首盛資本集團
Alpha Financial Group

11 September 2026

To: The Independent Board Committee

Dear Sir or Madam,

CONDITIONAL MANDATORY GENERAL CASH OFFER BY GET NICE SECURITIES LIMITED FOR AND ON BEHALF OF WELLLUCK LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF WK GROUP (HOLDINGS) LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY WELLLUCK LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the Composite Document dated 11 September 2026 jointly issued by the Offeror and the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement in relation to, among other things, the Offer.

On 29 July 2026 (after trading hours), the Vendor (as vendor), the Guarantor (as the Vendor's guarantor) and the Offeror (as purchaser) entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 780,000,000 Shares, representing 39% of the total issued share capital of the Company as at the date of the Joint Announcement, free from all Encumbrances, for a

Head office 總辦事處:
Room A, 17/F, Fortune House, 61 Connaught Road Central, Central, Hong Kong
香港中環干諾道中61號福興大廈17樓A室

Branch office 分辦事處:
Unit B, 15/F, Two Chinachem Plaza, 68 Connaught Road Central, Central, Hong Kong
香港中環干諾道中68號華懋廣場二期15樓B室

Tel 電話: (852) 3577 8132 | Fax 傳真: (852) 2810 8185 | Website 網址: www.alphafin.com.hk

total cash Consideration of HK$70,200,000, equivalent to HK$0.09 per Sale Share. Completion took place on 30 July 2026. Immediately upon Completion, the Vendor ceased to hold any interest in the Company.

Immediately prior to Completion, none of the Offeror, its ultimate beneficial owner (i.e. Mr. Chan Wing Keung) and parties acting in concert with any of them owned, controlled or had direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owner (i.e. Mr. Chan Wing Keung) and parties acting in concert with any of them are interested in an aggregate of 780,000,000 Shares, representing 39% of the total issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is therefore required to make a conditional mandatory general cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it). The Offer will be made to the Independent Shareholders.

THE INDEPENDENT BOARD COMMITTEE

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, or is not, 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.

The Independent Board Committee, which comprises all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Cha Ho Wa, Mr. Yu Chun Kit and Mr. Liu Chi Kwun Albert, has been established to make a recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. Mr. Chan Wing Hong and Ms. Choi Chick Cheong, being the ultimate beneficial owners of the Vendor holding 15% shareholding each, and non-executive Directors of the Company, have a material interest in the Offer and have therefore been excluded from the Independent Board Committee.

We, Alpha Financial Group Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee in this respect and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. We have been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

We are independent from and not connected with the Company, the Offeror, any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding the commencement of the Offer Period and up to the Latest Practicable Date, save for this appointment as the Independent Financial Adviser in respect of the Offer, Alpha Financial Group Limited has no significant connection, financial, business or otherwise with and there were no other engagements between Alpha Financial Group Limited and the Company, the Offeror, any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to advise the Independent Board Committee, no arrangement exists whereby we shall receive any other fees or benefits from the Offeror and the Company or any of their respective substantial shareholders or any person acting, or deemed to be acting, in concert with any of them. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules and Rule 2.6 of the Takeovers Code.

BASIS OF OUR ADVICE

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in or referred to in the Composite Document and the information and representations as provided to us by the Directors and the management of the Company (the "**Management**"). Our review procedures include review of the annual report of the Group for the year ended 31 December 2025 (the "**2025 Annual Report**"), the interim result announcement of the Group for the six months ended 30 June 2026 (the "**2026 Interim Result Announcement**"), the Joint Announcement, the Composite Document, relevant announcements published by the Company, the industry trends of the Group's principal business, the share price performance of the Company, the trading liquidity of the Shares and comparable companies to the Company. We have assumed that all information and representations that have been provided by the Directors and the Management are true, complete and accurate in all material respects at the time when they were made and up to the date throughout the Offer Period. The Independent Shareholders shall be informed by the Company and us as soon as possible if there is any material change to the information disclosed in the Composite Document during the Offer Period in accordance with Rule 9.1 of the Takeovers Code, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Independent Shareholders accordingly. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Composite Document were reasonably made after due enquiries and careful considerations.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. The Independent Shareholders will be notified of any material changes to such information provided in the Composite Document and our opinion as soon as possible. The Directors have confirmed, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statements in the Composite Document misleading.

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

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

This letter is issued for the information of the Independent Board Committee solely in connection with their consideration of the Offer, and except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee in relation to the Offer, we have considered the principal factors and reasons as set out below:

1. Background of the Offer

The Board has been informed that, on 29 July 2026 (after trading hours), the Vendor (as vendor), the Guarantor (as the Vendor's guarantor) and the Offeror (as purchaser) entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 780,000,000 Shares, representing 39% of the total issued share capital of the Company as at the date of the Joint Announcement, free from all Encumbrances, for a total cash Consideration of HK$70,200,000, equivalent to HK$0.09 per Sale Share. Completion took place on the Completion Date, being 30 July 2026. Immediately upon Completion, the Vendor ceased to hold any interest in the Company.

Immediately prior to Completion, none of the Offeror, its ultimate beneficial owner (i.e. Mr. Chan Wing Keung) and parties acting in concert with any of them owned, controlled or had direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owner (i.e. Mr. Chan Wing Keung) and parties acting in concert with any of them are interested in an aggregate of 780,000,000 Shares, representing 39% of the total issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is therefore required to make a conditional mandatory general cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

2. Background information of the Group

(a) Principal business

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its issued Shares are listed on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding. The Group is a structural steelwork contractor in Hong Kong, specialising in the supply, fabrication and installation of structural steel for construction projects in Hong Kong.

