HOORAY 好盈

11 November 2026

To the Independent Board Committees and the Qualifying Shareholders,

Dear Sirs and Madams,

RESPONSE DOCUMENT RELATING TO CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF NGAI WA PING TO ACQUIRE 30,000,000 SHARES IN HANG YICK HOLDINGS COMPANY LIMITED (OTHER THAN THOSE ALREADY OWNED BY NGAI WA PING AND PARTIES ACTING IN CONCERT WITH HIM)

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Partial Offer, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the response document dated 11 November 2026 (the "**Response Document**") issued by Hang Yick Holdings Company Limited (the "**Company**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Response Document unless the context otherwise requires.

THE PARTIAL OFFER

On 23 September 2026 (after trading hours of the Stock Exchange), the Offeror notified the Offeree that he has firm intention to make the Partial Offer (in compliance with the Takeovers Code) to acquire 30,000,000 Offer Shares (representing approximately 12.86% of the Offeree's issued share capital as at the Latest Practicable Date) not already owned by the Offeror and parties acting in concert with him at the Offer Price of HK$0.600 per Offer Share.

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The making of the Partial Offer was subject to the satisfaction of the Pre-Condition, being the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. On 9 October 2026, the Offeror announced that the Pre-Condition had been satisfied.

To the best knowledge of the Directors, as at the Latest Practicable Date, the Offeror and parties acting in concert with him are interested in 2,000,000 Shares, representing approximately 0.86% of the Offeree's total issued share capital.

As at the Latest Practicable Date, the Offeree has 233,357,000 Shares in issue and does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares, nor has it entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Chan Chun Wing, Mr. Au Hoi Fung and Mr. Ban Jiu, has been established to advise the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable and as to acceptance of this Partial Offer.

Hooray Capital Limited Has been appointed by the Board with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in the same regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company, the Offeror or any of their respective substantial shareholders (as applicable), directors or chief executives (as applicable), or any of their respective associates or parties acting in concert with any of them, and we were not in the same group as the financial or other professional adviser (including a stockbroker) to the Offeror and the Group, we do not and did not have, a significant connection, financial or otherwise with either the Offeror or the Company, or parties acting in concert with any of them, of a kind reasonably likely to create, or to create the perception of, a conflict of interest or reasonably likely to affect the objectivity of our advice. Accordingly, we are considered suitable to give independent advice to the Independent Board Committee in respect of the Partial Offer in compliance with Rule 2.6 of the Takeovers Code.

In the last two years, save for this appointment as the Independent Financial Adviser in respect of the Partial Offer, we have not acted as any financial adviser role to the Company or the Offeror.

Apart from the normal professional fees paid to us in relation to the current appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company, the Offeror or other parties that could reasonably be regarded as relevant to our independence. The aggregate professional fees paid to/to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Partial Offer.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on (i) the announcements in relation to the Partial Offer dated 23 September 2026, 9 October 2026 and 14 October 2026; (ii) the Offer Document dated 14 October 2026 and the Response Document; (iii) the annual reports of the Company for the year ended 31 March 2024 (the "**Annual Report 2024**"), 31 March 2025 (the "**Annual Report 2025**") and 2026 (the "**Annual Report 2026**"); (iv) the announcements of the Company in relation to the statements, information, opinions and representations contained or referred to in the Response Document; and (v) the information and representations as provided to us by the Directors, the management of the Company (the "**Management**"). We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible.

We have also assumed that all information, representations and opinions contained or referred to in the Offer Document or Response Document or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Response Document have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Response Document. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. The Company will notify the Qualifying Shareholders of any material changes to information contained or referred to in the Response Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Qualifying Shareholders will also be informed as soon as practicable when there is any material changes to the information contained or referred to this letter as well as changes to our opinion, advice and/or recommendation, the information and representations provided and made to us and the information contained in this letter, if any, after the Latest Practicable Date as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

We have not considered the tax and regulatory implications on the Qualifying Shareholders of acceptance or non-acceptance of the Partial Offer since these depend on their individual circumstances. In particular, the Qualifying Shareholders who are resident 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 adviser.

