to grant any new share options under the Share Option Scheme during the offer period (as defined under the Takeovers Code).

For the principal terms of the Offers, together with the information of the Offeror and the Offeror's intention regarding the Group, please refer to the "Letter from Rainbow Capital" contained in the Composite Document.

Independent board committee

The Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offers (other than as the Offer Optionholders), namely Mr. Yu Hon To David, Mr. Seto John Gin Chung and Mr. Asvaintra Bhanusak, was established to advise the Offer Shareholders and Offer Optionholders as to whether the Offers are fair and reasonable and as to the acceptance of the Offers, pursuant to Rule 2.1 of the Takeovers Code.

We, Messis Capital Limited, have been appointed with the Independent Board Committee's approval pursuant to Rule 2.1 of the Takeovers Code as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and, in particular, as to whether the Offers are fair and reasonable so far as the Offer Shareholders and the Offer Optionholders are concerned and as to the acceptance of the Offers. As at the Latest Practicable Date, we are independent from and not connected with the Group pursuant to Rule 13.84 of the Listing Rules, and we have not acted as an independent financial adviser to the Company's other transactions in the past two years. No arrangement exists whereby affects our independence in relation to our appointment as the Independent Financial Adviser. Therefore, we are considered eligible to give independent advice on the Offers under the requirement of the Listing Rules. As at the Latest Practicable Date, we are not in the same group as the financial or other professional advisers (including a stockbroker) to the Company or the Offeror, and we are not associated with the Offeror or the Company or any party acting, or presumed to be acting in concert with any of them and we had not had any connection, financial assistance or otherwise, with either the Offeror or the Company or the controlling shareholder(s) or the substantial shareholder(s) of either of them, therefore we are considered independent and suitable to give independent advice to the Independent Board Committee, the Offer Shareholders and Offer Optionholders pursuant to Rule 2.6 of the Takeovers Code.

This letter contains our advice to the Independent Board Committee, the Offer Shareholders and Offer Optionholders as to (i) whether the Offers are fair and reasonable; (ii) whether the Offers are in the interests of the Offer Shareholders and Offer Optionholders as a whole; and (iii) the acceptance of the Offers.

Basis of our opinion

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Composite Document and the information and representations provided to us by the Group and/or the Directors and/or the senior management of the Company (the "**Management**"). We have assumed that all such statements, information, opinions and representations contained or referred to in the Composite Document or otherwise provided or made or given by the Group and/or the Directors and/or the Management are true and accurate. We have assumed that all statements, information and representations provided by the Directors and the Management, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. Should there be any subsequent material changes which occur during the period from the date of the Composite Document up to the date of closing of the Offers, we will notify the Independent Board Committee, the Offer Shareholders and Offer Optionholders as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in this Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its adviser and/or the Directors, which have been provided to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable and there are no reasons to doubt the accuracy and reliability of such public information.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than that expressed by the directors of the Offeror in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in the Composite Document misleading. Should there be any material changes to the statements, information and/or representation affecting our opinion after the Latest Practicable Date, the Offer Shareholders and Offer Optionholders would be notified as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

We consider that we have reviewed all information and documents which are made available to us 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 advice. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Offeror and the Group or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them.

We have not considered the tax implications on the Offer Shareholders and Offer Optionholders of their acceptances or non-acceptances of the Offers (as the case may be) since these are particular to their own individual circumstances. In particular, the Offer Shareholders and Offer Optionholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offers and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION ON THE OFFERS

In assessing the Offers and in giving our recommendations to the Independent Board Committee, the Offer Shareholders and Offer Optionholders, we have taken into account the following principal factors and reasons:

1. Background and financial information of the Group

The Group is principally engaged in the production and sales of plastic and stainless steel sports bottles and baby feeding accessories. The Group operates two business segments:

(i) the production and sales of plastic and stainless steel sports bottles and cups for infants and toddlers and plastic sports bottles on an original equipment manufacturer ("**OEM**") basis ("**OEM Business**"), primarily for overseas markets; and (ii) the production and sales of infant and toddler products, particularly plastic bottles and cups under the Group's brand "Yo Yo Monkey" ("**Yo Yo Monkey Business**"), principally for the PRC market.

Set out below is a summary of (i) the audited consolidated financial information of the Group for each of the three years ended 31 December 2023 ("**FY2023**"), 2024 ("**FY2024**") and 2025 ("**FY2025**"), respectively, as extracted from annual reports of the Company for FY2024 ("**2024 Annual Report**") and FY2025 ("**2025 Annual Report**"); and (ii) the unaudited consolidated financial information of the Group for the six months ended 30 June 2025 ("**6M2025**") and 2026 ("**6M2026**"), respectively, as extracted from the Company's interim results announcement for 6M2026 ("**2026 Interim Results**"), respectively:

1.1 *Financial results for 6M2025 and 6M2026*

Consolidated statement of profit or loss of the Group for 6M2025 and 6M2026

	For the six months ended 30 June	
	2026	**2025**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue	78,651	181,244
Cost of sales	(61,904)	(135,861)
(Loss)/profit before taxation	(4,704)	20,420
(Loss)/profit for the period attributable to equity holders of the Company	(7,606)	15,554

According to 2026 Interim Results, the Group's revenue decreased from approximately HK$181.2 million for 6M2025 to approximately HK$78.7 million for 6M2026, representing a decrease of approximately 56.6%. The decrease was mainly attributable to the significant drop in sales performance of the OEM Business which was primarily driven by the decrease in sales orders received from the two largest customers. The Management is of the view that, consistent with the trend in the second half of FY2025, changes in the United States ("**US**") trade and tariff policies have led major OEM Business customers to adopt a more cautious approach to placing orders. Given the relatively passive nature of the OEM Business, the Group was unable to mitigate reduced demand, which resulted in a material decline in sales orders.

For 6M2026, the Group's Yo Yo Monkey Business recorded revenue of approximately HK$12,000, which represented a substantial decline of approximately 96.3% as compared to approximately HK$329,000 for 6M2025. The Yo Yo Monkey Business faced setbacks in the PRC in the first half of 2026, primarily attributable to (i) the sustained fierce local competition and vigorous price wars in the PRC since 2023, where the Group failed to retain its market share; and (ii) the Group's reliance on sales through physical retail shops and its unsuccessful development of online sales, which prevented the Group from capturing opportunities in the huge internet shopping market.

The Group recorded a net loss of approximately HK$7.6 million for 6M2026, which was approximately HK$23.2 million less than the net profit of approximately HK$15.6 million for 6M2025. Such deterioration from net profit to net loss was mainly attributable to the aforementioned decline in revenue, which eroded the Group's profitability.

Consolidated statements of financial position of the Group as at 31 December 2025 and 30 June 2026

	As at 30 June 2026	**As at 31 December 2025**
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Total assets	226,061	273,992
Total liabilities	36,898	83,646
Total equity	189,163	190,346
Net current assets	157,459	159,809

The Company's total assets decreased to approximately HK$226.1 million as at 30 June 2026 from approximately HK$274.0 million as at 31 December 2025. This was mainly attributable to a decrease in current assets, with cash and cash equivalents declining by approximately HK$38.4 million, inventories declining by approximately HK$6.5 million and trade and other receivables declining by approximately HK$6.4 million, partially offset by an increase in deposits and prepayments of approximately HK$2.4 million.

The Company's total liabilities decreased by approximately HK$46.7 million from approximately HK$83.6 million as at 31 December 2025 to approximately HK$36.9 million as at 30 June 2026, which was primarily due to (i) the absence of dividend payables (as at 31 December 2025: approximately HK$30.7 million); and (ii) a decrease in trade and other payables of approximately HK$11.7 million.

The Company's net current assets remained relatively stable at approximately HK$159.8 million and HK$157.5 million as at 31 December 2025 and 30 June 2026, respectively.

