SG Group Holdings Limited
樺欣控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1657)

Executive Directors:
Mr. Choi King Ting, Charles *(Chairman)*
Mr. Choi Ching Shing
Ms. Li Li Mei

Independent non-executive Directors:
Mr. Lai Kwok Hung, Alex
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

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Hong Kong

24 July 2026

To the Independent Shareholders

Dear Sir or Madam

UNCONDITIONAL MANDATORY CASH OFFER BY DL SECURITIES (HK) LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR AND THE OFFEROR CONCERT PARTIES)

INTRODUCTION

Reference is made to the Joint Announcement jointly issued by the Offeror and the Company on 4 June 2026 in relation to, among other things, the Share Purchase Agreement and the Offer.

On 25 May 2026, the Sellers and the Offeror entered into the Share Purchase Agreement (as amended and supplemented by the Supplemental Agreement dated 3 June 2026), pursuant to which the Sellers have conditionally agreed to sell and the Offeror has conditionally agreed to acquire the Sale Shares, being 23,970,000 Shares, representing approximately 74.91% of the total issued Shares and the entire shareholding of the Sellers in the Company as at the date of the Share Purchase Agreement, at the Consideration of HK$198,519,540 (equivalent to HK$8.282 per Sale Share).

Completion is conditional upon the fulfillment or waiver (if applicable) of the conditions precedent as set out in the Share Purchase Agreement and described in the section headed "Conditions Precedent to Completion" of the Joint Announcement. Completion of the sale and purchase of the Sale Shares took place on 23 June 2026. The Consideration for the Acquisition was settled by the Offeror in cash of HK$137,519,540 and the Promissory Note in the principal amount of HK$61,000,000 to the Sellers.

Immediately before Completion, (i) none of the Offeror, its ultimate beneficial owners, its director and the Offeror Concert Parties (save for the Sellers) held any Shares; and (ii) the Sellers were interested in 23,970,000 Shares, i.e. the Sale Shares. Immediately after Completion, none of the Offeror, the ultimate beneficial owners and director of the Offeror and the Offeror Concert Parties holds any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for the 23,970,000 Shares acquired by the Offeror through the Acquisition, representing approximately 74.91% of the total issued Shares.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and the Offeror Concert Parties). DL Securities is, on behalf of the Offeror, making the Offer in compliance with the Takeovers Code on the terms set out in this Composite Document.

Details of the terms of the Offer, the information of the Offeror and the intention of the Offeror in relation to the Group are set out in the "Letter from DL Securities" and Appendices I and IV to this Composite Document and the accompanying Acceptance Form.

The primary purpose of this letter is to provide you with information relating to, among other matters, information relating to the Group and the Offer.

THE OFFER

As at the Latest Practicable Date, there were a total of 32,000,000 Shares in issue and the Company does not have any outstanding options, warrants, derivatives or securities which are convertible or exchangeable into 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. As at the Latest Practicable Date, there were no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue other than the Shares.

As mentioned in the Letter from DL Securities of the Composite Document, DL Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer on the following basis:

For each Offer Share .... HK$8.323 in cash

The Offer Price of HK$8.323 per Offer Share under the Offer is equal to the price per Sale Share paid by the Offeror for the 23,970,000 Sale Shares under the Share Purchase Agreement together with the Interest accruing on the Deferred Payment for a period of two months from the Completion Date divided by the number of the 23,970,000 Sale Shares (assuming the Deferred Payment is settled on the date falling two months from the Completion Date), the calculation of which is illustrated below:

$$\text{Price per Sale Share}^{\textit{Note (1)}} + \frac{\text{Interest accruing on the Deferred Payment}^{\textit{Note (2)}}}{\text{Number of the Sale Share}^{\textit{Note (3)}}} = \text{HK\$8.323}$$

Notes:

(1) Price per Sale Share under the Share Purchase Agreement is HK$8.282.

(2) Assuming the Deferred Payment (HK$61,000,000) is settled on the date falling two months from the Completion Date, the Interest is equal to (Deferred Payment x 9.6%) x 2 months/ 12 months = approximately HK$976,000.

(3) Number of Sale Shares is 23,970,000.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer will be fully paid and free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

The Offer is unconditional in all respects.