This letter is issued to the Independent Board Committee solely for their consideration in respect of the Partial Offer, and except for its inclusion in the Response 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. In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Partial Offer, we have taken into account the following principal factors and reasons:

1. Information of the Group

The Group is principally engaged in steel and metal engineering services. The engineering services range from design, manufacture, supply to installation of steel and metal products such as roller shutters and metal doors for construction projects in Hong Kong and China. The Group serves customers including construction companies and engineering companies on a project-by-project basis.

Set out below is a summary of the audited consolidated financial information of the Group for each of the financial years ended 31 March 2024 ("**FY2024**"), 2025 ("**FY2025**") and 2026 ("**FY2026**") as extracted from the Annual Report 2025 and Annual Report 2026:

Summary of the Group's financial performance

	Year ended 31 March		
	2026	**2025**	**2024**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Revenue	178,218	187,517	157,197
Direct costs	(175,002)	(184,946)	(139,202)
Gross profit	3,216	2,571	17,995
Gross profit margin *(%)*	1.8	1.4	11.4
Loss for the year attributable to owners of the Company	(28,902)	(24,012)	(4,118)

Comparison between FY2024 and FY2025

The Group recorded an increase of revenue by approximately 19.3% from approximately HK$157.2 million in FY2024 to approximately HK$187.5 million in FY2025. The increase is primarily reflecting the fulfilment of the Group's contract awarded. During FY2025, the Group secured new steel and metal works contracts with aggregated contract sum of HK$79.9 million. As at FY2025, the total value of contracts on hand which the performance obligation that were unsatisfied (or partially unsatisfied) was HK$240 million.

The gross profit of the Group decreased by approximately 85.7% from approximately HK$18.0 million in FY2024 to approximately HK$2.6 million in FY2025. The decrease was primarily due to the decrease in gross profit margin. The gross profit margin of the Group decreased from approximately 11.4% in FY2024 to approximately 1.4% in FY2025. The decline in gross profit margin was primarily attributable to the increase in service costs, as well as a reduction in profit margins for projects undertaken by the Group during the year due to increased market competition.

The loss for the year attributable to owners of the Company increased from approximately HK$4.1 million in FY2024 to approximately HK$24.0 million in FY2025. The increase in loss was primarily due to (i) the lower profitability of the projects undertaken by the Company in FY2025 due to increased market competition, as reflected by the decrease in gross profit and gross profit margin; and (ii) the provision made for expected credit losses in the amount of HK$6.8 million in FY2025.

Comparison between FY2025 and FY2026

The Group recorded a decrease of revenue by approximately 5.0% from approximately HK$187.5 million in FY2025 to approximately HK$178.2 million in FY2026. The decrease was mainly attributable to the pronounced downturn in the construction market, characterised by rising material costs, elevated interest rates and an industry-wide tightening of capital expenditure.

The gross profit and the gross profit margin of the Group remained very thin from approximately HK$2.6 million and approximately 1.4%, respectively, in FY2025 to approximately HK$3.2 million and 1.8%, respectively, in FY2026.

The loss for the year attributable to owners of the Company increased from approximately HK$24.0 million in FY2025 to approximately HK$28.9 million in FY2026. The increase in loss was primarily due to the increase in administrative expenses by approximately 30.3% from approximately HK20.1 million in FY2025 to approximately HK$26.2 million in FY2026, mainly attributable to the increase in overall staff cost.

Summary of the Group's consolidated financial position

	As at 31 March		
	2026	**2025**	**2024**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Non-current assets	30,102	29,641	28,723
Current assets	205,636	137,851	159,668
– Bank and cash balances	116,466	17,116	63,556
Total assets	235,738	167,492	188,391
Non-current liabilities	4,181	2,285	519
Current liabilities	34,022	20,699	27,903
Total liabilities	38,203	22,984	28,422
Equity attributable to owners of the Company	197,535	144,508	159,969
Net asset value per Share *(HK$ per Share)* *(Note 1)*	0.86	0.17	0.21
Gearing Ratio *(%)* *(Note 2)*	0.73	0.06	0.25

Notes:

1. Net asset value per Share was calculated by dividing the Group's net assets by the number of issued Shares as at the respective year end.

2. Gearing ratio was calculated by dividing the Group's total borrowings by the Group's total equity.

Comparison between FY2024 and FY2025

The Group's non-current assets amounted to approximately HK$28.7 million as at FY2024 and remained at approximately HK$29.6 million as at FY2025. The Group's non-current assets mainly comprised of property, plant and equipment, financial asset at fair value through profit or loss and right-of-use assets.

