



信達國際
CINDA INTERNATIONAL



RAINBOW CAPITAL (HK) LIMITED
法博資本有限公司

20 March 2026

To: the Independent Board Committee and Independent Shareholders

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF WORLD NEXUS HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
THELLOY DEVELOPMENT GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
THE OFFEROR CONCERT PARTIES)**

INTRODUCTION

We refer to our appointment as the Joint Independent Financial Advisers to advise the Independent Board Committee in respect of the Offer, details of which are set out in the “Letter from the Board” of this Composite Document to the Independent Shareholders dated 20 March 2026, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in this Composite Document.

On 23 January 2026 (before trading hours), the Vendor, Mr. Lam and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Offeror has conditionally agreed to purchase an aggregate of 500,800,000 Sale Shares, representing approximately 62.6% of the total issued shares of the Company as at the Latest Practicable Date. The total consideration for the Sale Shares is HK\$95,152,000, equivalent to HK\$0.19 per Sale Share. Completion took place on 12 February 2026.

Immediately prior to Completion, the Offeror and the Offeror Concert Parties did not hold, own, control or have direction over any Shares in the share capital or voting rights of the Company. Immediately upon Completion, the Offeror and the Offeror Concert Parties are interested in 500,800,000 Shares, representing approximately 62.6% of the total issued shares of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional cash offer for all issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and the Offeror Concert Parties). Lego Securities is, for and on behalf of the Offeror and in compliance with the Takeovers Code, making the Offer at the Offer Price of HK\$0.19 per Offer Share in cash.

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising three independent non-executive Directors, namely Mr. Tang Chi Wang, Mr. Tse Ting Kwan and Ms. Yeung Cheuk Chi Vivian, has been established by the Board to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

We, Cinda International Capital and Rainbow Capital, have been appointed as the Joint Independent Financial Advisers to advise the Independent Board Committee in the same regard and such appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We are not associated or connected financially or otherwise with the Company, the Vendor, the Offeror, their respective substantial shareholders and professional advisers, or any party acting, or presumed to be acting, in concert with any of them. In the last two years prior to the commencement of the Offer Period, there was no engagement or connection between the Group, the Vendor, the Offeror, or the parties acting in concert with any of them on one hand and us on the other hand. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Vendor, the Offeror, their respective substantial shareholders and financial or other professional advisers, or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice to the Independent Board Committee in respect of the Offer.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have considered, among other things, (i) the information and facts contained or referred to in this Composite Document; (ii) the annual report of the Company for the year ended 31 March 2025 (the “**2025 Annual Report**”) and the interim report of the Company for the six months ended 30 September 2025 (the “**2025 Interim Report**”); (iii) the information and opinions provided by the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in this Composite Document were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and

representations made or referred to in this Composite Document are true in all material respects at the time they were made and continue to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in this Composite Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in this Composite Document and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the Latest Practicable Date.

The Independent Shareholders will be informed by the Company and us as soon as possible if there is any material change to the information disclosed in this Composite Document in accordance with Rule 9.1 of the Takeovers Code during the Offer Period, 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 consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in this Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, the Offeror or any of their respective subsidiaries and associates.

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 residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

Lego Securities is, for and on behalf of the Offeror and in compliance with the Takeovers Code, making the Offer to acquire all the Offer Shares (other than those already owned and/or agreed to be acquired by the Offeror and Offeror Concert Parties) on the following basis:

Offer Price for each Offer Share HK\$0.19 in cash

The Offer Price of HK\$0.19 per Offer Share is equivalent to the price per Sale Share under the Sale and Purchase Agreement.

The Offer is unconditional in all respects. The Offer is extended to all Shares in issue other than those Shares held by the Offeror and the Offeror Concert Parties.

As at the Latest Practicable Date, 800,000,000 Shares were in issue and the Company does not have any outstanding options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) 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 or which confer rights to require the issue of Shares.

The Vendor has irrevocably and unconditionally undertaken to and covenant with the Company and the Offeror not to transfer, pledge or dispose of the Shares (other than the Sale Shares) it holds prior to the expiry of the Offer Period, and will not tender the Retained Shares for acceptance under the Offer. The Irrevocable Undertaking will remain valid until the earlier of the closing or lapse of the Offer, which it would cease to be binding on the Vendor.

The Board confirms that, as at the Latest Practicable Date, (i) no dividend or distributions have been declared but unpaid; and (ii) there is no intention for the Company to make, declare or pay any dividend or distributions. If, after the Latest Practicable Date, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror will reduce the Offer Price by an amount equal to the gross amount of such dividend or other distribution received or receivable by the Independent Shareholders pursuant to Note 3 to Rule 26.3 and Note 11 to Rule 23.1 of the Takeovers Code.

The Offeror will not increase the Offer Price for the Offer Shares as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

Further details of the Offer including, among other things, the expected timetable and the terms and procedures for acceptance of the Offer are set out in the sections headed “Expected timetable”, “Letter from Lego Securities” and “Further Terms and Procedures for Acceptance of the Offer” to this Composite Document and the Form of Acceptance.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and Independent Shareholders with regard to the Offer, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Company is an investment holding company listed on the Main Board of the Stock Exchange. The Group is principally engaged in providing (i) building construction services, (ii) repair, maintenance, alteration and addition (“**RMAA**”) works and services and (iii) design and build services in Hong Kong.