Further details of the Offer including, among other things, the value of the Offer, its extension to the Overseas Shareholders, effect of accepting the Offer, information on stamp duty, taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in the Letter from DL Securities and Appendices I and IV to this Composite Document and the accompanying Acceptance Form.

The Board has confirmed that, as at the Latest Practicable Date, (i) the Company has not declared any dividend and/or other distribution and/or other return of capital which remains unpaid; and (ii) it does not intend to declare, make or pay any dividend and/or other distribution and/or other return of capital before the closing, lapse, withdrawal or termination of the Offer (whichever is earlier).

Set out below is the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately after Completion and before the Offer is made and as at the Latest Practicable Date, assuming there are no shareholding changes other than the Acquisition:

		Immediately prior to Completion		Immediately after Completion and before the Offer is made and as at the Latest Practicable Date		As at the Latest Practicable Date	
		Number of Shares	*Approximate % of issued Shares*	*Number of Shares*	*Approximate % of issued Shares*	*Number of Shares*	*Approximate % of issued Shares*
(A)	Offeror and the Offeror Concert Parties (excluding the Sellers) *(Note 1)*						
	Offeror *(Note 2)*	–	–	23,970,000	74.91	23,970,000	74.91
(B)	Sellers *(Note 3)*						
	Seller A (Mr. Choi)	970,000	3.03	–	–	–	–
	Seller B (JC International)	23,000,000	71.88	–	–	–	–
	Sub-total of the Shares held by the Offeror and the Offeror Concert Parties (including the Sellers)	23,970,000	74.91	23,970,000	74.91	23,970,000	74.91
(C)	Other Shareholders *(Note 4)*	8,030,000	25.09	8,030,000	25.09	8,030,000	25.09
Total		32,000,000	100.00	32,000,000	100.00	32,000,000	100.00

Notes:

1. Due to the Deferred Payment which will be settled after Completion, the Sellers are presumed to be acting in concert with the Offeror under Class (9) of the definition of "acting in concert" under the Takeovers Code until the full settlement of the Deferred Payment by the Offeror.

2. The Offeror is legally, beneficially and wholly owned by Sefon Software.

3. Mr. Choi directly owns 100% of JC International. Mr. Choi is deemed, or taken to be interested in, all the Shares held by JC International for the purpose of the SFO.

4. Mr. Lai Kwok Hung, Alex, an independent non-executive Director, owns 10,000 Shares or approximately 0.03% of the total issued Shares.

5. Certain percentage figures included in this table have been subject to rounding adjustments. Figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

INFORMATION ON THE OFFEROR AND ITS INTENTIONS IN RELATION TO THE GROUP

Your attention is drawn to the sections headed "Information of the Offeror" and "The Offeror's Intention on the Group" in the Letter from DL Securities set out in this Composite Document.

As at the Latest Practicable Date, the Offeror is directly wholly owned by Sefon Software, which is in turn controlled by Mr. Zha as to approximately 38.68%. Mr. Zha is the sole director of the Offeror and the chairman of the board of Sefon Software.

Following the close of the Offer, it is the intention of the Offeror that the Group will continue with its existing principal business for long-term purposes. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. As at the Latest Practicable Date, (i) the Offeror did not have any intention, understanding, negotiation, arrangement, and agreements (formal or informal, express or implied) to downsize or dispose of any existing business or assets of the Group; and (ii) no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group.

Nevertheless, following the close of the Offer, the Offeror will conduct a detailed review on the existing principal operations and business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. Any acquisition or disposal of the assets or business of the Group, if any, will be conducted in compliance with the Listing Rules.

As at the Latest Practicable Date, save for the change(s) to the composition of the Board, details of which are set out in the paragraph headed "Proposed Change to the Board Composition of the Company" in the Letter from DL Securities in this Composite Document, the Offeror has no intention to make material changes to the employment of employees or other personnel of the Group.

It is intended that, except for Mr. Choi, who will be redesignated as a non-executive Director, all of the executive Directors and independent non-executive Directors (i.e. the Departing Directors) would resign with effect (i) after the publication of the closing announcement of the Offer, which is the earliest permitted time under the Takeovers Code, and (ii) the appointment of the new independent non-executive Directors.