The Group recorded a decrease in current assets by approximately 13.7% from approximately HK$159.7 million as at 31 March 2024 to approximately HK$137.9 million as at 31 March 2025. The decrease was mainly attributable to the decrease in cash and cash balance.

The Group's non-current liabilities amounted to approximately HK$0.5 million as at FY2024 and approximately HK$2.3 million as at FY2025. The Group's current liabilities amounted to approximately HK$27.9 million as at FY2024 and approximately HK$20.7 million as at FY2025.

The Group was in net current assets and net asset position as at FY2024 and FY2025. The net asset value per Share of the Group decreased from approximately HK$0.21 per Share as at FY2024 to approximately HK$0.17 per Share as at FY2025, mainly due to the decrease in net assets and the increased number of issued Shares. The Group's gearing ratio was at a low level at approximately 0.25% as at FY2024 and 0.06% as at FY2025.

Comparison between FY2025 and FY2026

The Group's non-current assets amounted to approximately HK$29.6 million as at FY2025 and approximately HK$30.1 million as at FY2026. The Group's non-current assets mainly comprised of property, plant and equipment, financial asset at fair value through profit or loss and right-of-use assets.

The Group recorded an increase in current assets by approximately 49.2% from approximately HK$137.9 million as at FY2025 to approximately HK$205.6 million as at FY2026. The increase was mainly attributable to the increase in cash and cash balance, mainly resulting from the inflow of net proceeds of approximately HK$82.0 million raised from the rights issue completed in March 2026.

The Group's non-current liabilities amounted to approximately HK$2.3 million as at FY2025 and approximately HK$4.2 million as at FY2026. The Group's current liabilities amounted to approximately HK$20.7 million as at FY2025 and approximately HK$34.0 million as at FY2026.

The Group was in net current assets and net asset position as at FY2025 and FY2026. The net asset value per Share of the Group increased significantly from approximately HK$0.17 per Share as at FY2025 to approximately HK$0.86 per Share

as at FY2026, mainly due to (a) the decrease in number of issued Shares attributable to the combined net effect of the completion of (i) the share consolidation on the basis that every twenty (20) issued shares be consolidated into one (1) consolidated share in February 2026, (ii) the rights issue on the basis of four (4) rights issues for every one (1) consolidated share in March 2026, and (iii) the issue of new shares pursuant to exercise of share options under the share option scheme by a Director in August 2026; and (b) the increase in net assets resulting from the completion of the rights issue. The Group's gearing ratio was at a low level at approximately 0.06% as at FY2025 and 0.73% as at FY2026.

Qualified Opinion in FY2024

In deciding whether to accept the Partial Offer, Independent Shareholders should note the qualified opinion issued by the Company's independent auditors on the Group's consolidated financial statements for FY2024.

Please refer to the sections headed "*Letter from the Board – INFORMATION ON THE GROUP*" and "*APPENDIX I FINANCIAL INFORMATION – 2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEARS ENDED 31 MARCH 2024, 2025 AND 2026 – Extract of Independent Auditor's Report on the Consolidated Financial Statements of the Group for the Year Ended 31 March 2024*" for further details of the qualified opinion.

As stated in the Letter from the Board, the independent auditor's report of the Company contained a qualified opinion relating to the comparability of the current year's figures and the corresponding figures for the Group's consolidated financial performance and consolidated cash flows for the year ended 31 March 2024 (as extracted in the Letter from the Board and set out in full in Appendix I to the Response Document) and was therefore historical in nature. The Directors considered that the qualification did not have any adverse impact on the day-to-day operations, business relationships, solvency, or cash flows of the Group's core engineering business in Hong Kong.

In subsequent financial periods, the qualification was resolved and the independent auditor has issued unmodified audit opinions on the Group's consolidated financial statements for the years ended 31 March 2025 and 31 March 2026, without any qualification, emphasis of matter, or going concern uncertainty.

Based on the foregoing, the Board considers, and we concur, that the qualified opinion would not have material implication on the Partial Offer and the Company.