The Group’s revenue is primarily generated from building construction services which accounted for approximately 92.3% and 93.3% of the Group’s revenue for the year ended 31 March 2025 and the six months ended 30 September 2025, respectively. In terms of the customers mix, 58.8% of the Group’s revenue for the year ended 31 March 2025 was derived from government departments, with the remaining 41.2% sourced from private customers. In terms of the geographical location, all of the Group’s revenue was generated in Hong Kong, based on the location where services were delivered. The Group recognized its revenue over time by reference to the progress towards complete satisfaction of the performance obligation of the contracts with customers.

Set out below is a summary of the consolidated financial information of the Group for (i) the years ended 31 March 2024 and 2025 (“**FY2024**” and “**FY2025**”, respectively) as extracted from the 2025 Annual Report; and (ii) the six months ended 30 September 2024 and 2025 (“**6M2025**” and “**6M2026**”, respectively) as extracted from the 2025 Interim Report:

(i) **Financial performance**

	FY2024 <i>HK\$'000</i> <i>(audited)</i>	FY2025 <i>HK\$'000</i> <i>(audited)</i>	6M2025 <i>HK\$'000</i> <i>(unaudited)</i>	6M2026 <i>HK\$'000</i> <i>(unaudited)</i>
Revenue	257,992	400,168	180,671	260,341
Direct costs	(227,763)	(391,900)	(176,170)	(255,559)
Gross profit	30,229	8,268	4,501	4,782
Other income	1,532	2,107	944	917
Impairment losses (recognized) reversed under expected credit loss model, net	142	(183)	(152)	185
Administrative expenses	(34,977)	(34,824)	(16,035)	(15,886)
Share of (losses) profits of joint ventures	16,375	(19,531)	(99)	(3,365)
Finance costs	(4,510)	(7,436)	(2,952)	(2,807)
(Loss)/profit before tax	8,791	(51,599)	(13,793)	(16,174)
Income tax credit (expense)	(512)	241	-	-
(Loss)/profit and total comprehensive income (expenses) for the period attributable to owners of the Company	8,279	(51,358)	(13,793)	(16,174)

FY2025 as compared to FY2024

The Group's revenue increased moderately by approximately 55.1% from approximately HK\$258.0 million for FY2024 to approximately HK\$400.2 million for FY2025, primarily attributable to the increase in revenue from building construction services from approximately HK\$188.9 million for FY2024 to approximately HK\$369.5 million for FY2025, representing an increase of approximately HK\$180.6 million or 95.6%. The increase was mainly driven by the progress of two major projects awarded in 2022 and 2023, which have entered the final stage of construction during FY2025. As works in the later stage of construction typically carry higher contract values, this resulted in a significant increase in recognised revenue during the period. The increase was partially offset by the decrease in revenue from RMAA works from approximately HK\$43.9 million for FY2024 to approximately HK\$30.1 million for FY2025, representing a decrease of approximately HK\$13.8 million or approximately 31.4%.

Although the Group recorded moderate increase in revenue, the Group's gross profit decreased by approximately 72.6% from approximately HK\$30.2 million for FY2024 to approximately HK\$8.3 million for FY2025, and the gross profit margin decreased from approximately 11.7% for FY2024 to approximately 2.1% for FY2025. The decline in profitability was primarily due to: (i) the lower overall gross profit recognized for certain projects awarded in 2022 and 2023 which carried limited tender margins amid intense market competition, (ii) an increase in staff and labour costs due to prolonged project duration, and (iii) a shortfall in the compensation received under the contract price fluctuation clause for public projects, as the actual amount certified and recoverable under the relevant contracts was lower than anticipated, giving rise to the shortfall.

The Group recorded a turnaround from profit attributable to owners of the Company of approximately HK\$8.3 million for FY2024 to loss attributable to owners of the Company of approximately HK\$51.4 million for FY2025. Such turnaround was primarily attributable to (i) the decrease in gross profit as explained above, (ii) the recognition of share of losses of joint ventures as a result of a decrease in the fair value of investment property held by a joint venture, and (iii) the increase in finance costs driven by higher interest rate and addition of bank borrowings for FY2025.

6M2026 as compared to 6M2025

The Group's revenue increased by approximately 44.1% from approximately HK\$180.7 million for 6M2025 to approximately HK\$260.3 million for 6M2026, primarily attributable to the increase in revenue from building construction services from approximately HK\$164.8 million for 6M2025 to approximately HK\$242.9 million for 6M2026, representing an increase of approximately HK\$78.1 million or 47.4%. Similar to FY2025, the increase in revenue from building construction services in 6M2026 as compared to 6M2025 was mainly attributable to the progress of the aforementioned major projects, and was therefore driven by works progress during the period.

The Group's gross profit slightly increased by approximately 6.2% from approximately HK\$4.5 million for 6M2025 to approximately HK\$4.8 million for 6M2026, while the gross profit margin decreased from approximately 2.5% to approximately 1.8%. The decrease in gross profit margin was primarily attributable to the increase in subcontracting costs and direct staff costs.

The Group's net loss attributable to owners of the Company increased by approximately 17.3% from approximately HK\$13.8 million for 6M2025 to approximately HK\$16.2 million for 6M2026. Such increase in loss was mainly attributable to the increase in the share of losses of joint ventures for 6M2026,

primarily due to a one-off loss recognised by a joint venture, which was principally engaged in property investment and development arising from the disposal of its subsidiaries during the period.