The Company intends to take the following actions at the same time as the resignation of the Departing Directors becomes effective in order to continue to comply with the relevant requirements on board composition and board diversity under Chapter 3 of the Listing Rules and Rule 13.92 of the Listing Rules immediately after the publication of the closing announcement of the Offer:

(i) appoint sufficient number of new independent non-executive Directors as required under Rules 3.10 and 3.10A of the Listing Rules;

(ii) ensure that one of the new independent non-executive Directors to be appointed to the Board possesses appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; and

(iii) ensure that one of the new independent non-executive Directors is of a different gender to the then Directors, and such independent non-executive Director will be appointed to the Nomination Committee.

The Company does not expect the resignation and/or re-designation of the existing Directors to have any material adverse impact on the Group's business and operations given that, (i) the Group's existing principal business operations will continue as usual, (ii) the Group's day-to-day operations are carried out by its existing management and operational teams, (iii) the proposed changes are principally changes at board level rather than changes to the Group's operating platform, and (iv) the Company expects that any transition in board responsibilities will be carried out in an orderly manner.

Despite that the proposed Directors may not have industry-specific experience in the exact industry segment in which the Group is currently engaged, the Company considers that the discharge of the duties of skill, care and diligence by Directors does not necessarily require each Director to possess sector-specific technical knowledge; the relevant assessment should take into account the Directors' overall capability and competence in providing Board-level management oversight, strategic direction, governance supervision, financial and internal control oversight and business development input. Based on the biographical details as set out in the paragraph headed "Proposed Change to the Board Composition of the Company" in the Letter from DL Securities in this Composite Document, the proposed Directors will be able to discharge their duties of director based on their experience as set out in their biographical details. In addition, they will also be supported by the Group's existing management team and relevant operational personnel who are familiar with the Group's day-to-day business operations and industry-specific matters.

The Board is pleased to note the intention of the Offeror in respect of the Group as disclosed. The Board is willing to cooperate with the Offeror for the best interests of the Company and its Shareholders as a whole.

PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

As at the Latest Practicable Date, the Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

The Stock Exchange has stated that:

(a) if, upon the close of the Offer, the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- an orderly market does not exist or may not exist;
- it will consider exercising its discretion to suspend dealings in the Shares; and

(b) if, at the close of the Offer, the Company has a Significant Public Float Shortfall (as defined in Rule 13.32F of the Listing Rules), then:

- the Stock Exchange will add a designated marker to the stock name of the Shares; or
- 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.

The Board is aware that the Offeror intends for the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new Directors to be appointed to the Board of the Company will jointly and severally undertake to the Stock Exchange that if, at the close of the Offer, the Company fails to comply with the requirement of Rule 13.32B of the Listing Rules, they will take appropriate steps to ensure the Company's compliance with Rule 13.32B of the Listing Rules at the earliest possible moment.

If the level of acceptances of the Offer Shares resulting in the shareholding of the Offeror and Offeror Concert Parties 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 Offer to re-comply with Rule 13.32B of the Listing Rules provided that the public float shortfall is not a Significant Public Float Shortfall (as defined in Rule 13.32F of the Listing Rules).

Further announcement(s) regarding the restoration of public float (if any) will be made by the Company as and when appropriate.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, a board which receives an offer, or is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation (i) as to whether the offer is fair and reasonable; and (ii) as to acceptance, and the members of the independent board committee should comprise all non-executive directors who have no direct or indirect interest in the offer.

An Independent Board Committee, comprising all of the three independent non-executive Directors, namely Mr. Lai Kwok Hung, Alex, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu, has been established to advise and give a recommendation to the Independent Shareholders on whether the Offer is fair and reasonable and as to the acceptance of the Offer.

Sorrento Capital Limited, has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to their acceptance. The full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee is set out in the Letter from the Independent Financial Adviser in this Composite Document.

RECOMMENDATION

Your attention is drawn to (i) the Letter from the Independent Board Committee in this Composite Document, which contains its recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to their acceptance of the Offer; and (ii) the Letter from the Independent Financial Adviser in this Composite Document which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Offer and the principal factors considered by it in arriving at its advice.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document. Further details on the terms and the procedures for acceptance of the Offer are set out in Appendix I Further Terms and Procedures for Acceptance of the Offer to this Composite Document and the accompanying Acceptance Form.

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

Yours faithfully
By Order of the Board
SG Group Holdings Limited

Choi King Ting, Charles
Chairman, Executive Director and
Chief Executive Officer