(b) Historical financial information

Set out below is a summary of the audited consolidated financial information of the Group for the years ended 31 December 2024 and 2025 ("**FY2024**" and "**FY2025**", respectively), as extracted from the 2025 Annual Report, and the unaudited consolidated financial information of the Group for the six months ended 30 June 2026 and 2025 ("**1H2026**" and "**1H2025**", respectively), as extracted from the 2026 Interim Result Announcement:

Table 1: Historical financial information of the Group

	FY2024 *HK$'000* (audited)	**FY2025** *HK$'000* (audited)	**1H2025** *HK$'000* (unaudited)	**1H2026** *HK$'000* (unaudited)
Revenue	398,463	347,733	165,519	87,756
Gross profit	71,392	46,663	25,577	1,380
Profit/(loss) before tax	39,645	19,687	13,001	(11,447)
Profit/(loss) for the year/ period attributable to owners of the Company	31,500	16,114	10,832	(11,519)
Gross profit margin	17.9%	13.4%	15.5%	1.6%

	As at 31 December		As at 30 June
	2024	2025	2026
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)
Non-current assets	36,986	33,477	27,411
Current assets	276,319	278,411	499,004
Total assets	313,305	311,888	526,415
Non-current liabilities	2,483	594	48
Current liabilities	57,440	42,152	269,149
Total liabilities	59,923	42,746	269,197
Net current assets	218,879	236,259	229,855
Equity attributable to owners of the Company	253,382	269,142	257,310

FY2024 vs FY2025

Revenue decreased by approximately HK$50.7 million or 12.7% from approximately HK$398.5 million for the year ended 31 December 2024 to approximately HK$347.7 million for the year ended 31 December 2025, which was mainly attributable to the decrease in number of projects for the year ended 31 December 2025.

Gross profit decreased by approximately HK$24.7 million or 34.6%, from approximately HK$71.4 million for year ended 31 December 2024 to approximately HK$46.7 million for the year ended 31 December 2025. Gross profit margin decreased from approximately 17.9% for the year ended 31 December 2024 to approximately 13.4% for the year ended 31 December 2025 mainly because the Group adopted lower gross profit margins for new projects in order to secure the tender under the increasing competition in the market.

Administrative expenses increased by approximately HK$0.7 million or 2.6% from approximately HK$26.5 million for the year ended 31 December 2024 to approximately HK$27.2 million of the year ended 31 December 2025, which was mainly attributable to the increase in depreciation expenses following the Group moving to a new office and the increase in staff costs.

As a result, the profit for the year decreased by approximately HK$15.4 million or 48.9%, from approximately HK$31.5 million for the year ended 31 December 2024 to approximately HK$16.1 million for the year ended 31 December 2025.

31 December 2024 vs 31 December 2025

As at 31 December 2025, the Group held non-current assets of approximately HK$33.5 million (31 December 2024: HK$37.0 million), and current assets of approximately HK$278.4 million (31 December 2024: HK$276.3 million). The Group recorded a net current asset position of approximately HK$236.3 million as at 31 December 2025 (31 December 2024: HK$218.9 million), which primarily consisted of cash and cash equivalents balances amounted to approximately HK$108.7 million (31 December 2024: HK$100.0 million) and contract assets balances amounted to approximately HK$149.5 million (31 December 2024: HK$95.4 million). Moreover, major non-current assets held by the Group include property, plant and equipment amounted to approximately HK$20.0 million as at 31 December 2025 (31 December 2024: HK$21.2 million).

Major current liabilities were trade and other payables which, as at 31 December 2025, amounted to approximately HK$34.6 million (31 December 2024: HK$44.7 million).

Gearing ratio is calculated as total borrowings (i.e. bank borrowings and lease liabilities) divided by the total equity, which decreased from approximately 5.0% as at 31 December 2024 to approximately 2.4% as at 31 December 2025. Such decrease was mainly due to the decrease in bank borrowings and lease liabilities, coupled with the increase in total equity. Net debt to equity ratio is calculated as net debts (i.e. bank borrowings and lease liabilities, net of cash and cash equivalents and bank deposit with original maturity over 3 months) divided by total equity; the Group recorded net cash positions as at 31 December 2025 and 31 December 2024.

1H2025 vs 1H2026

Revenue decreased by approximately HK$77.8 million or 47.0%, from approximately HK$165.5 million for the six months ended 30 June 2025 to approximately HK$87.8 million for the six months ended 30 June 2026. Such decrease was mainly attributable to (i) the economic uncertainty in Hong Kong, which in turn reduced the amount of work completed on awarded projects and reduced the contract sums of the awarded projects; (ii) the slowdown in certification progress during the six months ended 30 June 2026, which in turn impacted the project timeline and revenue recognition; and (iii) the progress of a private commercial development in Causeway Bay during the six months ended 30 June 2025, which contributed a substantial portion of revenue for that period due to project acceleration and significant milestone progress.

Gross profit decreased by approximately HK$24.2 million or 94.6%, from approximately HK$25.6 million for the six months ended 30 June 2025 to approximately HK$1.4 million for the six months ended 30 June 2026. The gross profit margin decreased from approximately 15.5% for the six months ended 30 June 2025 to approximately 1.6% for the six months ended 30 June 2026. The lower gross profit margin for the six months ended 30 June 2026 was mainly attributable to (i) the lower gross profit margin for the new awarded projects, as the Group adopted more competitive pricing to secure construction projects amidst tightened budgets among main contractors during the six months ended 30 June 2026; (ii) the completion of some projects with relatively higher gross profit margin; and (iii) the extra cost burden incurred from idle plant capacity and under-absorbed fixed overheads.

Administrative expenses increased by approximately HK$0.7 million or 5.6%, from approximately HK$12.1 million for the six months ended 30 June 2025 to approximately HK$12.8 million for the six months ended 30 June 2026. Such increase was mainly driven by the increase in staff costs and entertainment expenses.

As a result, the profit for the period attributable to owners of the Company was approximately HK$10.8 million for the six months ended 30 June 2025 and turned to a loss of approximately HK$11.5 million for the six months ended 30 June 2026, owing to the decrease in revenue and gross profit.

31 December 2025 vs 30 June 2026

As at 30 June 2026, the Group held non-current assets of approximately HK$27.4 million (31 December 2025: HK$33.5 million), and current assets of approximately HK$499.0 million (31 December 2025: HK$278.4 million). The Group recorded a net current asset position of approximately HK$229.9 million as at 30 June 2026 (31 December 2025: HK$236.3 million), which primarily consisted of cash and cash equivalents balances amounted to approximately HK$324.2 million (31 December 2025: HK$108.7 million) and contract assets balances amounted to approximately HK$155.3 million (31 December 2025: HK$149.5 million). Moreover, major non-current assets held by the Group include property, plant and equipment amounted to approximately HK$17.2 million as at 30 June 2026 (31 December 2025: HK$20.0 million).