(ii) Financial position

	As at 31 March		As at 30 September
	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)
Non-current assets, including:	217,802	200,315	182,959
– Property, plant and equipment	94,571	89,698	87,099
– Interests in joint ventures	119,793	108,954	89,723
Current assets, including:	135,050	199,467	205,372
– Trade and other receivables	33,200	59,597	44,130
– Contract assets	57,183	95,320	110,897
– Cash and cash equivalents	32,066	31,381	39,261
Total assets	352,852	399,782	388,331
Current liabilities, including:	180,765	280,003	280,836
– Trade and other payables	104,105	123,925	125,969
– Bank borrowings	71,000	154,420	152,419
Net current liabilities	45,715	80,536	75,464
Non-current liabilities	2,409	1,459	5,349
Total liabilities	183,174	281,462	286,185
Equity attributable to owners of the Shareholders	169,678	118,320	102,146

As at 30 September 2025, total assets of the Group amounted to approximately HK\$388.3 million, which mainly consisted of (i) contract assets of approximately HK\$110.9 million, (ii) interests in joint ventures of approximately HK\$89.7 million, (iii) property, plant and equipment of approximately HK\$87.1 million, (iv) trade and other receivables of approximately HK\$44.1 million, and (v) cash and cash equivalents of approximately HK\$39.3 million. The Group's contract assets mainly represent the Group's right to receive consideration for the work completed but not yet billed, as the rights are conditional upon the customers satisfaction and certification on the construction work completed by the Group. These assets are reclassified to trade receivables when the rights to payment become unconditional.

As at 30 September 2025, total liabilities of the Group amounted to approximately HK\$286.2 million, which mainly consisted of (i) bank borrowings of approximately HK\$152.4 million and (ii) trade and other payables of approximately HK\$126.0 million. Trade and other payables mainly represent amounts due to subcontractors and suppliers in relation to the Group's construction activities, while bank borrowings were utilized to finance the Group's working capital requirements in connection with its ongoing construction projects.

The Group recorded a net current liabilities of approximately HK\$75.5 million and a gearing ratio of 155.1% (calculated as bank borrowings and lease liabilities divided by total equity) as at 30 September 2025. Based on the unaudited net asset value ("NAV") of the Group of approximately HK\$102.1 million as at 30 September 2025 and 800,000,000 Shares in issue as at the Latest Practicable Date, the unaudited NAV per Share was approximately HK\$0.1277.

(iii) Business outlook and prospects of the Group

Despite the modest growth in revenue of the Group for FY2025, we are of the view that the prospects of the Group's business remain uncertain in the future, after taking into account the following factors:

Persistent Challenges in the Operating Environment

The Group is principally engaged in providing (i) building construction services, (ii) RMAA works and services and (iii) design and build services in Hong Kong.

As disclosed in the 2025 Annual Report and the 2025 Interim Report, despite moderate growth of Hong Kong's economy in 2025, private consumption and investment sentiment remained relatively subdued amid geopolitical tensions, evolving international trade policies and uncertainty over timing and pace of interest rate adjustments. The developers have adopted a more cautious approach to new private construction and the government's fiscal conditions came under significant pressure.

The construction industry in Hong Kong continues to face challenges, including shortages of skilled labour, an ageing workforce, rising wage level, fluctuating material prices, intense tender competition and the difficulty in securing financing. The longstanding industry issue of delayed payments has deteriorated further across the supply chain, leading to cash flow constraints during project execution, project disruptions or incidents of wage arrears.

Amid such market conditions, the Company's revenue performance has been supported by government and government-funded capital works projects, while profitability has been adversely affected by (i) lower margins on projects awarded during highly competitive tender periods in 2022 and 2023, (ii) increases in labour and staff costs due to prolonged project duration, (iii) shortfalls in contract price fluctuation compensation, and (iv) delayed receipt of outstanding payment after project completion. As for more recent tender projects, such as the term contracts extended by the Buildings Department of the Government of the Hong Kong Special Administrative Region in June 2025, the number of work orders issued was lower than anticipated. This resulted in reduced revenue, while fixed costs remained largely unchanged, thereby further compressing profit margins. The Company has undertaken cost control and financial resilience measures, including organizational streamlining, workflow optimization, tighter budgetary controls, and selected asset divestments, while also investing in productivity and technology enhancement.

Looking ahead, the outlook for the construction sector in Hong Kong remains mixed and subject to macroeconomic and policy developments. Private sector construction demand is expected to remain relatively subdued in the near term due to continued weakness in the property market, high financing costs and cautious investment sentiment. Public sector works are expected to remain a key source of industry activity, supported by government initiatives in public housing and large-scale development programmes, including the Northern Metropolis development, as well as planned increases in capital works expenditure. However, competition for public sector tenders is expected to remain intense, which may continue to exert pressure on pricing and margins. To capture future business opportunities and enhance its competitiveness, the Group intends to focus on public sector building works and renovation, maintenance and alteration projects relating to ageing infrastructure, and to pursue inclusion in additional approved contractor lists to increase tender opportunities.