1.2 *Financial results for FY2024 and FY2025*

Consolidated statement of profit or loss of the Group for FY2024 and FY2025

	For the year ended 31 December	
	2025	**2024**
	HK$'000	*HK$'000*
	(audited)	(audited)
Revenue	291,503	421,091
Cost of sales	(215,448)	(303,191)
Profit before taxation	32,605	63,929
Profit for the year attributable to equity holders of the Company	26,506	49,386

According to 2025 Annual Report, the Group's revenue decreased from approximately HK$421.1 million for FY2024 to approximately HK$291.5 million for FY2025, representing a decrease of approximately 30.8%. The decrease was mainly attributable to the reduction in sales orders of the OEM Business, where (i) the revenue generated from the largest customer of the Group amounted to approximately HK$239.7 million (FY2024: approximately HK$323.2 million), representing a decrease of approximately 25.8%; and (ii) the revenue generated from the second largest customer of the Group amounted to approximately HK$44.8 million (FY2024: approximately HK$85.4 million), representing a decrease of approximately 47.5%. The overall decline was mainly attributable to tariff announcements made by the US administration during FY2025, coupled with uncertainty regarding future tariff adjustments, which led the Group's major customers to adopt a more cautious approach, especially in the latter half of FY2025.

For FY2025, the Group's Yo Yo Monkey Business recorded revenue of approximately HK$0.5 million, representing a decline of approximately 86.8% as compared to that of approximately HK$3.8 million for FY2024. As advised by the Management, such decline was mainly due to the sustained fierce local competition and vigorous price wars in the PRC since 2023.

The net profit attributable to equity holders of the Company was approximately HK$26.5 million for FY2025, representing a decrease of approximately 46.3% from approximately HK$49.4 million for FY2024 primarily due to the decline in revenue, which in turn was mainly attributable to the decrease in sales orders from the major OEM Business customers aforementioned.

Consolidated statements of financial position of the Group as at 31 December 2024 and 2025

	As at 31 December	
	2025	**2024**
	HK$'000	*HK$'000*
	(audited)	(audited)
Total assets	273,992	288,571
Total liabilities	83,646	64,068
Total equity	190,346	224,503
Net current assets	159,809	188,244

The Company's total assets decreased to approximately HK$274.0 million as at 31 December 2025 from approximately HK$288.6 million as at 31 December 2024. This was attributable to (i) a decrease in non-current assets, with right-of-use assets declining by approximately HK$4.1 million and property, plant and equipment declining by approximately HK$4.1 million; and (ii) a decrease in current assets, with trade and other receivables declining by approximately HK$53.9 million and inventories declining by approximately HK$16.6 million, partially offset by an increase in cash and cash equivalents of approximately HK$65.7 million.

The total liabilities of the Company increased by HK$19.6 million from approximately HK$64.1 million as at 31 December 2024 to approximately HK$83.6 million as at 31 December 2025, which was primarily due to the increase in total current liabilities, resulting from the dividend payables of approximately HK$30.7 million (as at 31 December 2024: nil).

The Company's net current assets decreased from approximately HK$188.2 million as at 31 December 2024 to approximately HK$159.8 million as at 31 December 2025, which was primarily due to the increase in total current liabilities as mentioned above.

1.3 *Financial results for FY2023 and FY2024*

Consolidated statement of profit or loss of the Group for FY2023 and FY2024

	For the year ended 31 December	
	2024	**2023**
	HK$'000	*HK$'000*
	(audited)	(audited)
Revenue	421,091	233,990
Cost of sales	(303,191)	(158,865)
Profit before taxation	63,929	24,000
Profit for the year attributable to equity holders of the Company	49,386	16,282

According to 2024 Annual Report, the total revenue of the Group increased from approximately HK$234.0 million for FY2023 to approximately HK$421.1 million for FY2024, representing an increase of approximately 80.0%. The increase was attributable to the growth of the Group's OEM Business, where revenue generated from the OEM Business achieved a growth of approximately 88.0%, as compared to that for FY2023. The growth was mainly attributable to the increase in sales orders of the OEM Business, where (i) the revenue generated from the largest customer of the Group amounted to approximately HK$323.2 million (FY2023: approximately HK$145.5 million), representing an increase of approximately 122.1%; and (ii) the revenue generated from the second largest customer of the Group amounted to approximately HK$85.4 million (FY2023: approximately HK$67.8 million), representing an increase of approximately 26.0%. As advised by the Management, the increase in revenue from the largest customer was mainly attributable to additional orders for stainless steel sports bottles. These orders arose from strong consumer demand following the launch of the new stainless steel sports bottle line in late 2023, which experienced a significant surge in FY2024. As a result, revenue attributable to stainless steel sports bottles grew to approximately HK$212.4 million in FY2024, up from approximately HK$14.9 million in FY2023. As stated in 2024 Annual Report, the Management were of the view that the overall increment might also be attributable to the higher order volume from customers as they might plan to stockpile in case any potential trade war between the US and the PRC materialises following the presidential election in the US.

For FY2024, the Group's Yo Yo Monkey Business recorded revenue of approximately HK$3.8 million, representing a decline of approximately 68.7% as compared to that of approximately HK$12.1 million for FY2023. As advised by the Management, such decline was mainly due to the sustained fierce local competition and vigorous price war since 2023, as well as the poor industry sentiment in 2024, where sales performance at offline retail stores recorded a decline of approximately HK$7.8 million. According to 2024 Annual Report, the Management was of the view that the industry sentiment was adversely impacted by factors including the unresolved real estate crisis in the PRC.

The Group recorded an improvement in net profit attributable to equity holders of the Company from approximately HK$16.3 million for FY2023 to approximately HK$49.4 million for FY2024, representing an increase of approximately HK$33.1 million or 203.3%, primarily due to the enhancement in revenue, which in turn was mainly attributable to the increase in sales orders from the major OEM Business customers aforementioned.

Consolidated statements of financial position of the Group as at 31 December 2023 and 2024

	For the year ended 31 December	
	2024	**2023**
	HK$'000	*HK$'000*
	(audited)	(audited)
Total assets	288,571	255,142
Total liabilities	64,068	45,575
Total equity	224,503	209,567
Net current assets	188,244	178,743

The Group's total assets increased from approximately HK$255.1 million as at 31 December 2023 to approximately HK$288.6 million as at 31 December 2024. This was attributable to (i) an increase in non-current assets, with property, plant and equipment rising by approximately HK$6.9 million and right-of-use assets rising by approximately HK$4.2 million; and (ii) an increase in current assets, with trade and other receivables increasing by approximately HK$45.8 million, partially offset by (a) a decrease in cash and cash equivalents of approximately HK$11.8 million; (b) a decrease in deposits and prepayments of approximately HK$6.0 million; and (c) a decrease in inventories of approximately HK$4.3 million.

The Company's total liabilities increased by approximately HK$18.5 million, from approximately HK$45.6 million as at 31 December 2023 to approximately HK$64.1 million as at 31 December 2024. This increase was mainly due to (i) an increase in bills payables of approximately HK$8.2 million; and (ii) an increase in tax payable of approximately HK$5.3 million. As advised by the Management, the Group utilised part of its banking facilities in the form of bill facilities to settle payments to suppliers during FY2024.

The Company's net current assets increased from approximately HK$178.7 million as at 31 December 2023 to approximately HK$188.2 million as at 31 December 2024. This increase was primarily due to higher total current assets, partially offset by an increase in total current liabilities as mentioned above.

1.4 *Dividends*

According to 2024 Annual Report and 2025 Annual Report, the Board declared the payment of an interim dividend and an interim special dividend of HK3 cents and HK7 cents per Share, respectively, totaling HK10 cents per Share for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil), amounting to a total of HK$20 million, which were paid on 4 October 2024. No interim dividend was declared by the Board for the six months ended 30 June 2025.