Major current liabilities as at 30 June 2026 were trade and other payables amounted to approximately HK$29.7 million (31 December 2025: HK$34.6 million) and an amount due to a director of a subsidiary of approximately HK$234.8 million (31 December 2025: nil). As disclosed in the 2026 Interim Result Announcement, the Group recognised an amount due to a director of a subsidiary of approximately HK$234.8 million as at 30 June 2026. To facilitate Weavers Prefabrication Limited, a subsidiary of the Group, in tendering for potential projects and pursuing new business opportunities, the Group or the relevant subsidiary may be required to demonstrate sufficient financial resources or liquidity to prospective clients as part of the tender process. In this connection, Mr. Chan Wing Keung, the director of Weavers Prefabrication Limited, personally made available a US$40 million credit facility to the Group to satisfy such financial capability requirements. As the relevant project was ultimately not awarded to the Group, the credit facility was no longer required and the amount advanced thereunder was fully repaid to Mr. Chan Wing Keung in July 2026.

Gearing ratio is calculated as total borrowings (i.e. bank borrowings and lease liabilities) divided by the total equity, which decreased from approximately 2.4% as at 31 December 2025 to approximately 1.1% as at 30 June 2026. Such decrease was mainly due to the decrease in lease liabilities. Net debt to equity ratio is calculated as net debts (i.e. bank borrowings and lease liabilities, net of cash and cash equivalents and bank deposit with original maturity over 3 months) divided by total equity; the Group recorded net cash positions as at 30 June 2026 and 31 December 2025.

Based on the financial information of the Group as described above, we noted that the Group resulted in a decrease in revenue and gross profit in FY2025 as compared to FY2024, which was mainly attributable to the decrease in the number of projects for the year ended 31 December 2025 and a decrease in revenue and gross profit in 1H2026 as compared to 1H2025, which was mainly attributable to the slowdown in certification progress during the six months ended 30 June 2026, which in turn impacted the project timeline and revenue recognition, alongside increasing market competition which led the Group to adopt lower gross profit margins for new projects in order to secure tenders. The Group, as a structural steelwork contractor, faced a challenging tendering environment as the Hong Kong construction landscape was navigating a period of pronounced uncertainty during the year ended 31 December 2025 and the six months ended 30 June 2026, whereas property prices fluctuated and developers exercised caution.

We are of the view that in evaluating the fair and reasonableness of the Offer Price from the financial performance aspect, the Independent Shareholders should also take note of the future prospects and outlook of the Group. For further details, please refer to the paragraph headed "4. Future prospects and outlook of the Group" in this letter.

3. Information and intention of the Offeror

Information of the Offeror

As stated in the section headed "Information on the Offeror" in the Letter from Get Nice, WellLuck Limited is the Offeror of the Offer. 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. Chan Wing Keung ("**Mr. Chan**") as at the Latest Practicable Date.

Mr. Chan, aged 69, has extensive business experience in the energy trading and real estate development. He was the executive director of Rockefeller Family Fund (Roserock Fund), and the Commercial Director of Burj Khalifa in Dubai. In respect of the former, he was an executive director (development management) of Roserock Group, a real estate investment and development group with offices in New York, Beijing and Tianjin. In respect of the latter, he was employed by Emaar Properties PJSC, the developer of the Burj Khalifa in Dubai, from 2004 to 2009, and his role related to the development of that project. He is currently a director of Weavers

Prefabrication Limited, a non-wholly owned subsidiary of the Company. Weavers Prefabrication Limited is owned as to 51% by the Company, and 49% by Sunmed Biosciences Limited, a company incorporated in Hong Kong which is wholly and beneficially owned by Ms. Song Yan* (宋妍). Mr. Chan and Mr. Cheung Wang Fai Victor are the only directors of Weavers Prefabrication Limited. Weavers Prefabrication Limited is principally engaged in the design, manufacture and supply of prefabricated building structures, components and materials for residential, commercial and industrial use.

As disclosed in the 2025 Annual Report, the Group had become aware of an increasing demand for prefabricated accommodation building structures and materials and had established subsidiaries to enter that business. Weavers Prefabrication Limited was established for that purpose, to broaden the Group's business and its sources of income. Mr. Chan was introduced to the Company by Mr. Cheung Wang Fai Victor, an executive Director. Mr. Chan was appointed as a director of Weavers Prefabrication Limited on 28 August 2025, shortly after its incorporation, so that the new business would have the benefit of his qualifications as an architect and his experience in real estate development described above.

Mr. Chan's involvement with the Group prior to the making of the Offer has at all times been confined to the operations and management of Weavers Prefabrication Limited. He has never been a director, employee or member of the senior management of the Company or, save for Weavers Prefabrication Limited, of any other member of the Group.

Mr. Chan obtained a Bachelor of Science and a Bachelor of Architecture from the University of Strathclyde in 1982 and 1984, respectively. He also completed the Professional Practice, Management and Practical Experience Examination with the University of Strathclyde in 1986. He was admitted a member of the Hong Kong Institute of Architects in 1986 and now serves as a Council Member. He has been a member of the Royal Institute of British Architects since March 1987.

We believe that the Group can benefit from Mr. Chan's extensive business experience in real estate development, as well as his architectural expertise and deep knowledge of the prefabricated building structures industry. As for the operation of the principal business segments of the Group, we believe that Mr. Chan can contribute significantly with his specialized industry knowledge and proven executive leadership. In addition, as Mr. Chan is currently a director of Weavers Prefabrication Limited, a non-wholly owned subsidiary of the Company, we believe that he will be able to seamlessly integrate into the Group's current business operations and future development plans. From this perspective, we believe Mr. Chan will bring a positive influence to the future outlook of the Company.