2. Prospect and outlook of the Group

As discussed in the Response Document, the Group is principally engaged in the provision of steel and metal engineering services, ranging from the design, manufacture and

supply to the installation of steel and metal products, such as roller shutters and metal doors, for construction projects in Hong Kong and the PRC, as well as the sales of steel and metal products.

According to the "*Construction Cost Update Hong Kong Q3 2026*"[1] *published by* Rider Levett Bucknall ("**RLB**"), a leading global property and construction consultancy which provides market insights on tender price trends, construction costs and market forecasts, Hong Kong's economy demonstrated steady expansion in the second quarter of 2026, supported by stable international trade and domestic demand. Notwithstanding the overall economic growth, total building and construction expenditure decreased by 12.7% year-on-year, primarily reflecting a sharp 32.0% year-on-year decline in public-sector building and construction expenditure. In contrast, private-sector expenditure recorded a modest year-on-year increase of 4.8%.

Despite the near-term challenges in the construction market, a number of government initiatives are expected to support future construction activity. The 2026 Policy Address identifies the Northern Metropolis ("**NM**") as a key development initiative, under which three university towns will be developed in San Tin, Hung Shui Kiu and Ta Kwu Ling. The campus areas of the three university towns are expected to cover approximately 300 hectares and will be supported by surrounding technology, industry and living-community areas, representing a substantial pipeline of campus, technology, industrial and community facilities. We have discussed with the Directors and it is their understanding that the development of NM is considered as an early stage with tender invitation mainly on site formation and infrastructure works. The Directors considered that the Company has the ability to solicit projects in NM given its established track record in providing steel and metal engineering services for construction projects across Hong Kong and the Company's technical expertise, project-execution experience and tendering capability. The Directors will closely monitor tender invitations issued by large-scale main contractors and, where the nature and scope of the works fall within the Company's steel and metal engineering expertise and experience, the Company will prepare and submit tender for suitable business opportunities.

In addition to the NM, the 2026 Policy Address emphasises the role of the construction industry in advancing innovation and technology ("**I&T**"), sustainability and social well-being. In respect of I&T, construction works for the Sandy Ridge Data Facility Cluster have commenced, which is expected to strengthen Hong Kong's advanced computing and artificial-intelligence capabilities. In respect of sustainability, as part of the development of the "*Green Energy Corridor*" with Hong Kong as a central hub, planning applications and other statutory procedures for green maritime fuel-storage facilities in Tsing Yi South are scheduled to commence next year, with tender invitations anticipated in early 2028. We have discussed with the Directors and understand that the Company will closely monitor project and tender opportunities arising from these initiatives. Where an upcoming tender involves steel and metal engineering works falling within the Company's

[1] https://www.rlb.com/asia/insight/rlb-construction-cost-update-hk-q3-2026/

area of expertise, the Company intends to actively assess and, where appropriate, prepare a tender submission. In respect of social well-being, public housing delivery has continued to progress, with approximately 26,000 of the targeted 30,000 Light Public Housing units largely completed, representing approximately 87% of the target. We have discussed with the Directors and understand that the Company (i) has a long history of undertaking steel and metal engineering works for public housing projects in Hong Kong; (ii) has established track record in soliciting and securing public housing-related projects, including projects relating to Light Public Housing units, through tender submissions to public-sector clients and/or main contractors; and (iii) has recorded a major portion of the its revenue for FY2026 from public sector projects.

RLB considers that (i) Hong Kong's economy is expected to maintain growth going forward; and (ii) sustained GDP growth would generally support stable tender prices with modest upward movement, as stronger construction demand and improved market confidence may enable contractors to maintain reasonable margins and gradually recover increases in input costs through pricing.

Further, according to the construction expenditure forecast from 2025/26 to 2030/31[2] published by Construction Industry Council, a statutory body established under the Construction Industry Council Ordinance (Cap. 587), with its main functions are forge consensus on long-term strategic issues, convey the industry's needs and aspirations to Government, as well as provide a communication channel for Government to solicit advice on all construction-related matters, and is empowered to formulate codes of conduct, administer registration and rating schemes, steer forward research and manpower development, facilitate adoption of construction standards, promote good practices and compile performance indicators in order to propagate improvements across the entire industry, construction expenditure forecast for public and private sectors are expected to increase gradually from approximately HK$270 billion to HK$315 billion for 2025/26 to approximately HK$305 billion to HK$360 billion for 2030/31.