According to 2024 Annual Report and 2025 Annual Report, the Board recommended the payment of a final dividend and a final special dividend of HK3 cents and HK17 cents per Share, respectively, totaling HK20 cents per Share for FY2024 (FY2023: HK6 cents), amounting to a total of approximately HK$40 million (FY2023: HK$12.0 million), which were paid on 26 June 2025. According to 2025 Annual Report, the Board declared a special dividend of HK15 cents per Share, amounting to a total of approximately HK$31 million, by passing a resolution on 3 December 2025. The special dividend was paid on 16 January 2026. No final dividend or final special dividend was recommended by the Board for FY2025.

According to 2026 Interim Results, no interim dividend or interim special dividend was declared by the Board for 6M2026 (6M2025: Nil).

1.5 *Overall view on the financial performance and position of the Group*

We note that the total revenue of the Group experienced a significant surge followed by a normalisation, increasing from approximately HK$234.0 million for FY2023 to approximately HK$421.1 million for FY2024, representing a substantial increase of approximately 80.0%. According to 2024 Annual Report, we note that this notable increment was primarily driven by increased sales orders from existing customers within the OEM Business, as the Group proactively communicated with major clients to capture opportunities in stainless steel sports bottle models. Additionally, this growth was likely bolstered by customers stockpiling inventory in anticipation of potential trade war between the US and the PRC escalations following the US presidential election. However, the Group's revenue subsequently reduced to approximately HK$291.5 million for FY2025, representing a decrease of approximately 30.8%. The decline was primarily attributable to the escalating trade conflicts, particularly the tariff announcements by the US in 2025, which prompted the Group's major customers to adopt a markedly more cautious approach, especially during the second half of FY2025. In addition, the Management advised that, given the relatively passive nature of the OEM business, the Group found it difficult to reverse the aforementioned decline in sales orders received from its OEM customers.

We also noted that the profit for the year attributable to the owners of the Company followed a similar trajectory, increasing from approximately HK$16.3 million in FY2023 to approximately HK$49.4 million in FY2024, representing a sharp increase of approximately 203.1%, and subsequently adjusting to approximately HK$26.5 million for FY2025, a decrease of approximately 46.4%. Despite the FY2025 downturn, the Group maintained an improved level of profitability compared to FY2023.

With reference to 2026 Interim Results, the Group recorded (i) consolidated revenue of approximately HK$78.7 million for 6M2026, representing a decrease of approximately 56.6% as compared to approximately HK$181.2 million for 6M2025; and (ii) consolidated loss attributable to Shareholders of approximately HK$7.6 million for 6M2026, in comparison to the consolidated profit attributable to Shareholders of approximately HK$15.6 million for 6M2025. We have obtained and reviewed the 2026 Interim Results. Based on our discussion with the Management, we are advised that this decrease was primarily due to the decline in sales orders of the OEM business recorded in the first half of 2026. The Group's core products of the OEM business are manufactured at its production base in the PRC and primarily target the US market. The imposition of additional US tariff has significant impact on the Group's OEM business, amidst the ongoing trade tensions between the two nations.

With respect to net assets, we also noted that since FY2023, the net assets attributable to the owners of the Company have remained healthy. Net assets grew from approximately HK$209.6 million as at 31 December 2023 to a peak of approximately HK$224.5 million as at 31 December 2024, standing relatively stable at approximately HK$190.3 million and HK$189.2 million as at 31 December 2025 and 30 June 2026, respectively.

While the Group has endeavoured to safeguard its revenue amidst the Sino-US trade war, the Group's financial performance is still undoubtedly affected, as reflected in its financial performance for 6M2026 as per 2026 Interim Results, which we consider an uncertainty in its financial performance.

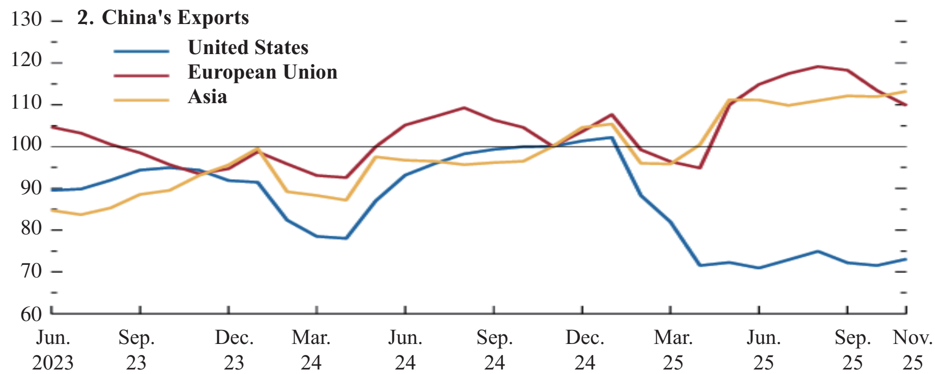
1.6 ***Outlook of the Group***

According to the 2025 Annual Report, the Group's revenue was primarily derived from its OEM Business, amounting to approximately HK$417.1 million and HK$291.0 million, respectively, and representing approximately 99.1% and 99.8% of total revenue for FY2024 and FY2025. According to the 2026 Interim Results, revenue derived from its OEM Business amounted to approximately HK$78.6 million, representing approximately 99.98% of total revenue for 6M2026. The remaining revenue was attributable to its Yo Yo Monkey Business.

According to the 2025 Annual Report, we note that the Management maintains a cautious outlook regarding its future business prospects. It is observed that ongoing international trade tensions and military conflicts continue to cast significant uncertainty over the Group's upcoming business performance. In particular, the unpredictability of tariff strategies adopted by the US has been identified as a critical risk. For FY2024 and FY2025, approximately 98.7% and 99.5% of the Group's total revenue were attributable to the US market, respectively. As the majority of the Group's revenue is derived from the US market, these unpredictable tariff adjustments have affected the confidence of major customers, leading to more conservative order placements in the latter half of FY2025. As disclosed in the 2026 Interim Report, the Group continued to encounter unprecedented challenges in the first half of 2026, primarily arising from uncertainty over US tariff policies.

The Group's OEM Business, which continues to undertake the production and sale of plastic and stainless steel sports bottles, together with cups for infants and toddlers and plastic sports bottles, remains the Group's principal revenue driver. According to 2026 Interim Results, the Group remains committed to mitigating risks through proactive reinforcement, leveraging on (i) further collaboration with existing customers to secure additional sales orders; (ii) a proactive development strategy to diversify beyond reliance on the US market by engaging with well-known global bottle brands; (iii) potential capital expenditure or strategic partnerships to enhance manufacturing capabilities in both plastic and stainless steel sports bottles, thereby improving margins and meeting specific client needs; and (iv) evaluation of the feasibility of expanding OEM production facilities to other regions of Asia. On the other hand, the Group's cash and cash equivalents of approximately HK$141.8 million as at 30 June 2026 are expected to serve as (i) funding for the aforementioned initiatives; and (ii) a strategic buffer against short-term market volatility.

However, according to The World Bank's Global Economic Prospects published by The World Bank in January 2026, highlights that higher trade barriers and the unwinding of front-loading will slow export growth across the East Asia and Pacific region, including the PRC, over the forecast horizon, despite some offsets from non-US markets and sector-specific demand (e.g. AI-related goods). Exports from the PRC to the US, in contrast to other destinations, recorded negative growth in 2025, particularly in the second half of 2025 when the Sino-US trade conflicts escalated as demonstrated in the chart below extracted from The World Bank's Global Economic Prospects. The World Economic Outlook updated by the International Monetary Fund in April 2026 similarly projects that the PRC, together with other emerging markets, is facing headwinds from trade policy shifts and geopolitical tensions, even as some offsets from technology investment and domestic policy support are noted.