Intention of the Offeror

As detailed in the section headed "Intention of the Offeror in relation to the Group" in the Letter from Get Nice, following the close of the Offer, the Offeror intends that the Group will continue the principal business of the Group and will maintain the listing status of the Company. The Offeror will conduct a review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business 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. As at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to redeploy any fixed assets of the Group (other than in the ordinary and usual course of business of the Group) or to discontinue the employment of the employees of the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, the Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate). As at the Latest Practicable Date, save for the Offeror's intention to nominate Mr. Chan as an executive Director and the chairman of the Board as described below, the Offeror has not identified any specific candidate to be nominated to the Board, nor has it formulated any specific plan as to which of the existing Directors (if any) will be requested to resign or be replaced, or as to the number, timing or composition of any such changes. Any changes to the composition of the Board will be effected in compliance with the Listing Rules and the Takeovers Code, and further announcement(s) will be made as and when appropriate.

The Offeror intends to nominate new director(s) to the Board with effect from a date which is no earlier than such date as permitted under the Listing Rules and the Takeovers Code or such later date as the Offeror considers to be appropriate. In particular, the Offeror intends to nominate Mr. Chan, being its ultimate beneficial owner, as an executive Director and the chairman of the Board. In respect of the other replacements, the Offeror is in the process of identifying suitable candidates. Any changes to the members of the Board will be made in compliance with the Takeovers Code and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

As at the Latest Practicable Date, save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) make material changes to the employment of the management and employees of the Group; and (ii) dispose of or redeploy the assets of the Group other than those in its ordinary and usual course of business.

4. Future prospects and outlook of the Group

The Group is a structural steelwork contractor in Hong Kong, specialising in the supply, fabrication and installation of structural steel for construction projects in Hong Kong.

As disclosed in the 2025 Annual Report, the business prospects for structural steelwork in Hong Kong remain promising, driven primarily by the government's commitment to large-scale infrastructure and the Northern Metropolis development. While the private real estate market faces short-term volatility, the public sector continues to offer a stable pipeline of high-value projects, including transport hubs, hospitals, and civil works. As the economic cycle turns, the Group, having maintained operational continuity and technical expertise, will be well-positioned to capture these emerging opportunities in sustainable construction. As disclosed in the 2026 Interim Result Announcement, through recent successful bids on several major developments, including infrastructure and public development projects for North District Hospital, Oyster Bay Station, and a local university, the Group has secured approximately HK$365.3 million in contract backlog. This backlog provides a stable revenue stream and reinforces the Group's competitive standing in Hong Kong's structural steelwork sector.

We noted from the "Research Brief on the 2026-2027 Budget" published by the Legislative Council Secretariat on 2 April 2026 and "Policy Pulse Issue 12" publication by the Legislative Council Secretariat in May 2026, that the Government of the Hong Kong Special Administrative Region maintains a strong multi-year commitment to capital works, with public infrastructure spending increasing by 9.1% to HK$125.3 billion for the year 2026 and projected to remain at a high baseline averaging approximately HK$120 billion per annum over the next five years. This infrastructure expansion is heavily anchored by the multi-phase development of the Northern Metropolis and the ongoing facility construction stemming from the three-runway system projects, which are expected to generate substantial sustained demand for structural steel fabrication and heavy civil engineering works.

Large-scale public works, specifically the multi-phase development of the Northern Metropolis and the construction of massive transport hubs, rely on structural steel as the core architectural medium due to its superior load-bearing capacity, seismic resilience, and speed of assembly. Consequently, the Government of the Hong Kong Special Administrative Region's infrastructure pipeline translates directly into a volume of complex, high-tonnage structural steel contracts. Given that the Group possesses the requisite technical qualifications, a proven track record in heavy structural steel works, and established fabrication capabilities, this macroeconomic budget allocation can directly expand the Group's addressable tendering pipeline, effectively converting public capital expenditure into predictable, long-term procurement and installation revenue for specialized contractors.

In addition, while the private commercial building segment remains weighed down by cost-sensitive developer sentiment and commercial office vacancy pressures, the public infrastructure sector, specifically the multi-phase development of the Northern Metropolis and the construction of massive transport hubs, continues to offer a resilient baseline of structural work volumes that will shield specialized contractors from the broader private real estate slowdown.

As such, we are of the view that despite the short-term earnings volatility, the outlook of the business that the Group operates in Hong Kong remains solid and promising. Taking into account the above factors and the stable public pipeline under the Northern Metropolis development and the construction of massive transport hubs, we consider that the Group is well-positioned to capture structural growth opportunities as the economic cycle turns.

5. Principal terms of the Offer

As stated in the Letter from Get Nice, Get Nice, for and on behalf of the Offeror, is making the Offer to acquire all the Offer Shares in compliance with the Takeovers Code on the basis set out below:

For each Offer Share .... HK$0.09 in cash

As disclosed in the Letter from Get Nice, the Offer Price at HK$0.09 per Offer Share is equivalent to the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

As at the Latest Practicable Date, 2,000,000,000 Shares were in issue and the Company does not have any outstanding options, derivatives, warrants 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.

The Offer is conditional upon valid acceptances of the Offer having been received (and where permitted, not withdrawn) on or before 4:00 p.m. on the Closing Date (i.e. Friday, 2 October 2026 or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of the Offer Shares, which together with the Shares already held by the Offeror and parties acting in concert with it, would result in the Offeror and the parties acting in concert with it holding more than 50% of the voting rights of the Company as at the Closing Date. This Condition cannot be waived.

If the Condition cannot be fulfilled by the Closing Date, the Offer will lapse. The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules.

As at the Latest Practicable Date, there are 2,000,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and on the basis of the Offer Price at HK$0.09 per Offer Share, the entire issued share capital of the Company is valued at HK$180,000,000. Excluding the 780,000,000 Shares held by the Offeror and parties acting in concert with it, a total of 1,220,000,000 Shares are subject to the Offer. Based on the Offer Price of HK$0.09 per Offer Share, the total consideration of the Offer would be HK$109,800,000 in the event that the Offer is accepted in full.

For further details of the terms of the Offer, please refer to the Letter from Get Nice contained in the Composite Document.