Apart from the external market environment, the Company completed a rights issue in March 2026 and successfully raised net proceeds of approximately HK$82.0 million. As disclosed in the circular, one of the principal purposes of the rights issue was to strengthen the Group's market position in its steel and metal engineering services business in Hong Kong. The net proceeds are expected to enable the Company to meet the upfront costs required at the commencement of projects, thereby supporting effective project execution and enabling the Group to undertake large-scale projects.

The Group's recent contract awards also provide a basis for its future operations. As disclosed in the Annual Report 2026, the Company secured new contracts with an aggregate contract sum of HK$186.3 million in FY2026 (FY2025: HK$79.9 million). As at 31 March 2026, the total value of contracts on hand in respect of which the performance obligations were unsatisfied or partially unsatisfied amounted to HK$266.6 million.

[2] https://www.cic.hk/en/research-and-data/expenditure-forecast?type=forecast-figures

Having considered (i) the aforesaid government initiatives, which provide substantial pipelines for the Hong Kong construction industry where RLB considers the sustained GDP growth would generally support stable tender prices with modest upward movement; (ii) the Construction Industry Council's forecast data which indicates that construction expenditure in Hong Kong is expected to increase gradually in the forthcoming five years; (iii) the additional funds raised under the rights issue completed in March 2026, which enables the Company to undertake large-scale projects; and (iv) the Group's foreseeable source of revenue as indicated by the total value of contracts on hand which the performance obligation that were unsatisfied (or partially unsatisfied) of HK$266.6 million as at 31 March 2026 as disclosed in Annual Report 2026, notwithstanding the short-term downturn in the construction industry, we are cautiously optimistic about the Group's prospects over the medium term based on the aforesaid point (i) to (iv). Nevertheless, shareholders should note that the pace and extent of recovery in the construction market, as well as the Group's ability to successfully tender for new projects and execute its existing projects, remain subject to prevailing market conditions and execution risks.

3. Information of the Offeror

3.1 Background information of the Offeror

The Offeror, Mr. Ngai Wa Ping, aged 48, graduated from Monash University in Australia with a major in Finance and Economics. He is also the Managing Director of Wukong Fin-Tech Co., Limited (香港悟空金融科技有限公司) in Hong Kong. Mr. Ngai has extensive experience in corporate management, foreign exchange business, insurance and wealth management, financial technology, and virtual assets.

The Offeror was an executive Director during the period from 10 March 2026 to 31 August 2026, responsible for the Offeree Group's strategic development and the development of the business especially in the preparation of business expansion in China. Save for his prior role as an executive Director during the period from 10 March 2026 to 31 August 2026, the Offeror had no other past or present role or involvement in the Offeree Group.

Please refer to the Offer Document for further details of the background information on the Offeror.

3.2 Intention of the Offeror in relation to the Group

According to the Offer Document, the Offeror has no intention to (i) downsize, cease or dispose of the existing business of the Offeree; (ii) introduce any major changes in the principal business, including any redeployment of the fixed assets of the Offeree other than those in its ordinary and usual course of business; or (iii) discontinue the employment of the employees of the Offeree following the close of the Partial Offer.

Please refer to the Offer Document for further details of the background and reasons for the Partial Offer.

3.3 Public float and maintenance of the listing status of the Company

Please refer to the section headed "Public float of the Company" in the letter from the Board of the Response Document.

4. Principal terms of the Partial Offer

4.1 The Partial Offer

The Partial Offer is made by Rainbow Capital, for and on behalf of the Offeror, in compliance with the Takeovers Code on the basis set out below:

For each Offer Share . . . . . **HK$0.600 in cash**

The Offer Price of HK$0.600 per Share was determined after taking into account, among other things, the historical closing prices of the Shares prior to the Last Trading Day.

The Partial Offer is extended to all Qualifying Shareholders in accordance with the requirements of the Takeovers Code.

The Partial Offer is subject to the Condition that valid acceptances being received (and not, where permitted, withdrawn) in respect of not less than 30,000,000 Offer Shares at or before 4:00 p.m. (Hong Kong time) on the First Closing Date which shall be at least 28 days following the Despatch Date of the Offer Document issued by the Offeror in respect of the Partial Offer, or such later date as may be announced by the Offeror in accordance with the requirements of the Takeovers Code.