PRC's exports from Jun 2023 to Nov 2025, extracted from The World Bank's Global Economic Prospects (Index, 2024 = 100)

The aforementioned Sino-US trade tension has taken its toll on the Group's financial performance in 2026, as the Group recorded material period-on-period decline in revenue and net loss for 6M2026 according to 2026 Interim Results as analysed above. We consider that the export outlook remains gloomy as there has been no material progress in resolving the Sino-US tariff issues even after the US president's visit to the PRC in May 2026, and that the prospect of the Group remains challenging.

Having considered the negative impact of (i) substantial external risks, specifically the possibility of escalating Sino-US trade conflicts and the unpredictable nature of tariff adjustments, which have already prompted a more conservative procurement approach from major customers in the US; and (ii) the passive nature of the OEM model, under which product demand is largely beyond the Group's direct control and remain subject to global macroeconomic volatility and military conflicts, even against the potential positive impact of (a) proactive diversification and enhancement strategies to improve manufacturing margins with an aim to adapt to the changing business environment and economic circumstances; and (b) the Group's positive net cash position as at 30 June 2026, we are of the view that the financial performance of the Group is uncertain and that the prospects of the Group remain challenging.

2. Information of the Offeror and its intentions in relation to the Group

2.1 *The Offeror*

The Offeror is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The Offeror is wholly and beneficially owned by Mr. Chung as at the Latest Practicable Date.

Mr. Chung, aged 72, is an executive Director and the Group's chief executive officer. He is primarily responsible for the overall management, strategic planning and supervision of the Group's operations. He joined the Group in August 2012. He is the father of Mr. Leonard Chung, the cousin-in-law of Mr. Chau and the uncle of Mr. Chau Wai. Mr. Chung is acting in concert with Mr. Chau only by virtue of the presumption under class (6) of the definition of "acting in concert" under the Takeovers Code; save for such presumption, each of the Offeror and Mr. Chung is not, as a matter of fact or under any other classes of presumption under the definition of "acting in concert" of the Takeovers Code, acting in concert with the Vendors.

Mr. Chung is a director of Main Success Industrial Limited and On Gain Development Limited, both are indirect wholly-owned subsidiaries of the Company. As disclosed in the Letter from the Board, Mr. Chung was already a controlling Shareholder prior to Completion.

Mr. Chung has accumulated more than 30 years of experience in the manufacturing industry. He co-founded Racing Champions Limited in 1989, which focused on manufacturing die-cast race car miniatures under the National Association for Stock Car Auto Racing (NASCAR) brand license, and served as its director. Racing Champions Limited sold its business assets to Banerjan Company Limited (now known as TOMY (Hong Kong) Limited, a major customer of the Group), which was then wholly-owned by Racing Champions Corporation, in 1996. Racing Champions Corporation was renamed as RC2 Corporation in 2003, the shares of which were listed on the Nasdaq Global Select Market and was acquired by Tomy Company, Ltd in 2011. He served as a director of Racing Champions Corporation from 1996 to 2008 and joined Baird Capital and worked as an operating partner from 2003 to 2014. He was also the chairman of Baird Asia Limited from 2004 to 2010. During the time, he was also instrumental in starting and overseeing Baird's regional office in Hong Kong and Shanghai, the PRC. In addition, Mr. Chung served as an independent non-executive director of StarGlory Holdings Company Limited (formerly known as New Wisdom Holding Company Limited and Epicurean and Company, Limited) (stock code: 8213), a company listed on GEM of the Stock Exchange which was principally engaged in the provision of food and beverage services during his tenure, for the period from 18 February 2010 to 8 November 2016.

As at the Latest Practicable Date, the Offeror, Mr. Chung and Mr. Leonard Chung were interested in an aggregate of 147,572,000 Shares, representing approximately 72.20% of the issued share capital of the Company, and the Offeror is the controlling shareholder of the Company (as defined under the Takeovers Code).

2.2 *The Offeror's intention in relation to the Company's business*

Immediately prior to Completion, the Offeror was already a controlling shareholder of the Company (as defined under the Takeovers Code), and its ultimate beneficial owner, Mr. Chung, is an existing executive Director. Accordingly, the Offeror and Mr. Chung are highly familiar with the existing principal businesses, operations and management of the Group.

The acquisition of the Sale Shares by the Offeror from the Vendors was a commercially driven decision from the Offeror's perspective, allowing the Offeror to consolidate its control over the Company and demonstrating its long-term commitment to the stability and continuous development of the Group. Given the Offeror's deep understanding of the Group's principal businesses and its intention to continue those businesses, the Offeror's consolidation of control further aligns its interests with the Group's future. We consider that this alignment is expected to increase management confidence in pursuing further development and to enhance the stability of the management team in an ever-changing environment as discussed in section headed "1.6 Outlook of the Group" above. In addition, unification of board decision-making under a single controlling shareholder is likely to reduce the risk of deadlock between major shareholders, accelerate strategic approvals, and ensure coherent execution of business plans.

Following the close of the Offers, the Offeror intends to continue the existing principal businesses of the Group. The Offeror will conduct a review of the business activities and financial position of the Group from time to time for the purpose of formulating business plans and strategies for the future development 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 rationalisation, 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.

Notwithstanding the above, as at the Latest Practicable Date, no such investment or business opportunities have 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. The Offeror has no intention to redeploy the fixed assets of the Group other than in the ordinary and usual course of business of the Group.

2.3 *The Offeror's intention in relation to the Board composition*

As at the Latest Practicable Date, the Offeror has not decided on the future composition of the Board. The Offeror may, from time to time, review the composition of the Board to ensure that it is appropriately constituted to oversee the future development of the Group. Any future changes to the composition of the Board will be made in compliance with the Takeovers Code and/or the Listing Rules, and further announcement(s) will be made by the Company as and when appropriate.

In summary, save for the Offeror's intention regarding the Group as set out above, it is noted that (i) the Offeror has no intention to make material changes to the employment of the management and employees of the Group; and (ii) the Offeror has no intention to dispose of or redeploy the assets of the Group other than those in its ordinary and usual course of business. As at the Latest Practicable Date, the Offeror has not reached any final decision as to who will be nominated as new Director(s) of the Company.

2.4 *Listing status of the Company and public float*

It is noted that (i) the Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offers; and (ii) the Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offers. For details, please refer to the paragraphs headed "Public float and maintaining the listing status of the Company" under the section headed "Letter from Rainbow Capital" in the Composite Document.

The Stock Exchange has stated that:

(a) if, at the close of the Offers, 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 Offers, 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 re-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.

If the level of acceptances of the Offer Shares resulting in the shareholding of the Offeror and parties acting in concert with it reaches 75% of the total issued share capital of the Company, the Company will make an application to the Stock Exchange under Rule 13.33(1) of the Listing Rules for a temporary waiver for a reasonable period after the close of the Offers to re-comply with Rule 13.32B of the Listing Rules. The directors of the Offeror have undertaken to the Stock Exchange to take appropriate steps (which may include, among other potential measures, the disposal of Shares held by the Offeror by way of placing) as soon as possible following the close of the Offers to ensure that sufficient public float exists in the Shares after the close of the Offers. The Offeror will issue a separate announcement as and when necessary in this regard.