According to the 2025-26 Budget and the press release in relation to capital works expenditure from the Hong Kong Government (<https://www.info.gov.hk/gia/general/202507/09/P2025070900640.htm>), the actual capital expenditure for each year from 2020-21 financial year to 2024-25 financial year ranged from approximately HK\$70.0 billion to HK\$105.3 billion. In medium forecast range (over next five years), the capital works expenditure is expected to increase from an estimated HK\$90 billion per annum on average to about HK\$120 billion per annum on average, representing an increase of approximately 33.3% increase of per annum spending.

Material Uncertainty Regarding Going Concern

Notwithstanding the above, it was contained in the auditor's report of the Company for FY2025 an opinion about the existence of a material uncertainty related to the Group's going concern, including but not limited to: (i) a net loss of HK\$51.4 million and a net operating cash outflow of HK\$63.8 million for FY2025; (ii) the Group's current liabilities exceeded its current assets by HK\$80.5 million as at 31 March 2025; and (iii) the bank borrowings classified as current liabilities amounted to HK\$154.4 million, as compared to the cash and cash equivalents of only HK\$31.4 million as at 31 March 2025.

The auditor concluded that these conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, noting that the operational continuity of the Group is dependent on maintaining sufficient financing resources, closely monitoring banking facilities, and complying with loan covenants. However, our review of the Group's interim performance for the 6M2026 shows that this situation has not materially improved. The Group continued to report net losses and operate with a net current liabilities position during the interim period, underscoring the persistence of the financial challenges identified by the auditor.

Pursuant to Note 3 to Rule 2 of the Takeovers Code, we would like to draw the attention of the Independent Shareholders to the existence of a material uncertainty related to the Group's ability to continue as a going concern as at 31 March 2025 as set out in the annual report of the Company for the year ended 31 March 2025, the details of which are disclosed in Appendix II to this Composite Document.

The material uncertainty relating to the "going concern" basis of the Company means that the Independent Shareholders are advised to take into account the foregoing and consider carefully the terms of the Offer. If the Independent Shareholders decide not to accept the Offer, they should be aware of the potential risks associated with the material uncertainty in respect of the "going concern" issue.

Your attention is drawn to Appendices II and III of this Composite Document which contain further financial and general information of the Group.

2. Information on the Offeror and the Offeror Concert Parties and their intention regarding the Group

Details on the information on the Offeror and the Offeror Concert Parties and their intention regarding the Group are set out in the sections headed “Information on the Offeror and the Offeror Concert Parties” and “Intention of the Offeror on the Group” in the “Letter from Lego Securities” in this Composite Document, which are summarised as follows:

(i) Information on the Offeror

The Offeror is incorporated in the British Virgin Islands on 6 January 2026 with limited liability, and is an investment holding company incorporated for the sole purpose of the Offer. As at the Latest Practicable Date, the Offeror is ultimately beneficially owned as to 60% by Mr. Ng and his family, 20% by Mr. Choi and 20% by Mr. Soong, respectively. The directors of the Offeror are Mr. Ng JY, Mr. Choi and Mr. Soong.

Mr. Ng, Mr. Choi and Mr. Soong are the directors of Fortune Peace, a company incorporated in Hong Kong with limited liability principally engaged in (i) building construction; (ii) building services; (iii) electric cables services; and (iv) property management. Fortune Peace is ultimately beneficially owned as to 60% by Mr. Ng, 20% by Mr. Choi and 20% by Mr. Soong, respectively.

(ii) Information on the Offeror Concert Parties

Mr. Ng, aged 68, has over 35 years of experience in the construction and building services engineering industry. Mr. Choi, aged 61, has over 40 years of experience in the construction and building services engineering industry. Mr. Soong, aged 55, has over 20 years of experience in the construction and building services engineering industry.

Unistress Building Construction Limited (“**Unistress**”), a principal subsidiary of Fortune Peace, holds certain International Organisation for Standardisation (ISO) certifications and licenses, and is an approved contractor for public works under Group C (Confirmed) of the building turn-key category, and an approved specialist contractor for repair and restoration of historic buildings, interior design and fitting-out works (Group I) and structural steel. Unistress has involved in various construction of new buildings and repair, maintenance and alteration of existing projects in both the government and private sectors, which include residential, commercial, hotels, education institutes and government building.

Having considered that the Offeror and the Offeror Concert Parties have accumulated experience in the construction and building services industry, we are of the view that they may be able to bring positive influence to the business of the Group. Nevertheless, whether such experience will ultimately be utilised or translated into tangible benefits for the Group remains to be seen, as it will depend on the specific strategies and actions to be taken by them following the close of the Offer.

(iii) Intention of the Offeror regarding the Group

(a) Business

As set out in the “Letter from Lego Securities” in this Composite Document, the Offeror has no intention to discontinue the employment of the employees or to dispose of (other than the change in proposed change of the Board composition as detailed below) or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror also intends to continue the existing principal business of the Group.

Nevertheless, the Offeror will conduct a detailed review on the existing principal businesses and operations, 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. As at the Latest Practicable Date, no investment or business opportunities have been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

(b) Board composition

As at the Latest Practicable Date, the Board comprised of three executive Directors, namely Mr. Lam, Mr. Shut Yu Hang and Mr. Lam Arthur Chi Ping, and four independent non-executive Directors, namely Mr. Tang Chi Wang, Mr. Tse Ting Kwan, Mr. Wong Kwong On and Ms. Yeung Cheuk Chi Vivian.