In the event that valid acceptances are received:

(i) for less than the required number of 30,000,000 Offer Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the requirements of the Takeovers Code, the Partial Offer will not proceed and will lapse immediately; or

(ii) for not less than the required number of 30,000,000 Offer Shares on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

Please refer to the Appendix I of the Offer Document for further terms and procedures for acceptance of the Partial Offer.

4.2 The Offer Price

The Offer Price of HK$0.600 per Offer Share represents:

(i) a premium of approximately 3.4% to the closing price of HK$0.580 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of 3.4% to the closing price of HK$0.580 per Share as quoted on the Stock Exchange on 23 September 2026, being the Last Trading Day;

(iii) a premium of approximately 0.5% to the average of the closing prices of the Shares of approximately HK$0.597 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 2.0% to the average of the closing prices of the Shares of approximately HK$0.612 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;

(v) a premium of approximately 4.9% to the average of the closing prices of the Shares of approximately HK$0.572 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day; and

(vi) a discount of approximately 29.1% to the audited consolidated net asset value of approximately HK$0.846 per Share as at 31 March 2026 (based on (a) the Offeree Group's audited consolidated net assets attributable to the owners of the Offeree of approximately HK$197,535,000 as at 31 March 2026; and (b) the total number of the issued Shares of 233,357,000 as at the Latest Practicable Date).

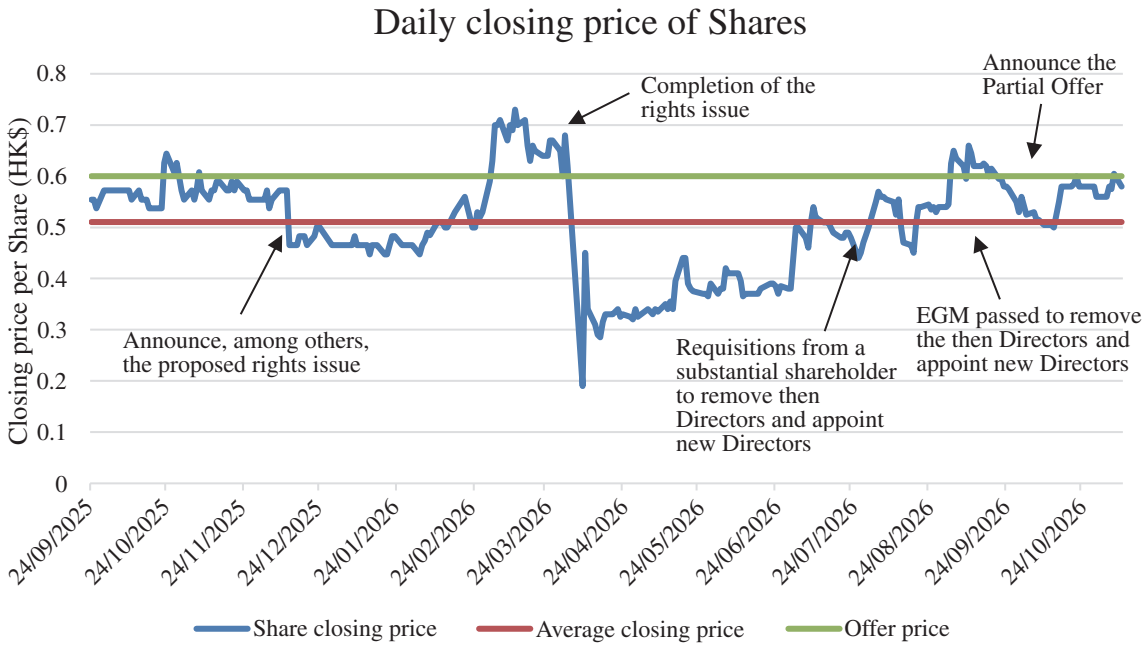
5. Total value of the Partial Offer

Based on the Offer Price of HK$0.600 per Offer Share, and assuming full valid acceptances of the Partial Offer for all required number of 30,000,000 Offer Shares are tendered by the Qualifying Shareholders, the total cash consideration payable by the Offeror to purchase the 30,000,000 Offer Shares from the Qualifying Shareholders under the Partial Offer will be HK$18,000,000.