3. Principal terms of the Offers

3.1 *Comparison of the Share Offer Price*

The Share Offer Price of HK$0.8 per Offer Share represents:

(i) a discount of approximately 37.5% to the closing price of HK$1.280 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 34.96% to the closing price of HK$1.230 per Share as quoted on the Stock Exchange on 20 April 2026, being the Last Trading Day;

(iii) a discount of approximately 32.55% to the average closing price of approximately HK$1.186 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;

(iv) a discount of approximately 31.10% to the average closing price of approximately HK$1.161 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;

(v) a discount of approximately 34.90% to the average closing price of approximately HK$1.229 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;

(vi) a discount of approximately 14.0% to the audited net asset value (the "**NAV**") per Share of approximately HK$0.93 as at 31 December 2025, calculated based on the Group's audited consolidated net asset value attributable to the Shareholders as at 31 December 2025 of approximately HK$190,346,000, divided by a total of 204,400,000 issued Shares as the Latest Practicable Date; and

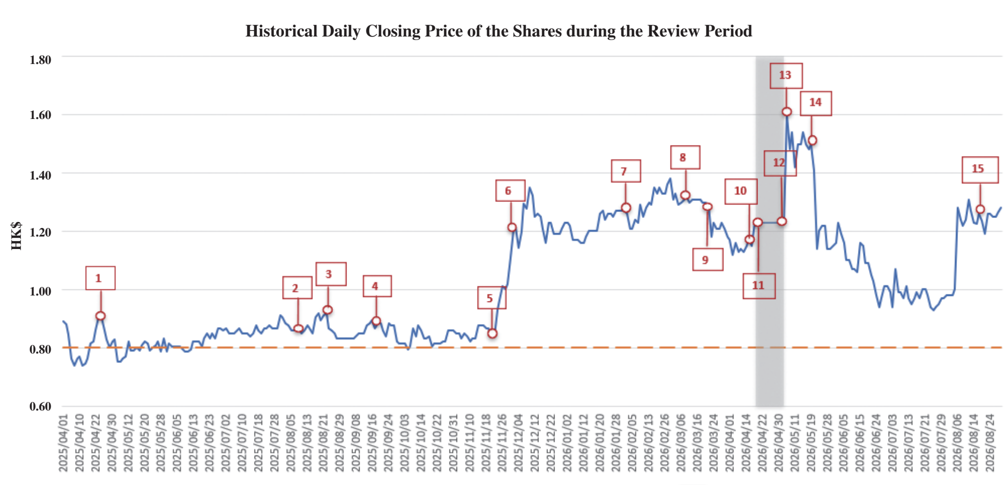
(vii) a discount of approximately 13.5% to the unaudited NAV per Share of approximately HK$0.925 as at 30 June 2026, calculated based on the Group's unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2026 of approximately HK$189,163,000, divided by a total of 204,400,000 issued Shares as at the Latest Practicable Date.

We have conducted further analysis on the fairness and reasonableness of the Share Offer Price as presented below.

3.2 *Analysis of historical Share price movement*

In order to assess the fairness and reasonableness of the Share Offer Price, we have performed a review on the daily closing prices and trading volume of the Shares from 1 April 2025 up to and including the Last Trading Day (the "**Pre-Announcement Period**") (being a period of approximately 12 months prior to and including the Last Trading Day), and the period subsequent to the Last Trading Day up to and including the Latest Practicable Date (the "**Post-Announcement Period**", together with the Pre-Announcement Period, the "**Review Period**") to compare with the Share Offer Price. We consider the length of the Review Period is sufficient and representative to provide a general overview of the recent market performance of the Shares, for conducting a reasonable comparison between the closing Share prices and the Share Offer Price.

The graph below illustrates the daily closing prices of the Shares as quoted on the Stock Exchange during the Review Period.



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

Announcement/publication of

1. 2024 Annual Report

2. Notice of board meeting regarding 2025 interim results

3. 2025 interim results

4. 2025 interim report

5. Inside information regarding a board resolution for a special dividend

6. Announcement regarding the details of the special dividend

7. Profit warning

8. Notice of board meeting regarding FY2025 annual results

9. Annual results for FY2025

10. 2025 Annual Report

11. Trading halt

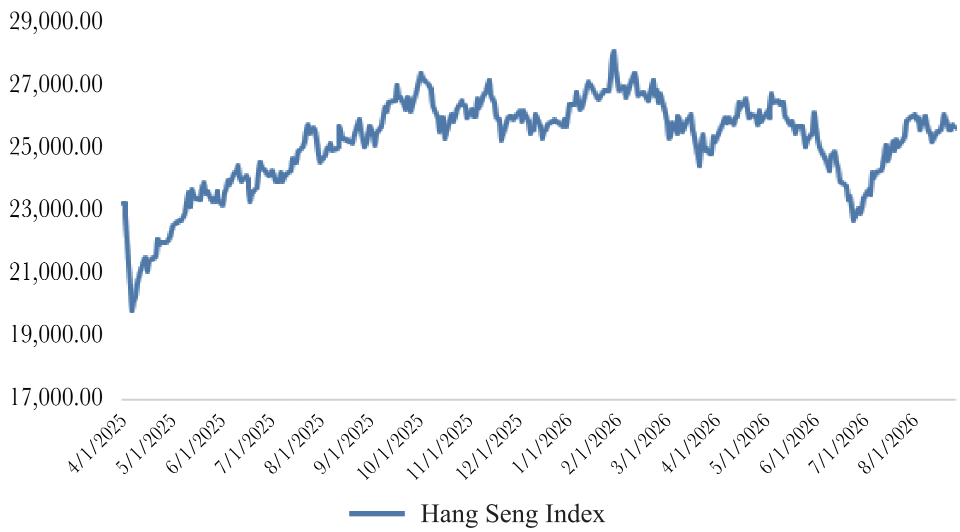
12. Joint Announcement

13. Resumption of trading

14. May 2026 Profit Warning Announcement

15. 2026 Interim Results

For analysis, set out below is the chart showing the daily closing points of the Hang Seng Index (the "**HSI**") as quoted on the Stock Exchange during the Review Period, providing an overview of the Hong Kong financial market performance:



Pre-Announcement Period

During the Pre-Announcement Period, the Shares were traded at a price ranging from HK$0.739 (the "**Lowest Share Price**") to HK$1.38 (the "**Highest Share Price**"). The Share Offer Price represented a discount of approximately 42.0% to the Highest Share Price and a premium of approximately 8.3% over the Lowest Share Price. The average closing price per Share during the Pre-Announcement Period was approximately HK$0.985, and the Share Offer Price represented a discount of approximately 18.8% to such average closing price. We note that the Share Offer Price is below the closing price of the Shares for approximately 90.3% of the trading days during the Pre-Announcement Period.

From 1 April 2025 to 21 November 2025

The Share price remained relatively stable for a long period of around eights months in 2025 at approximately HK$0.80, within a range of HK$0.739 to HK$0.92, during the period from 1 April 2025 to 21 November 2025. In reviewing the movement of the HSI, it was noted that the index declined from the beginning of April 2025 and subsequently trended upwards from 28 April 2025 to 21 November 2025. Accordingly, the Share price movement was not aligned with the HSI. Based on discussions with the Management, apart from the publication of the financial results which reflect the fundamentals of the Company, we understand that they were not aware of any other special events or factors attributable to the Share price movement during the abovementioned period, and no clear trend in the closing prices of the Shares was observed.

From 22 November 2025 to the Last Trading Day

On 21 November 2025, the Company announced that the Board was considering the declaration and payment of a special dividend. On 3 December 2025, the Board declared a special dividend of HK$0.15 per Share, with a record date of 23 December 2025, subsequently paid on 16 January 2026 (the "**Special Dividend Announcement**"). Commencing from 22 November 2025, the Share price recorded a sharp increase, peaking at HK$1.349 on 10 December 2025, before declining to a periodic low of HK$1.16 on 9 and 12 January 2026. Save for the announcements related to special dividend, no other public announcement was identified that may explain the increase.

The Share price thereafter exhibited volatility, followed by a gradual upward trend, reaching the Highest Closing Price of HK$1.38 on 2 March 2026. On 30 January 2026, the Company announced a profit warning in respect of its FY2025 financial results. We did not identify any other public announcement of the Company that may explain such increase. Subsequent to the peak on 2 March 2026, the Share price trended downward, closing at HK$1.23 on the Last Trading Day. We have reviewed the movement of the HSI for the period from 22 November 2025 to the Last Trading Day and observed that the index declined from 29 January 2026 before rebounding from a low at the end of March 2026. On 20 March 2026 and 16 April 2026, the Company published its announcement of annual results for FY2025 and the 2025 Annual Report, respectively. Based on discussions with the Management, save for the announcements relating to the annual results for FY2025, we understand that they were not aware of any other events or factors attributable to the decline in the Share price.