5.1 The Offer Price

The Offer Price of HK$0.09 per Offer Share represents:

(i) a discount of approximately 87.05% to the closing price of HK$0.695 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 82.35% to the closing price of HK$0.510 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 80.85% to the average closing price of HK$0.4700 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 80.37% to the average closing price of HK$0.4585 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 81.60% to the average closing price of HK$0.4890 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;

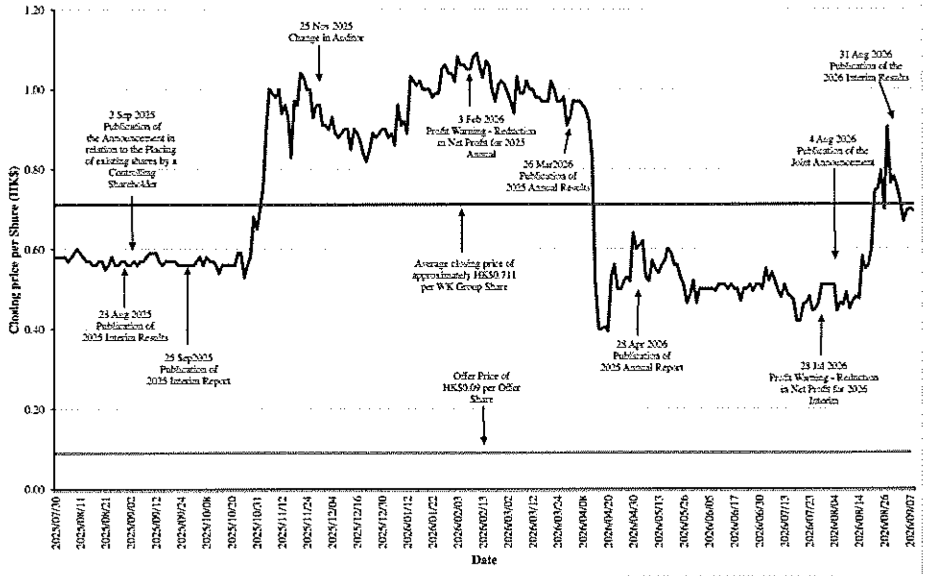
(vi) a discount of approximately 33.14% to the audited net asset value per Share of approximately HK$0.1346 as at 31 December 2025, calculated based on the Group's audited consolidated net asset value attributable to the Shareholders as at 31 December 2025 of approximately HK$269,142,000, divided by a total of 2,000,000,000 issued Shares as at the Latest Practicable Date; and

(vii) a discount of approximately 30.07%% to the unaudited net asset value per Share of approximately HK$0.1287 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 HK$257,310,000, divided by a total of 2,000,000,000 issued Shares as at the Latest Practicable Date.

5.2 Historical performance of the Shares

We have reviewed the movements in the closing price of the Shares for the period commencing from 30 July 2025, being the twelve-month period prior to the Last Trading Day and up to and including the Latest Practicable Date (the "**Review Period**"). We consider that the length of the Review Period to be reasonably long enough to illustrate the relationship between the historical trend of the closing price of the Shares and the Offer Price and is also a common approach when assessing historical performance of shares in a general offer. Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the Review Period:

Daily closing price of the Shares on the Stock Exchange



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

Note: Trading of the Shares on the Stock Exchange has been suspended from 30 July 2026 to 4 August 2026 pending the release of the Joint Announcement.

We noted from the above chart that, during the Review Period, the Shares closed on the Stock Exchange within the range of the lowest of HK$0.395 per Share on 20 April 2026 to the highest of HK$1.09 per Share on 11 February 2026. The Offer Price is lower than the average closing price of approximately HK$0.711 per Share and below the lowest closing price of the Shares during the Review Period.

During the period from 28 October 2025 to 6 November 2025, the closing price of the Shares exhibited an upward trend and increased from HK$0.58 per Share on 28 October 2025 to HK$1.00 on 6 November 2025. Since then, the closing price of the Shares remained fluctuated between HK$0.82 per Share and HK$1.09 per Share during the period from 6 November 2025 and 13 April 2026. During the period from 13 April 2026 to 15 April 2026, the closing price of the Shares dipped from HK$0.83 per Share on 13 April 2026 to HK$0.4 per Share on 15 April 2026. Save for the possible market reactions on the profit warning announcement in relation to the reduction in net profit for FY2025 published on 3 February 2026 and the FY2025 annual result announcement published on 26 March 2026, which may have contributed to the dip in the closing price of the Shares from 13 April 2026 to 15 April 2026 as set out in the above chart, we do not notice any other reasons for the abovementioned movements of the closing price of the Shares during the Review Period after reviewing the Company's announcements and reports disclosed in the website of the Stock Exchange during the Review Period. As discussed with the management of the Group, they were not aware of any particular reasons that contributed to the fluctuations in the closing price of the Shares during the Review Period aside from the abovementioned.

While it is noted that the closing price of the Shares exhibited an upward trend since the date of the Joint Announcement and increased from HK$0.445 per Share on 5 August 2026 to HK$0.695 on the Latest Practicable Date, which may reflect a market reaction to the Offer and the change in control of the Company, the Offer Price represents a discount of approximately 87.34% and 87.05% to the average closing price per Share during the Review Period and the closing price per Share on the Latest Practicable Date and the Offer Price is below the closing price of the Shares throughout the entire Review Period. Accordingly, we are of the view that the Offer Price is unattractive from the perspective of the historical performance of the Shares.

5.3 Historical trading volume of the Shares

Set out below is the table showing the average daily trading volumes of the Shares on the Stock Exchange during the Review Period:

Month/ Period	**No. of trading days**	**Average daily trading volume**	**% of total issued shares (2)**	**% of public float (3)**
Jul 2025 (from 30 Jul 2025)	2	3,755,000	0.1878%	0.4206%
Aug 2025	21	5,941,429	0.2971%	0.6656%
Sep 2025	22	19,569,545	0.9785%	2.1922%
Oct 2025	20	5,253,500	0.2627%	0.5885%
Nov 2025	20	9,974,500	0.4987%	1.1174%
Dec 2025	21	4,992,857	0.2496%	0.5593%
Jan 2026	21	8,295,167	0.4148%	0.9293%
Feb 2026	17	8,866,471	0.4433%	0.9933%
Mar 2026	22	4,349,545	0.2175%	0.4873%
Apr 2026	19	31,170,526	1.5585%	3.4918%
May 2026	19	8,396,316	0.4198%	0.9406%
Jun 2026	21	5,492,381	0.2746%	0.6153%
Jul 2026 *(Note 1)*	20	5,947,000	0.2974%	0.6662%
Aug 2026 *(Note 1)*	19	28,817,368	1.4409%	3.2282%
Sep 2026 (up to the Latest Practicable Date)	6	3,738,333	0.1869%	0.4188%

Notes:

(1) Trading of the Shares on the Stock Exchange has been suspended from 30 July 2026 to 4 August 2026 pending the release of the Joint Announcement.