6. Historical price and trading volume of the Shares

6.1 Historical price performance of the Shares

Set out below is a chart showing the movement of the closing prices of the Shares as quoted on the Stock Exchange from 24 September 2025 to the Last Trading Day (i.e. 23 September 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: www.hkex.com.hk

During the Review Period, the closing price of the Shares fluctuated between HK$0.190 per Share on 8 April 2026 and HK$0.730 per Share on 12 March 2026, with an average closing price of approximately HK$0.509 per Share.

At the beginning of the Review Period, the closing price of the Shares was generally above the average closing price in the Review Period of HK$0.500 per

Share. On 11 December 2025, the Company announced, among others, a proposed rights issue. The closing price subsequently declined from HK$0.572 per Share on 11 December 2025 to HK$0.465 per Share on 12 December 2025.

Thereafter, the closing price of the Shares remained below the average closing price in the Review Period. The closing price increased from HK$0.485 per Share on 6 February 2026 to HK$0.730 per Share on 12 March 2026, and subsequently remained above HK$0.600 per Share until the completion of the rights issue on 27 March 2026.

Following completion of the rights issue, the closing price declined significantly from HK$0.620 per Share on 2 April 2026 to HK$0.190 per Share on 8 April 2026. Based on our discussions with the management of the Company, the Directors were not aware of any undisclosed matter relating to the Group that could have had a material impact on the price of the Shares during such period.

The closing price of the Shares gradually recovered between May 2026 and July 2026. In July 2026, a substantial shareholder requisitioned the removal of the then Directors and the appointment of new Directors. The closing price increased from a range of HK$0.365 to HK$0.420 per Share in June 2026, to a range of HK$0.440 to HK$0.540 per Share in July 2026.

Following the passing of the resolutions at the extraordinary general meeting held on 31 August 2026 to remove the then Directors and appoint new Directors, the closing price increased from HK$0.540 per Share on 31 August 2026 to HK$0.650 per Share on 3 September 2026. On 23 September 2026, Mr. Ngai Wa Ping announced the Partial Offer. The closing price subsequently declined from HK$0.580 per Share on 24 September 2026 to HK$0.530 per Share on 29 September 2026, and remained in the range between approximately HK$0.500 and HK$0.605 per Share up to the Latest Practicable Date.

The Offer Price of HK$0.600 per Share represents (i) a premium of approximately 17.6% to the average closing price of approximately HK$0.510 per Share during the Review Period; (ii) a premium of approximately 3.4% to the closing price of HK$0.580 per Share quoted on the Stock Exchange on the Last Trading Day; (iii) a discount of approximately 3.4% to the closing price of HK$0.580 per Share quoted on the Stock Exchange on the Latest Practicable Date; (iv) a premium of approximately 215.8% to the lowest closing price of HK$0.190 per Share during the Review Period; and (v) a discount of approximately 17.8% to the highest closing price of HK$0.730 per Share during the Review Period. During the Review Period, the closing price of the Shares was higher than the Offer Price on 39 trading days, lower than the Offer Price on 233 trading days, and equal to the Offer Price on 3 trading days.

Qualifying Shareholders should note that the information set out above does not constitute an indication of the future performance of the Shares. The price of the Shares in the future may be higher or lower than the closing price as at the Latest Practicable Date.

6.2 Average daily trading volume for each month during the Review Period

The table below sets out the average daily trading volume of the Shares and the percentages of average daily trading volume to the total number of issued Shares and Shares held by public Shareholders, respectively, during the Review Period:

	Number of trading days	**Average daily trading volume**	**Percentage of average daily trading volume to the total number of Shares**	**Percentage of average daily trading volume of to the total number of Shares held by the public Shareholders**
2025				
September (from 24 September 2025)	5	174,430	0.02%	0.02%
October	20	243,560	0.03%	0.03%
November	20	70,289	0.01%	0.01%
December	21	335,230	0.04%	0.04%
2026				
January	21	241,945	0.03%	0.03%
February	17	942,107	0.63%	0.63%
March	22	4,318,057	6.88%	6.88%
April	19	29,443,079	12.79%	12.79%
May	19	1,970,342	0.86%	0.86%
June	21	419,143	0.18%	0.18%
July	22	1,453,034	0.63%	0.71%
August	21	713,262	0.31%	0.35%
September	22	2,621,295	1.12%	1.27%
October	20	1,351,838	0.58%	0.65%
November (up to Latest Practicable Date)	6	941,208	0.40%	0.46%

Source: www.hkex.com.hk

During the Review Period, the average daily trading volume of the Shares ranged from approximately 70,289 Shares in November 2025 to 29,443,079 Shares in April 2026, representing approximately 0.01% to 12.79% of both the total number of issued Shares and the total number of Shares held by public Shareholders.