Post-Announcement Period

Trading in the Shares was suspended from 21 April 2026 to 5 May 2026 (both dates inclusive), pending the release of the Joint Announcement (represented by the shaded area in the graph above). Upon resumption, the closing price of the Shares rose sharply to approximately HK$1.60 on 6 May 2026. Save for the Joint Announcement, no publication was made by the Company prior to the surge. Discussions with Management regarding possible causes of the spike did not identify any, as they indicated they were not aware of any such factors.

Thereafter, from 7 May 2026 until 15 May 2026, the closing price fluctuated within the range of HK$1.42 to HK$1.54. On 18 May 2026, the Group published a profit warning announcement (the "**May 2026 Profit Warning Announcement**"). Following the publication of the May 2026 Profit Warning Announcement which sheds light on the poor financial performance of the Group for the first four months in 2026, from 18 May 2026 until the end of June, the closing price of the Shares has demonstrated a downward trend. Since then, the closing price of the Shares fluctuated and reached HK$0.93 on 24 July 2026. Thereafter, the price trended upward to HK$1.31 on 12 August 2026, before easing slightly and closing at HK$1.28 as at the Latest Practicable Date and the Share

Offer Price represents a discount of approximately 37.5% to it. Following discussions with the Management on the possible causes of the spike in early August 2026, no factors were identified, as they indicated that they were not aware of any such causes.

We consider that the surge in Share price in late 2025 may be due to declaration of a special dividend of HK$0.15 per Share as per the Special Dividend Announcement, and that the publication of the May 2026 Profit Warning Announcement disclosing the poor financial performance of the Group for the first four months in 2026, together with the fact that the Company did not recommend payment of final dividend for FY2025 (FY2024: HK20 cents) may contribute to the downward trend in the Share price from mid-May 2026 to late July 2026, which may be further amplified by the thin liquidity of the Share and the volatility associated with thin liquidity. The Management confirmed that, save for the above, they were not aware of any other such causes.

Nevertheless, we would like to draw the attention of the Offer Shareholders and Offer Optionholders to the fact that the volatility in the closing prices of the Shares creates uncertainty as to whether the Share price will remain above the Share Offer Price during the Offer Period or after the close of the Offers.

Notwithstanding the uncertainty as to whether the Share price will remain above the Share Offer Price during the Offer Period and even after the close of the Offers, we consider the Share Offer Price is not fair and not reasonable from the perspective of the historical market closing price performance of the Shares, after considering the following factors:

(i) the Share Offer Price represents a discount of over 31% to the closing price per Share on the Last Trading Day, the average closing price of the Share for the last five, 10 and 30 consecutive trading days immediately prior to and including the Last Trading Day, respectively;

(ii) although the Share Offer Price falls within the range of closing prices per Share during the Review Period, the Share Offer Price still represents a discount of approximately 37.5% to the closing price of HK$1.280 as at the Latest Practicable Date; and

(iii) although the closing prices of the Shares were volatile during the Review Period, the Shares remained above the Share Offer Price for approximately 92.8% of the trading days during the Review Period.

3.3 *Historical trading liquidity of the Shares*

We have reviewed the trading liquidity of the Shares during the Review Period. Set out below is the average daily trading volume of the Shares on a monthly basis and the respective percentage of the average daily trading volume of the Shares as compared to the total number of the issued Shares as at the end of relevant months/periods and the total number of the Shares held by Offer Shareholders as at the end of the relevant months/periods. Given the reasons aforementioned under the subsection headed "3.2 Analysis of historical Share price movement" above, we are of the view that the trading liquidity of the Shares during the Pre-Announcement Period can sufficiently reflect the market trading together with the market perception of the Shares without the possible effect from the Joint Announcement regarding the Offers. Similar analysis for the Post-Announcement Period is also presented for the Offers Shareholders' information.

The table below summarises the trading volume of the Shares for the following period:

Month	**Total trading volume of Shares** *(Shares)*	**Number of trading days** *(days)*	**Approximate average daily trading volume of the Shares** *(Shares)* *(Note 1)*	**Approximate % of average daily trading volume to total issued Shares as at the end of the relevant month/period** *(Note 2)*	**Approximate percentage of average daily trading volume to the total number of issued Shares held by the public Shareholders** *(Note 3)*
Pre-Announcement Period					
2025					
April	4,008,000	19	210,947	0.1055%	0.3806%
May	4,546,000	20	227,300	0.1124%	0.4101%
June	1,934,000	21	92,095	0.0455%	0.1662%
July	1,472,000	22	66,909	0.0331%	0.1207%
August	2,886,000	21	137,429	0.0680%	0.2479%
September	1,276,000	22	58,000	0.0287%	0.1046%
October	1,544,000	20	77,200	0.0382%	0.1393%
November	2,974,000	20	148,700	0.0735%	0.2683%
December	9,091,009	21	432,905	0.2118%	0.7810%
2026					
January	630,000	21	30,000	0.0147%	0.0541%
February	1,176,000	17	69,176	0.0338%	0.1248%
March	1,256,000	22	57,091	0.0279%	0.1030%
April (to the Last Trading Day)	720,000	11	65,455	0.0320%	0.1181%

Month	Total trading volume of Shares	Number of trading days	Approximate average daily trading volume of the Shares	Approximate % of average daily trading volume to total issued Shares as at the end of the relevant month/period	Approximate percentage of average daily trading volume to the total number of issued Shares held by the public Shareholders
	(Shares)	*(days)*	*(Shares)*		
			(Note 1)	*(Note 2)*	*(Note 3)*
Post-Announcement Period					
2026					
April (from 21 April) *(Note 4)*	—	—	—	—	—
May *(Note 4)*	32,760,700	17	1,927,100	0.9428%	3.4768%
June	5,420,000	21	258,095	0.1263%	0.4656%
July	2,150,000	22	97,727	0.0478%	0.1763%
August (to the Latest Practicable Date)	5,890,000	20	294,500	0.1441%	0.5313%

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

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days during the months/period.

2. Based on the number of Shares in issue for the respective months.

3. Based on 55,428,000 Shares in issue held by the public Shareholders as set out in the Composite Document.

4. The Shares were on trading halt during the period from 21 April to the date of the Joint Announcement.

As illustrated from the table above, we note that the average daily trading liquidity of the Shares was thin during the Pre-Announcement Period, ranging from approximately 0.0147% to 0.2118% of the Group's total issued share capital as at the end of the relevant month/period, 0.0541% to 0.7810% of the total number of issued Shares held by the public Shareholders. We have also enquired with the Directors regarding the probable reasons for the surge in the trading volume of the Shares in December 2025, and were advised by the Management that they were not aware of any specific events that might have affected the trading volume of the Shares during that period, save for the Special Dividend Announcement.

Despite the surge in the trading volume of the Shares in December, given (i) during the Pre-Announcement Period, the average daily trading volume to the total number of issued Shares and total number of issued Shares held by the public Shareholders ranged from approximately 0.0147% to 0.2118% and ranged from approximately 0.0541% to 0.7810%, respectively; and (ii) except for the periods of December 2025, average daily trading volume to total issued Shares as at the end of the relevant month/period did not exceed 0.2%, we considered that the trading volume of the Shares was low during the Pre-Announcement Period.

During the Post-Announcement Period, we note that that the average daily trading liquidity of the Shares increased, representing approximately 0.2827% and 1.0424% of the Group's average daily trading volume to the total number of issued Shares and total number of issued Shares held by the public Shareholders. It is considered that such increase in trading liquidity is much likely attributable to the Joint Announcement. It should be noted that such relatively high liquidity of shares trading may or may not sustain during and/or after the Offer Period.