(2) Calculated based on average daily trading volume over the month/period divided by the total number of 2,000,000,000 Shares in issue as at the end of each month/period during the Review Period.

(3) Calculated based on average daily trading volume over the month/period divided by the total number of public shares at each month/period end, according to the announcements of disclosing relevant information regarding the public float of the Company and relevant public disclosures.

Trading volume of the Shares during the Review Period

The average daily trading volume of the Shares on the Stock Exchange has been relatively moderate and amounted to approximately 10,762,221 Shares during the Review Period, representing approximately 0.538% of the Company's issued share capital as at the Latest Practicable Date. The issued shares of the Company of 2,000,000,000 Shares remained the same during the Review Period and up to the Latest Practicable Date.

Excluding the 1,107,330,000 Shares (consisting of 780,000,000 Shares held by the Vendor and 327,330,000 held by Eastern Pearl Capital Fund SPC, as a substantial shareholder of the Company) which represent approximately 55.4% of the issued share capital of the Company immediately before Completion, the Company has a public float of 892,670,000 Shares. The average daily trading volume of the Shares on the Stock Exchange of approximately 10,762,221 Shares during the Review Period represented approximately 1.206% of the public float as at the Latest Practicable Date.

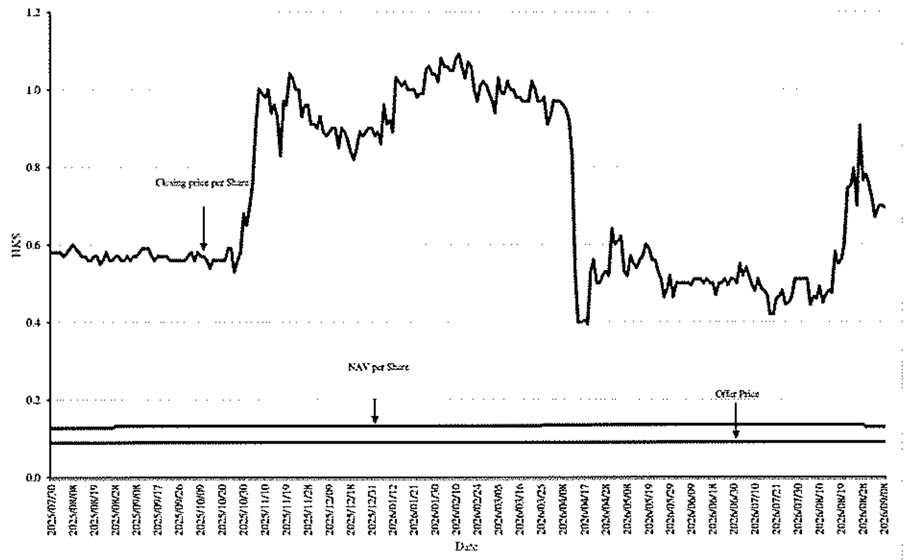
There were 207 and 82 trading days which recorded trading volume of more than 0.1% and 0.5% of the issued share capital of the Company during the Review Period, respectively. This indicates that the liquidity of the Company's Shares had been relatively moderate during the Review Period, which means that while the Shares maintained a consistent and reasonable level of daily turnover in the open market, the underlying market might not be sufficiently deep or resilient to absorb large-scale, concentrated volume disposals without inducing significant price friction and downward market pressure.

Given the relatively moderate daily trading volume of the Shares during the Review Period, it is uncertain as to whether there is sufficient liquidity for the Independent Shareholders to dispose of a significant number of the Shares on the Stock Exchange without creating downward pressure on the Share price on the market. For those Independent 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 Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer. Nevertheless, the Independent 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 when they are going to dispose of their partial or entire holdings. In such circumstances, the Offer might provide an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares at the Offer Price of HK$0.09.

5.4 Historical discounts to net asset value per Share

The Offer Price represents a discount of approximately 30.07% to the unaudited consolidated net asset value attributable to Shareholders ("**NAV**") of approximately HK$0.1287 per Share as at 30 June 2026. The chart below illustrates the historical closing prices of the Shares as quoted on the Stock Exchange during the Review Period, and up to the Latest Practicable Date against the Offer Price and the latest available NAV of the Company at the relevant time.

NAV per Share



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

Note: The NAV per Share was calculated based on the latest available net assets as set out in the respective interim or annual results of the Company at the relevant time, divided by the total number of Shares in issue.

As shown in the chart above, the Shares have been trading at a premium over the NAV per Share for all of the time during the Review Period. For the reference of the Independent Shareholders, while the Shares have been trading at a premium to the NAV per Share throughout the Review Period, the Offer Price represents a discount of approximately 30.07% to the NAV of approximately HK$0.1287 per Share as at 30 June 2026.

5.5 Comparative analysis

In order to further assess the fairness and reasonableness of the Offer Price, we have considered the price-to-book ratio (the "**P/B Ratio**"), the price-to-earnings ratio (the "**P/E Ratio**"), the price-to-sales ratio (the "**P/S Ratio**") and dividend yield which are commonly adopted trading multiple analyses. Given that no dividend was distributed for the year ended 31 December 2025 and the six months ended 30 June 2026, we were unable to analyse with reference to dividend yield. Any fluctuation in revenue for the Company and/or any of the Peer Comparables would distort the results of analysis on P/S Ratio, and the P/S Ratio does not reflect the cost structure differences between different companies. Given the aforesaid limitations, P/S Ratio analysis is not included in our analysis below. Accordingly, we consider the P/B Ratio and P/E Ratio to be appropriate indicators of the fair values of the comparable companies.