It was intended that, except for Mr. Lam Arthur Chi Ping, all of the executive Directors and independent non-executive Directors would resign with effect from the earliest time permitted under the Takeovers Code. As disclosed in Joint Announcement I, the Offeror intended to nominate Mr. Ng JY, Mr. Choi and Mr. Soong as executive Directors. No concerns have been raised regarding Mr. Choi and Mr. Soong’s suitability to act as a Director. Nevertheless, after further deliberations and taking into account (i) the time commitment and

attention required to discharge the responsibilities as an executive Director; (ii) Mr. Choi and Mr. Soong's current personal and business commitments, which also require their attention and dedication; and (iii) the academic background and qualifications of Mr. Choi's son (Mr. Choi SYD) and Mr. Soong's daughter (Ms. Soong WS), the Offeror finds it appropriate, and believes that it will be in the interest of the Company, to nominate Mr. Ng JY, Mr. Choi SYD and Ms. Soong WS as executive Directors.

As at the Latest Practicable Date, the Offeror intends to nominate Mr. Ng JY, Mr. Choi SYD and Ms. Soong WS as executive Directors and Mr. Ip Yik Nam, JP, Mr. Tso Ping Cheong Brian and Ms. Leung Wai Yan as independent non-executive Directors for appointment to the Board with effect from a time no earlier than that as permitted under the Takeovers Code or such later date as the Offeror considers to be appropriate. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

Further details of biographical information of the proposed Directors nominated by the Offeror are set out under the section headed "Letter from Lego Securities" to this Composite Document.

(c) Maintenance of the Company's listing status

As stated in "Letter from Lego Securities" in this Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange after 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 directors of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, such as disposal of Shares held by the Offeror and the Offeror Concert Parties and/or issue of additional Shares by the Company for this purpose.

We noted that (a) the Offeror has yet to provide any concrete plans regarding the long-term strategy for the future development of the Group or for improving the Group's business operations and financial position; and (b) it is intended that all of the existing Directors, except Mr. Lam Arthur Chi Ping, will resign from the Board and be replaced by the proposed new executive directors who are all second-generation family members of the Offeror's ultimate beneficial owners. While the proposed new executive directors possess relevant academic qualifications and industry experience, their experience serving as directors of listed companies is limited, and their ability to lead the Group's turnaround and enhance its financial position remains unproven. In our view,

these further reinforces the uncertainty regarding the Group's future direction and prospects after the close of the Offer. Independent Shareholders are therefore advised to carefully monitor any further announcements from the Company regarding the implementation of these intentions.

3. Offer Price comparison

The Offer Price of HK\$0.19 per Offer Share represents:

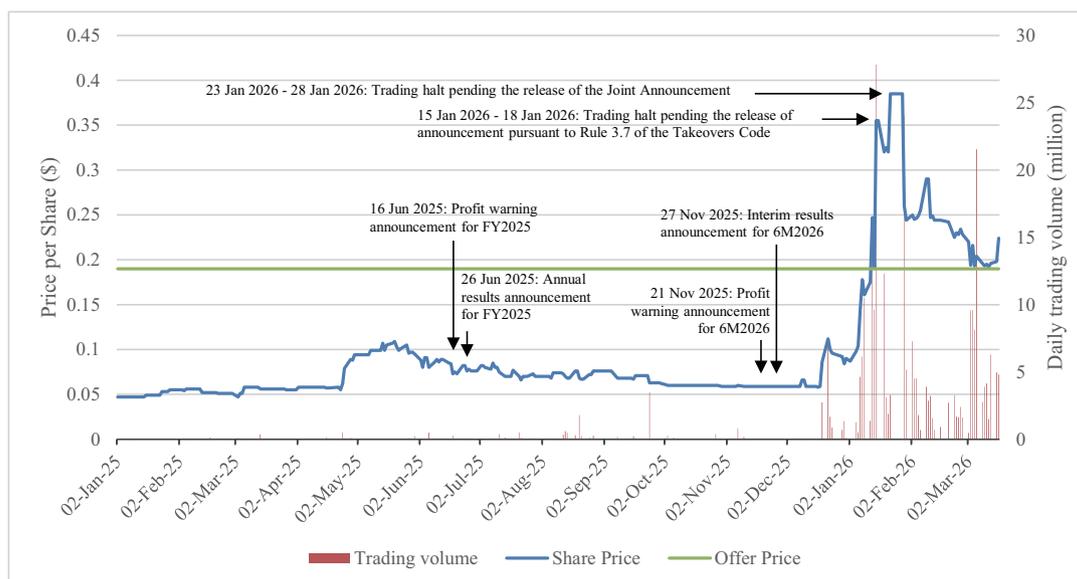
- (i) a discount of approximately 15.18% to the closing price of HK\$0.224 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 46.48% to the closing price of HK\$0.355 per Share as quoted on the Stock Exchange on the last trading day prior to the commencement of the Offer Period (i.e. the date of the announcement made pursuant to Rule 3.7 of the Takeovers Code);
- (iii) a discount of approximately 50.65% to the closing price of HK\$0.385 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 44.28% to the average closing price of approximately HK\$0.341 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 28.52% to the average closing price of approximately HK\$0.2658 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 32.81% to the average closing price of approximately HK\$0.1431 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 78.63% to the average closing price of approximately HK\$0.1064 per Share as quoted on the Stock Exchange for the last sixty (60) consecutive trading days up to and including the Last Trading Day;
- (viii) a premium of approximately 28.47% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.1479 per Share as at 31 March 2025 based on 800,000,000 Shares in issue as at the Latest Practicable Date; and

- (ix) a premium of approximately 48.81% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.1277 per Share as at 30 September 2025 based on 800,000,000 Shares in issue as at the Latest Practicable Date.