In light of the (i) thin liquidity of the Shares during the Pre-Announcement Period; (ii) increased liquidity of the Shares during the Post-Announcement Period; and (iii) uncertainty for the trading volume after the Latest Practicable Date, we are of the view that any sale of a large number of Shares on the market over a short period of time may be difficult without exerting downward pressure on the market price of the Shares. In this respect, the Share Offer provides an exit alternative at the Share Offer Price for the Offer Shareholders who would like to realise their investments in the Shares at a fixed price and within a short period of time. The Offer Shareholders are advised to consider to sell their Shares in the open market instead of accepting the Share Offer if the closing price of the Shares is above the Share Offer Price, after taking into account the possible downward pressure on the Share price when selling in bulk.

3.4 *NAV Comparison*

We note that the Share Offer Price represents (i) a discount of approximately 14.0% when compared to the Group's NAV per Share of approximately HK$0.93 as at 31 December 2025; and (ii) a discount of approximately 13.5% when compared to the Group's unaudited NAV per Share of approximately HK$0.925 as at 30 June 2026. In addition, we note that the Share Offer Price represents a discount of approximately 9.2% compared to the Group's cash and cash equivalents per Share of about HK$0.88 as at 31 December 2025.

Having considered the above, we are of the view that the Share Offer Price is not attractive from the perspective of the NAV per Share of the Company.

3.5 *Our view on the Share Offer*

Having taken into account and balanced the following factors:

(i) the Share Offer Price represents a discount of over 31% to the closing price per Share on the Last Trading Day, the average closing price of the Share for the last five, 10 and 30 consecutive trading days immediately prior to and including the Last Trading Day, respectively;

(ii) the Share Offer Price still represents a discount of approximately 37.5% to the closing price of HK$1.280 as at the Latest Practicable Date, even though it is uncertain whether the Share price will remain above the Share Offer Price throughout the Offer Period or subsequent to the close of the Offers;

(iii) the Share Offer Price represents (a) a discount of approximately 14.0% when compared to the Group's NAV per Share of approximately HK$0.93 as at 31 December 2025; and (b) a discount of approximately 13.5% when compared to the Group's unaudited NAV per Share of approximately HK$0.925 as at 30 June 2026;

(iv) the Shares have been traded above the Share Offer Price throughout approximately 92.8% of the trading days during the Review Period; and

(v) the relatively low liquidity of Shares during the Review Period as discussed above,

we are of the view that the Share Offer Price is not fair and not reasonable so far as the Offer Shareholders are concerned.Nevertheless, we would like to remind the Offer Shareholders that although the Share Offer Price is below the recent closing prices of the Shares, there is no guarantee that the recent closing prices of the Shares will sustain and be higher than the Share Offer Price during and after the Offer Period. The Offer Shareholders, in particular those who may wish to realise their investments in the Shares, are thus reminded to closely monitor the market price of the Shares during the Offer Period.

4. Market comparable analysis

In order to assess the fairness and reasonableness of the Share Offer Price, we have sought to identify comparable companies on the website of the Stock Exchange for peer comparison based on the criteria that the company is (i) listed and traded on the Stock Exchange as at the Latest Practicable Date; and (ii) principally engaged in business similar with that of the Group, and with at least 80% revenue of the latest preceding year attributable to the production and sale of plastic infant products and plastic and stainless steel sports bottles on an OEM basis, noting that over 99% and 99% of the Group's revenue for FY2024 and FY2025 respectively was contributed by such business. However, no comparable company listed and traded on the Stock Exchange can be identified.

We have attempted to loosen the criteria to include companies that are listed and traded on the Stock Exchange and are principally engaged in OEM production of small consumer/personal/household products, and have identified Starlite Holdings Limited (stock code: 403.HK) and Zhengye International Holdings Company Limited (stock code: 3363.HK). Only the price-to-earnings ratio ("**P/E Ratio**") of Zhengye International Holdings Company Limited is available as it is profit-making as per latest published financial information. P/E Ratio is one of the most commonly used ratios in assessing valuation. Set out below is the P/E Ratio of Zhengye International Holdings Company Limited.

Stock Code	**Company**	**Principal Business**	**Market capitalisation as at the Last Trading Day** *(HK$ million)* *(Note 1)*	**Latest audited net profit** *(HK$ million)*	**P/E Ratio** *(times)* *(Note 3)*
3363.HK	Zhengye International Holdings Company Limited	Manufacturing and sale of paper, paperboard and paper-based packaging products	165.0	16.7	9.9
	The Company (Offer Price)		163.5 *(Note 2)*	26.5	6.2

Notes:

1. The market capitalization is calculated based on the closing share price and total issued shares of the respective company as at the Last Trading Day.

2. The Company's market capitalisation is calculated by multiplying the Share Offer Price of HK$0.8 per Offer Share to the Company's total issued shares as at Last Trading Day.

3. The P/E Ratio is based on the market capitalisation as at the Last Trading Day and the net profit attributable to the owners of the company as disclosed in the latest published annual reports of the respective company.

However, given that (i) Zhengye International Holdings Company Limited is principally engaged in the manufacturing and sale of paper, paperboard and paper-based packaging products which has different cost of sales structure and the resulting gross profit margin (gross margin of approximately 10.8% of Zhengye International Holdings Company Limited versus approximately 26.1% of the Group for FY2025); and (ii) according to 2026 Interim Results, the Group recorded a consolidated loss attributable to Shareholders of approximately HK$7.6 million for 6M2026, we consider that the comparison with Zhengye International Holdings Company Limited is not meaningful for assessing the fairness and reasonableness of the Share Offer Price under such limitations.

We have also identified companies that are principally engaged in business similar with that of the Group, being OEM production and sale of stainless steel and plastic bottles, but are listed in the Shenzhen Stock Exchange, namely 浙江哈尔斯真空器皿股份有限公司 (Zhejiang Haers Vacuum Containers Co., Ltd.*, stock code: 002615.SZ) and 浙江嘉益保温科技股份有限公司 (Zhejiang Cayi Vacuum Container Co., Ltd.*, stock code: 301004.SZ). However, we note that there is huge discrepancy in the overall valuation between the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, with the average P/E ratio of the Main Board of the Hong Kong Stock Exchange being 13.68 times and the A Shares of the Shenzhen Stock Exchange being 33.05 times as at the Last Trading Day, rending the comparison of valuation of the two aforementioned companies inappropriate in our view.

Accordingly, peer comparison is not applicable, and we have focused our analysis of the Share Offer Price on the Company's historical trading performance and underlying fundamentals, as discussed above.

5. Option Offer

Rainbow Capital is, for and on behalf of the Offeror, making the Option Offer to the Offer Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all Offer Options in exchange for cash on the following basis:

In respect of the Offer Options with an exercise price of HK$0.68 each:

"See-through" cancellation price for each such Offer Option . . . . HK$0.12 in cash

In respect of the Offer Options with an exercise price of HK$1.02 each:

Cancellation price for each such Offer Option . . . . HK$0.0001 in cash

As set out in the "Letter from Rainbow Capital", as at the Latest Practicable Date, excluding the Excluded Options, there is a total of 9,640,000 Offer Options subject to the Option Offer, comprising (i) 1,400,000 vested Options with an exercise price of HK$0.68 each; (ii) 5,768,000 vested Options with an exercise price of HK$1.02 each; and (iii) 2,472,000 unvested Options with an exercise price of HK$1.02 each.

Under the Option Offer, the Offeror will offer the Offer Optionholders the "see-through" cancellation price (being the Share Offer Price minus the relevant exercise price of the Offer Options) for the cancellation of every Offer Option (whether vested or unvested). In respect of Offer Option with an exercise price higher than the Share Offer Price, the cancellation price is at a nominal amount of HK$0.0001.