As at the Latest Practicable Date, the Company had 2,000,000,000 Shares in issue. On the basis of the Offer Price being HK$0.09 per Offer Share, the total issued share capital of the Company would be valued at HK$180,000,000. The P/B Ratio implied by the Offer Price is approximately 0.70 times (the "**Implied P/B Ratio**"), based on the unaudited consolidated NAV attributable to the Shareholders as at 30 June 2026 of approximately HK$257.3 million. The P/E Ratio implied by the Offer Price is approximately 11.17 times (the "**Implied P/E Ratio**"), based on the net profit attributable to the Shareholders for the year ended 31 December 2025 of approximately HK$16.1 million.

With reference to the 2025 Annual Report, all of the revenue of the Company during FY2025 was derived from the provision of structural steelwork services in Hong Kong. For the purpose of comparison, we have conducted a search of comparable companies which meet the criteria of (i) having listed on the Stock Exchange on or before the Latest Practicable Date; (ii) majority (more than 50%) of the revenue derived from the provision of structural steelwork services; and (iii) majority (more than 50%) of the revenue generated in Hong Kong. However, according to our search result based on such criteria, we noted that one company listed on the Stock Exchange was principally engaged in the exact same business and in the same geographical location as that of the Group. As such, we have broadened the aforesaid criteria to being majority (more than 50%) of the revenue derived from the provision of structural steelwork services without geographical limitation (the "**Peer Comparable(s)**").

Based on the abovementioned criteria, we have identified four Peer Comparables by searching through published information on the Stock Exchange's website. Based on our search conducted according to the abovementioned criteria, the list of Peer Comparables is an exhaustive list of companies meeting the abovementioned criteria, save for the exclusions of the Company.

Although the number of the Peer Comparables is limited and the Peer Comparables operate in different countries with different business outlooks, we are of the view that the Peer Comparables are comparable to the Company because the Peer Comparables are also principally engaged in the provision of structural steelwork services and share the same core business model as the Company. Specifically, they share a similar operating cost structure (comprising material costs, skilled labour costs and machinery costs) and the same financial structure requiring heavy investments in machinery and equipment while relying on a project-based revenue cycle. Furthermore, they face similar operational challenges, such as fluctuations in global steel prices, labour shortages and a direct dependence on government infrastructure budgets. While the local construction trends may vary by country, the fundamental business drivers, margin dynamics and investment risks of the structural steelwork industry are broadly comparable across markets. Based on the above, having considered the exhaustive list of Peer Comparables having met the selection criteria, we are of the view that the Peer Comparables are representative samples and it is fair and reasonable for the Peer Comparables to represent companies similar to that of the Company for the Independent Shareholders to take reference of.

The table below illustrates the market capitalisation, net asset value, net profit of the Peer Comparables as well as the calculated P/B Ratio and P/E Ratio:

Company name (Stock code)	**Principal activities**	**Market capitalisation as at the Latest Practicable Date**	**Net asset value** *(Note 1)*	**Net profit** *(Note 2)*	**P/B ratio**	**P/E ratio**
China Tianbao Group Development Co Ltd (1427)	Principally engaged in (i) the provision of services relating to construction as a general contractor for building construction projects, infrastructure construction projects and property investment; and (ii) sale of properties and the provision of services relating to properties in the PRC	HK$173.8 million	HK$818.5 million	HK$(143.7) million	0.21 times	N/A *(Note 3)*

Company name (Stock code)	Principal activities	Market capitalisation as at the Latest Practicable Date	Net asset value *(Note 1)*	Net profit *(Note 2)*	P/B ratio	P/E ratio
KPA-BM Holdings Ltd (2663)	Mainly engaged in (i) the provision of structural engineering works for the public and private sectors in Hong Kong; (ii) the supply of building material products with installation services; and (iii) the sales of building material products to third-party customers in Hong Kong, the People's Republic of China (the PRC) and overseas countries	HK$245.0 million	HK$259.1 million	HK$12.8 million	0.95 times	19.20 times
USAS Building System (Shanghai) Co Ltd (2671)	Primarily engaged in the provision of prefabricated steel structure building services in the PRC and Southeast Asia	HK$600.3 million	HK$663.6 million	HK$76.2 million	0.90 times	7.88 times
Plateau Treasures Limited (8402)	Engaged in (i) designing, supplying, fabricating, and erecting structural steel works for the construction of buildings, including technological plants, industrial buildings, commercial buildings, government institutions, and residential buildings; and (ii) the provision of prefabricated steel structures or on-site installation services in Singapore	HK$47.5 million	HK$29.0 million	HK$(22.4) million	1.64 times	N/A *(Note 3)*
		Maximum			1.64 times	19.20 times
		Average			0.93 times	13.54 times
		Median			0.93 times	13.54 times
		Minimum			0.21 times	7.88 times

Company name (Stock code)	Principal activities	Market capitalisation as at the Latest Practicable Date	Net asset value *(Note 1)*	Net profit *(Note 2)*	P/B ratio	P/E ratio
The Company (2535) (implied by the Offer Price)	Engaged in the provision of fabrication and forming steel structures and installation of structural steel business and customized fabricate structural steel tailored and other steel supply business	HK$180.0 million *(Note 4)*	HK$257.3 million	HK$16.1 million	0.70 times	11.17 times

Source: the website of the Stock Exchange (www.hkex.com.hk) and the financial reports of the respective Peer Comparables.

Notes:

1. The P/B Ratio of the Peer Comparables are calculated based on the market capitalisation of the respective Peer Comparable as at the Last Trading Day divided by the net assets value attributable to the shareholders of the respective Peer Comparable as extracted from their respective latest published interim or annual results as at the Latest Practicable Date.

2. The P/E Ratio of the Peer Comparables are calculated based on the market capitalisation of the respective Peer Comparable as at the Last Trading Day divided by the net profit attributable to the shareholders of the respective Peer Comparable as extracted from their respective latest published annual results as at the Latest Practicable Date.

3. As these Peer Comparables were loss-making, hence, the P/E Ratio of the respective Peer Comparables were not applicable and excluded from the comparison of the P/E Ratio with the Company.

4. The theoretical market capitalisation of the Company is calculated based on the Offer Price and the total number of the issued shares of the Company as at the Latest Practicable Date.