4. Trading performance of the Shares

(i) *Historical Share price performance*

Set out below is a chart showing the movement of the closing prices of the Shares as quoted on the Stock Exchange from 2 January 2025 to the Last Trading Day (i.e. 22 January 2026) (the “**Review Period**”), being approximately one year preceding the Last Trading Day, and up to the Latest Practicable Date. We consider the Review Period is adequate to reflect the general market sentiment and illustrates the general trend and level of movement of the daily closing price of the Shares.



Source: the website of the Stock Exchange

Note: The trading of the Shares on the Stock Exchange was suspended at 1:46 p.m. on 15 January 2026 pending the release of announcement of the Company pursuant to Rule 3.7 of the Takeovers Code on 16 January 2026 (“**Rule 3.7 Announcement**”). Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 19 January 2026 and then was suspended again at 9:00 a.m. on 23 January 2026 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 29 January 2026.

As shown above, the closing prices of the Shares traded in the range of HK\$0.047 to HK\$0.112 during the period from 2 January 2025 to 31 December 2025. During 2025, the lowest closing price of the Share was HK\$0.047 recorded between 2 January 2025 and 15 January 2025, while the highest closing price of the Share was HK\$0.112, recorded on 22 December 2025. The closing prices of the Shares were mostly traded at below HK\$0.1 and remained below the Offer Price of \$0.19 throughout 2025.

Since January 2026, the closing price of the Share increased sharply and exceeded the Offer price on 13 January 2026 with a closing price of HK\$0.247. Thereafter, the closing price continued to rise generally up to the Last Trading Day, peaking at HK\$0.385 on the Last Trading Day. Corresponding to the surge in closing prices, it is noted that trading volume in the Shares also increased substantially in January 2026. The trading volume of the Shares will be analysed further in the next section.

During the Review Period, the lowest closing price of the Share was HK\$0.047, recorded between 2 January 2025 and 15 January 2025, while the highest closing price of the Share was HK\$0.385, recorded on the Last Trading Day. The average daily closing price of the Share over the Review Period was approximately HK\$0.0816. The Offer Price of HK\$0.19 per Offer Share represents (i) a premium of approximately 304.26% over the lowest closing price during the Review Period; (ii) a discount of approximately 50.65% to the highest closing price during the Review Period; and (iii) a premium of approximately 132.89% over the average daily closing price of the Share over the Review Period. The Offer Price was higher than the daily closing price of the Share on 253 out of the 265 trading days during the Review Period.

Following the publication of the Joint Announcement, the closing price dropped to HK\$0.26 on 29 January 2026 and remained above the Offer Price as at the Latest Practicable Date. The closing price of the Share closed at HK\$0.224 as at the Latest Practicable Date, to which the Offer Price represents a discount of approximately 15.18%. We have made enquiries with the management of the Company and concur that save as the publication of the Rule 3.7 Announcement and the Joint Announcement, the Company is not aware of any information that caused the surge in the Share price since January 2026 and up to the Latest Practicable Date.

Although the Offer Price represents a discount of approximately 50.65% to the closing price of the Share of the Last Trading Day and a discount of approximately 15.18% to the closing price of the Share of the Latest Practicable Date, Independent Shareholders should note that there is no guarantee that the prevailing level of market price of the Shares will sustain during and after the Offer Period. Particularly noting that (i) the absence of any inside information, material business developments or fundamental catalysts driving such elevated prices, as confirmed by the Company; (ii)

the fact that the Offer Price was above the closing price of the Shares for 253 trading days, representing more than 95% of trading days during the Review Period; and (iii) the Offer Price represents a premium of approximately 132.89% over the average daily closing price of the Share over the Review Period, we consider the Offer Price to be justifiable and reasonable when assessed over a longer historical timeframe.

(ii) Liquidity of the Shares

The following table sets out the average daily trading volume of the Shares for each month or period and the percentages of such average daily trading volume to the total number of Shares in issue and held by the public during the period from 2 January 2025 to the Latest Practicable Date:

	Number of trading days (Note 1)	Approximate average daily trading volume	Approximate percentage of average daily trading volume to total number of Shares in issue	Approximate percentage of average daily trading volume to total number of Shares held by the public (Note 2)
2025				
January	19	3,789	0.0005%	0.0017%
February	20	15,600	0.0020%	0.0071%
March	21	26,667	0.0033%	0.0121%
April	19	49,684	0.0062%	0.0226%
May	20	24,400	0.0031%	0.0111%
June	21	45,714	0.0057%	0.0208%
July	22	59,273	0.0074%	0.0269%
August	21	204,952	0.0256%	0.0932%
September	22	184,727	0.0231%	0.0840%
October	20	42,400	0.0053%	0.0193%
November	20	50,800	0.0064%	0.0231%
December	21	712,762	0.0891%	0.3240%
2026				
From 1 January to the Last Trading Day	14	6,857,857	0.8572%	3.1172%
From 29 January to 28 February	19	3,919,579	0.4899%	1.7816%
From 1 March to the Latest Practicable Date	12	6,475,000	0.8094%	2.9432%