In respect of the Offer Options with an exercise price of HK$0.68 each, we note that the cancellation price under the Option Offer was calculated in compliance with Rule 13 of the Takeovers Code and represents the "see-through" price, which is the difference between the Share Offer Price and the exercise price for the Offer Options. However, as we consider that the Share Offer Price to be not fair and not reasonable, the "see-through" price, which is based on the Share Offer Price, is also considered not fair and not reasonable so far as the Offer Optionholders are concerned.

In respect of the Offer Options with an exercise price of HK$1.02 each, we note that the cancellation price of HK$0.0001 offered to the relevant Offer Optionholders is derived from the "see-through" price i.e. the Share Offer Price less each Option's exercise price, accepting Offer Optionholders will receive only a nominal value of HK$0.0001 due to the relevant Offer Options under the Option Offer being out-of-the-money. It shall be noted that outstanding Options not tendered for acceptance under the Option Offer will continue to vest and/or remain exercisable pursuant to their respective original terms and conditions. Accordingly, Optionholders may continue to hold their respective Options if they choose not to accept the Option Offer. In view of the above, we are of the view that the Option Offer is not attractive and is not fair and not reasonable to the Offer Optionholders. Accordingly, we consider the terms of the Option Offer to be not fair and not reasonable so far as the Offer Optionholders are concerned.

In view of the fact that the recent Share price had been, and was as at the Latest Practicable Date, above the Share Offer Price, the holders of the vested Options may, to the extent their respective circumstances permit, exercise their rights under the Offer Options and dispose of their Offer Shares on the market if there is sufficient trading liquidity in the market and the market price is above the Share Offer Price (to the extent such excess in market price would be adequate to cover additional charges such as exercise price, brokerage, transaction levies etc., which would not be applicable if the Offer Shares are tendered in acceptance of the Share Offer) during the Offer Period.

Holders of unvested Options (all of which carry an exercise price of HK$1.02 each) should note that these Options are not exercisable during the Offer Period and may consider continuing to hold their unvested Options.

RECOMMENDATIONS

In making our recommendation, we have considered the foregoing and, the following principal reasons:

In terms of the Share Offer

(i) The Share Offer Price represents a discount of over 31% to the closing price per Share on the Last Trading Day, the average closing price of the Share for the last five, 10 and 30 consecutive trading days immediately prior to and including the Last Trading Day, respectively;

(ii) as set out in the section headed "3.2 Analysis of historical Share price movement", the Shares have been traded above the Share Offer Price throughout approximately 92.8% of the trading days during the Review Period. Even though it is uncertain as to whether the

Share price would remain above the Share Offer Price during the Offer Period and even after the close of the Offers, the Share Offer Price of HK$0.8 per Offer Share represents a discounts of approximately 34.96% and 37.5% over the closing price of the Shares as at the Last Trading Day and the Latest Practicable Date, respectively;

(iii) as set out in the section headed "3.4 NAV Comparison", the Share Offer Price represents (a) a discount of approximately 14.0% when compared to the Group's NAV per Share as at 31 December 2025; and (b) a discount of approximately 13.5% when compared to the Group's unaudited NAV per Share as at 30 June 2026;

(iv) as set out in the section headed "1.5 Overall view on the financial performance and position of the Group", Group recorded (i) a decline in financial performance in FY2025 compared with FY2024; and (ii) a significant decrease in revenue and turning from profit to loss for 6M2026 as compared with 6M2025. On this basis, we consider that the financial position of the Group remains uncertain;

(v) as discussed in the section headed "1.6 Outlook of the Group", having considered the negative impact of (i) substantial external risks, specifically the possibility of escalating Sino-US trade conflicts and the unpredictable nature of tariff adjustments, which have already prompted a more conservative procurement approach from major customers in the US; and (ii) the passive nature of the OEM model, under which product demand and profitability are largely beyond the Group's direct control and remain subject to global macroeconomic volatility and military conflicts, we consider that the financial performance of the Group is uncertain and that the prospects of the Group remain challenging; and

(vi) as set out in the section headed "3.3 Historical trading liquidity of the Shares", during the pre-Announcement Period, the average daily trading volume to the total number of issued Shares and total number of issued Shares held by the public Shareholders ranged from approximately 0.0147% to 0.2118% and ranged from approximately 0.0541% to 0.7810%, respectively, reflecting any sale of a large number of Shares on the market over a short period of time may be difficult without exerting downward pressure on the market price of Share.

In terms of the Share Offer, balancing the considerations (i)–(vi) as set out above, we are of the view that the Share Offer Price is not fair and not reasonable so far as the Offer Shareholders are concerned, and accordingly recommend the Independent Board Committee to advise the Offer Shareholders not to accept the Share Offer. For those Offer Shareholders who wish to realise their investments in the Company, we recommend that they consider disposing of their Shares in the open market, rather than accepting the Share Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Share Offer. Nevertheless, the Offer Shareholders should also note that they may not be able to realise their investments in the Shares at a price higher than the Offer Price of HK$0.8 when they are going to dispose of their partial or entire holdings due to the thin trading liquidity of the Shares during the Review Period as analysed in the paragraph headed "*3.3 Historical trading liquidity of the Shares*" above. In such circumstances, the Offer might provide an exit alternative for the Offer Shareholders who would like to realise their investments in the Shares at the Offer Price of HK$0.8.

In addition, we would like to remind the Offer Shareholders that they should bear in mind the potential difficulties they may encounter in disposing of the Shares after the close of the Offer in view of the historical thin trading liquidity of the Shares and there is no guarantee that the prevailing level of the Share price will sustain during and after the Offer Period.

In terms of the Option Offer

(i) For the Offer Options with an exercise price of HK$0.68 each, the cancellation price under the Option Offer represents the "see-through" price, which is the difference between the Share Offer Price and the exercise price for the Offer Options. However, as we consider that the Share Offer Price to be not fair and not reasonable, the "see-through" price, which is based on the Share Offer Price, is also considered not fair and not reasonable so far as the Offer Optionholders are concerned; and

(ii) for the Offer Options with an exercise price of HK$1.02 each, accepting Offer Optionholders will receive only a nominal value of HK$0.0001 due to the relevant Offer Options under the Option Offer being out-of-the-money. As any Options not tendered for acceptance under the Option Offer will continue to vest and/or remain exercisable pursuant to their respective original terms and conditions, Optionholders may continue to hold their respective Options if they choose not to accept the Option Offer.

In terms of the Option Offer, considering the above reasons, we are of the view that the Option Offer (whether in respect of the Offer Options with an exercise price of HK$0.68 each or HK$1.02 each) is not fair and not reasonable so far as the Offer Optionholders are concerned, and accordingly recommend the Independent Board Committee to advise the Offer Optionholders not to accept the Option Offer (whether in respect of the Offer Options with an exercise price of HK$0.68 each or HK$1.02 each).

The Offer Shareholders and Offer Optionholders are reminded to monitor the development of the Group, in particular the Offeror's business strategy and any announcements of the Company during and after the Offer Period. Offer Shareholders and Offer Optionholders are reminded that they should make their decisions to dispose of or retain their investments in the Shares and/or Options, having regard to their own circumstances and investment objectives and are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, and they may consider exercising their Options (if any) and/or selling their Shares in the open market, where possible, if the net proceeds (after deducting all transaction costs) exceed the net amount to be received under the Share Offer or Option Offer (where applicable).

As different Offer Shareholders and Offer Optionholders would have different investment criteria, objectives or risk appetite and profiles, we recommend those who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Messis Capital Limited

Thomas Lai

Thomas Lai
Chief Executive Officer

Mr. Thomas Lai is a licensed person registered with the Securities and Futures Commission of Hong Kong and regarded as a responsible officer of Messis Capital Limited to carry out type 6 (advising on corporate finance) regulatory activity under the SFO and has over 29 years of experience in corporate finance industry.