As illustrated in the table above, the Implied P/B Ratio and Implied P/E Ratio of the Company calculated based on the theoretical market capitalisation of the Company with reference to the Offer Price are approximately 0.70 times and 11.17 times, respectively, which are lower than the average P/B Ratio and P/E Ratio of the Peer Comparables of approximately 0.93 times and 13.54 times, respectively.

Accordingly, as the Implied P/B Ratio and the Implied P/E Ratio are lower than the P/B Ratios and P/E Ratios of the Peer Comparables, we are of the view that the Offer Price is unattractive from a peer valuation standpoint.

5.6 General offer precedents

We are of the view that past general offer transactions of companies listed on the Stock Exchange, including those priced at the relevant share purchase agreement consideration, may not be a good reference for assessing the fairness and reasonableness of the Offer Price. This is because general offer prices linked to the share purchase agreements are heavily driven by private negotiations, premium structures and strategic considerations unique to those specific contracting parties and their respective unrelated industries. Consequently, these transactions operate under different market fundamentals and prospects, meaning a broad market comparison would not provide a meaningful benchmark. Accordingly, we consider the analysis in the sections above to be more relevant for the Independent Shareholders.

5.7 Conclusion

We noted that:

(i) while the closing price of the Shares exhibited an upward trend since the date of the Joint Announcement and increased from HK$0.445 per Share on 5 August 2026 to HK$0.695 on the Latest Practicable Date, which may reflect market reaction to the Offer and the change in control of the Company, the Offer Price represents a discount of approximately 87.34% and 87.05% to the average closing price per Share during the Review Period and the closing price per Share on the Latest Practicable Date;

(ii) the Offer Price is below the closing price of the Shares throughout the entire Review Period;

(iii) given the relatively moderate daily trading volume of the Shares during the Review Period, it is uncertain as to whether there is sufficient liquidity for the Independent Shareholders to dispose of a significant number of the Shares on the Stock Exchange without creating downward pressure on the Share price on the market, particularly for those who hold a large volume of the Shares;

(iv) while the Shares have been trading at a premium to the NAV per Share throughout the Review Period, the Offer Price represents a discount of approximately 30.07% to the NAV of approximately HK$0.1287 per Share as at 30 June 2026, as discussed in paragraphs headed "5.4 Historical discounts to net asset value per Share" in this letter;

(v) the Implied P/B Ratio and the Implied P/E Ratio of the Company calculated based on the theoretical market capitalisation of the Company with reference to the Offer Price are approximately 0.70 times and 11.17 times, respectively, which are lower than the average P/B Ratio and P/E Ratio of the Peer Comparables of approximately 0.93 times and 13.54 times, respectively.

Accordingly, we are of the view that the Offer Price is unattractive and the Offer is not fair and not reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Based on the foregoing, having considered the aforementioned principal factors and reasons for the Offer, we noted that:

(i) the Offer Price represents a discount of approximately 87.34% and 87.05% to the average closing price per Share during the Review Period and the closing price per Share on the Latest Practicable Date, and the closing price of the Shares has exhibited an upward trend since the date of the Joint Announcement, increasing from HK$0.445 per Share on 5 August 2026 to HK$0.695 on the Latest Practicable Date, as discussed in paragraphs headed "5.2 Historical performance of the Shares" in this letter;

(ii) the Offer Price of HK$0.09 per Share is below the closing prices of the Shares throughout the entire Review Period, ranging from HK$0.395 to HK$1.09 per Share, as discussed in paragraphs headed "5.2 Historical performance of the Shares" in this letter;

(iii) the Implied P/B Ratio and the Implied P/E Ratio of the Company calculated based on the theoretical market capitalisation of the Company with reference to the Offer Price are approximately 0.70 times and 11.17 times, respectively, which are lower than the average P/B Ratio and P/E Ratio of the Peer Comparables of approximately 0.93 times and 13.54 times, respectively, as discussed in paragraphs headed "5.5 Comparative analysis" in this letter;

(iv) the Offer Price represents a discount of approximately 30.07% to the NAV of approximately HK$0.1287 per Share as at 30 June 2026 as derived from the 2026 Interim Result Announcement, as discussed in the paragraphs headed "5.4 Historical discounts to net asset value per Share" in this letter;

(v) despite the short-term earnings volatility, the outlook of the business that the Group operates in Hong Kong remains solid and promising, as discussed in the paragraphs headed "4. Future prospects and outlook of the Group" in this letter;

while we also noted that,

(vi) as the daily trading volume of the Shares during the Review Period has been relatively moderate, it is uncertain as to whether there is sufficient liquidity for the Independent Shareholders to dispose of a significant number of the Shares on the Stock Exchange without creating downward pressure on the Share price on the market, particularly for those who hold a large volume of the Shares, as discussed in paragraphs headed "5.3 Historical trading volume of the Shares" in this letter.

On balance, we are of the view that the Offer Price is unattractive and the Offer is not fair and not reasonable so far as the Independent Shareholders are concerned, and therefore we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer.

For those Independent 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 Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer. Nevertheless, the Independent 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 when they are going to dispose of their partial or entire holdings. In such circumstances, the Offer might provide an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares at the Offer Price of HK$0.09.

In addition, we would like to remind the Independent 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 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. The Independent Shareholders are strongly advised that the decision to realise or to continue to hold the Shares is subject to individual circumstances and investment objectives of the Independent Shareholders. In any event, the Independent Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the Offer Period.

The Independent Shareholders are also reminded to read carefully the procedures for acceptance of the Offer, details of which are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited

Cheng Chi Ming, Andrew
Managing Director

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited

Irene Ho
Head of Corporate Finance,
Senior Vice President

Mr. Cheng Chi Ming, Andrew is the Managing Director of Alpha Financial Group Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheng has over 23 years of experience in the corporate finance industry in Hong Kong.

Ms. Irene Ho is the Head of Corporate Finance and Senior Vice President of Alpha Financial Group Limited and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activities (under the licensing condition that in the capacity as an adviser to a client on matters/transactions falling within the ambit of the Takeovers Code, act together with another adviser not subject to the same condition). Ms. Ho has over 12 years of experience in the corporate finance industry in Hong Kong.