Source: the website of the Stock Exchange

Notes:

- 1. Number of trading days of the Shares represents number of trading days during the month or period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.*
- 2. Based on the number of Shares held by public Shareholders as calculated by deducting the Shares held by the Vendor before Completion from the total number of the Shares in issue at the end of each month or period.*

As illustrated in the table above, the trading of the Shares was generally inactive during the Review Period. The average daily trading volume for the respective month during 2025 ranged from approximately 3,789 Shares in January 2025 to approximately 712,762 Shares in December 2025, representing approximately 0.0005% to 0.0891% of the total number of the Shares in issue and approximately 0.0017% to 0.3240% of the total number of the Shares held by the public, respectively. From 1 January 2026 to the Last Trading Day, the average trading volume increased to approximately 6,857,857 Shares, representing approximately 0.8572% of the total number of the Shares in issue and approximately 3.1172% of the total number of the Shares held by the public.

Following the publication of the Joint Announcement and the resumption of trading of the Shares on 29 January 2026, the average daily trading volume decreased to approximately 3,919,579 Shares during the period from 29 January 2026 to 28 February 2026, representing approximately 0.4899% of the total number of the Shares in issue and approximately 1.7816% of the total number of the Shares held by the public. The average trading volume then increased to approximately 6,475,000 Shares during the period from 1 March 2026 to the Latest Practicable Date, representing approximately 0.8094% of the total number of the Shares in issue and approximately 2.9432% of the total number of the Shares held by the public.

Given the historical thin liquidity of the Shares, it may be difficult for the Independent Shareholders to dispose of a significant number of the Shares on the market in a short period of time without exerting downward pressure on the Share price. Accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive through the disposal of their Shares in the open market and therefore, the Offer provides a viable alternative exit for the Independent Shareholders, particularly for those who hold a large volume of Shares, to realize their investment in the Company at the Offer Price of HK\$0.19 per Offer Share.

Having considered that (i) the overall price performance with closing price of Shares traded at a level below the Offer Price for a majority of time during the Review Period and the surge of Share price close to the Joint Announcement; and (ii) the trading volume of the Shares was generally thin during Review Period, we are of the view that the Independent Shareholders are recommended to closely monitor the Share price and trading volume of the Shares during the Offer Period. If the Independent Shareholders wish to dispose of a significant number of the Shares, which may cause the Share price to fall and result in the sale proceeds being lower than the proceeds receivable from the Offer, they should consider accepting the Offer.

5. Comparable analysis

The Group is principally engaged in providing (i) building construction services, (ii) RMAA works and services and (iii) design and build services in Hong Kong. For FY2025, the Group generated approximately HK\$369.5 million revenue from building construction, representing approximately 92.3% of its total revenue. The Group's revenue are all derived from Hong Kong based on the location of services delivered for FY2025. The Group were loss making for FY2025 and 6M2026.

Price-to-earnings (“**P/E(s)**”), price-to-book (“**P/B(s)**”) and price-to-sale (“**P/S(s)**”) multiples are the three most commonly used benchmarks in valuing a company. Given that the Group was loss making for FY2025; and (ii) the Group recorded net assets position as at 30 September 2025, we consider both P/B and P/S multiple to be appropriate in valuing the Group. Based on (i) the Offer Price of HK\$0.19 per Offer Share; (ii) 800,000,000 Shares in issue on the Last Trading Day; and (iii) the revenue of approximately 400.2 million for FY2025 and the net assets of approximately 102.1 million as at 30 September 2025, the P/S and P/B multiples implied by the Offer Price are approximately 0.38 times (the “**Implied P/S**”) and 1.49 times (the “**Implied P/B**”), respectively.

In evaluating the fairness and reasonableness of the Offer Price, we have, based on our search on Bloomberg, identified an exhaustive list of companies (the “**Comparable Companies**”) which (i) are principally engaged in and generated a majority (i.e. over 50%) of their revenue from building construction services in Hong Kong in their respective latest financial year; (ii) have their shares listed on the Stock Exchange; and (iii) with a market capitalization between HK\$150.0 million and HK\$300.0 million as at the Last Trading Day, which we consider to be comparable to that of the Company. We note that the market capitalization of the Company was HK\$308.0 million as at the Last Trading Day, compared to the market capitalization of the Company implied by the Offer Price of HK\$152.0 million (calculated by multiplying Offer Price of HK\$0.19 per Offer Share by 800,000,000 Shares in issue on the Last Trading Day). Having considered that both figures, we consider the selection criteria of market capitalization between HK\$150.0 million and HK\$300.0 million to be a reasonable benchmark range for the purpose of identifying comparable companies. Based on the aforesaid criteria, we have identified 9 Comparable Companies.

The following table sets out the details of the Comparable Companies:

Company name (stock code)	Principal activities	Market capitalization as at the Last Trading Day (HK\$ million)	P/S on the Last Trading Day (times)	P/B on the Last Trading Day (times)
Skymission Group Holdings Limited (1429.HK)	Principally engaged in the provision of formwork works services.	294.4	0.73	1.17
Chinney Alliance Group Limited (385.HK)	Principally engaged in the construction business.	273.7	0.04	0.13
Hanison Construction Holdings Limited (896.HK)	Principally engaged in construction engineering businesses.	259.7	0.13	0.08
Wecon Holdings Limited (1793.HK)	Principally engaged in provision of building construction services and RMAA works	224.0	0.21	0.82
Million Hope Industries Holdings Limited (1897.HK)	Principally engaged in design, supply and installation of curtain walls, aluminium windows, doors and other products for new buildings	194.9	0.47	0.37
SFK Construction Holdings Limited (1447.HK)	Principally engaged in general building services including engineering services of substructure or superstructure of building and RMAA works	186.0	0.04	0.51
CR Construction Group Holdings Limited (1582.HK)	Principally engaged in the construction operations including contract works as a main contractor in respect of building construction works and RMAA works	170.0	0.03	0.24
Shing Chi Holdings Limited (1741.HK)	Principally engaged in the construction contracting businesses	158.4	1.04	6.97
KPa-BM Holdings Limited (2663.HK)	Principally engaged in the building construction business including provision of structural engineering works	155.9	0.23	0.61
		Maximum	1.04	6.97
		Minimum	0.03	0.08
		Median	0.21	0.51
		Mean	0.32	1.21
The Company		152.0 (Note 3)	0.38 (Note 1)	1.49 (Note 2)

Source: Bloomberg and financial reports of the Comparable Companies

Notes:

1. *Being the Implied P/S, based on the Offer Price multiplied by the number of Shares in issue of the Company on the Last Trading Day, and then dividing it by the revenue for FY2025.*
2. *Being the Implied P/B, based on the Offer Price multiplied by the number of Shares in issue of the Company on the Last Trading Day, and then dividing it by the net assets as at 30 September 2025.*
3. *Being the market capitalization of the Company implied by the Offer Price.*

As shown in the table above, the P/Ss of the Comparable Companies as at the Last Trading Day range from approximately 0.03 times to 1.04 times with a median and mean of approximately 0.21 times and 0.32 times, respectively. The Implied P/S of approximately 0.38 times is (i) within the range of P/Ss of the Comparable Companies; and (ii) higher than the median and mean of the P/Ss of the Comparable Companies.

As shown in the table above, the P/Bs of the Comparable Companies as at the Last Trading Day range from approximately 0.08 times to 6.97 times with a median and mean of approximately 0.51 times and 1.21 times, respectively. The Implied P/B of approximately 1.49 times is (i) within the range of P/Bs of the Comparable Companies; and (ii) higher than the median and mean of the P/Bs of the Comparable Companies.

As such, we consider the Offer Price to be fair and reasonable.

RECOMMENDATION

In summary, we have considered the below factors and reasons in arriving at our conclusion and recommendation in relation to the Offer:

- (i) the financial performance and financial position of the Group, including the loss making position of the Group for FY2025 and 6M2026, the moderate increase in revenue in FY2025 and 6M2026, and the reasons leading to the recorded losses for FY2025 and 6M2026;
- (ii) the challenging but potentially improving outlook for the Group's business, taking into account (a) the Group's initiative to control costs and improve efficiency; (b) the anticipated increase in government spending on capital works in the future, which will in turns benefit the construction sector; and (c) the material uncertainty regarding the Group's ability to continue as a going concern, as highlighted in the auditor's report for FY2025 and reflected in its ongoing net current liabilities position;
- (iii) the accumulated industry experience of the Offeror and the Offeror Concert Parties, which we consider could potentially benefit the Group's business, although the realisation of such benefits will ultimately depend on the specific strategies and actions to be taken by them following the close of the Offer;

- (iv) the appointment of the proposed new executive directors, all of whom are second-generation family members of the Offeror's ultimate beneficial owners. While they possess relevant academic qualifications and industry experience, their experience serving as directors of listed companies is limited, and their ability to lead the Group's turnaround and enhance its financial position has yet to be demonstrated;
- (v) the analysis sets out in the section headed "Historical Share price performance" in this letter, which illustrated that the Offer Price was higher than the daily closing price of the Share for a majority of time during the Review Period and the Offer Price represents a premium of approximately 132.89% over the average daily closing price of the Share over the Review Period;
- (vi) the analysis sets out in the section headed "Liquidity of the Shares" in this letter, which illustrated that the trading in the Shares was mostly inactive throughout the Review Period; and
- (vii) the Implied P/S and Implied P/B are within range and comparable to the Comparable Companies.

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

For those Independent Shareholders who intend to accept the Offer, we would remind them to closely monitor the market price and liquidity of the Shares during the Offer Period, and having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from the ultimate sale of such Shares would be higher than that receivable under the Offer.

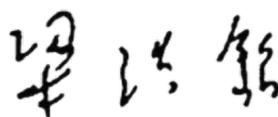
As such, for those Independent Shareholders who intend to dispose of large blocks of Shares in the open market, we would also remind them of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the market prices of the Shares as a result of the thin trading in the Shares.

Yours faithfully,
For and on behalf of
Cinda International Capital Limited



PUN Hung Ming
Executive Director

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited



Danny Leung
Managing Director

Mr. PUN Hung Ming is a licensed person and a responsible officer of Cinda International Capital Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.