The relatively high trading volumes recorded in March 2026 and April 2026 were primarily attributable to the rights issue conducted during that period. Excluding those months, the average daily trading volume generally remained below 1% of both the total number of issued Shares and the total number of Shares held by public Shareholders, except in September 2026, when it reached 1.12% and 1.27%, respectively, primarily following the announcement of the Partial Offer. These figures indicate a generally low level of trading liquidity in the Shares.

Accordingly, Qualifying Shareholders, particularly those holding substantial shareholdings, may face difficulties in disposing of a significant number of Shares in the open market, having regard to the historically limited trading volume of the Shares. Any large-scale disposal may also exert downward pressure on the Share price. The Partial Offer therefore provides an alternative means for Qualifying Shareholders who wish to realise their investments in the Shares, in particular those with relatively sizeable shareholdings or those seeking to realise their investments in the near term.

7. Comparable companies

With a view to assess the fairness and reasonableness of the Offer Price, we have conducted a market comparable analysis by comparing the valuation multiples that are considered to be commonly used in the market.

Since the Company recorded a net loss for FY2026 and did not record a positive earnings before interest, taxes, depreciation and amortisation (the "**EBITDA**"), earning multiples including Price-to-earnings ratio (the "**P/E Ratio**") and Enterprise Value (the "**EV**") to EBITDA ratio (the "**EV/EBITDA Ratio**") are not applicable.

The Company's business is project-based and depends on the tendering, award, commencement and completion of construction contracts. As construction projects generally span more than one financial year, the revenue recognised in any single financial year may not fully reflect the Company's underlying business scale, contracted pipeline or contracted revenue that the performance obligation has not yet been satisfied or merely partially satisfied. In addition, revenue alone does not capture differences in profitability, project mix, cost structure, working-capital requirements or execution risk among the comparable companies. Further, companies in the construction industry are exposed to credit risk, impairment risk and liquidity risk. In particular, trade receivables, contract assets and retentions may be subject to expected credit losses, while project delays, cost overruns, customer payment defaults or deterioration in customers' financial condition may result in impairment losses and adverse liquidity impacts. As revenue alone does not reflect these risks or their potential impact on the Company's ultimate financial performance and

position, the price-to-sales ratio (the "**P/S Ratio**") is not considered to be an appropriate valuation multiple, and it may not provide a meaningful or reliable basis for comparing the Company with the comparable companies, having regard to the nature of the Company's business and the construction industry in Hong Kong.

Since the Company is engaged in construction projects, its contract assets and contract liabilities as at certain date, as recorded in the statements of financial position, reflect the scale and progress of its projects on hand, irrespective of whether individual projects span more than one financial year. Furthermore, given the capital intensive nature of the construction industry, the Company's property, plant and equipment, together with its net contract assets (i.e. contract assets net of contract liabilities), are relevant indicators of the resources deployed in, as well as the scale of the business operation. The Company's net assets, being total assets less total liabilities, also provide an overall measure of its financial position and capital base, and may assist in assessing whether there are indications of financial distress, going-concern uncertainty or insolvency risk. Therefore, the price-to-book ratio (the "**P/B Ratio**"), which compares the market capitalisation implied by the Offer Price with the Company's net asset value, is considered an appropriate valuation multiple for comparing the Company with the comparable companies. Accordingly, the P/B Ratio of the Company as implied by the Offer Price, based on the closing price of the Share on the Last Trading Day is applied to compare against that of other listed companies on the Main Board of the Stock Exchange that engages in similar business to those of the Group.

For the purpose of our analysis, we have identified comparable companies based on the following criteria: (i) shares of which are listed on the Main Board of the Stock Exchange; (ii) the principal business of which is engaging in building construction works in Hong Kong (including civil engineering, building construction, formwork or other specialist construction subcontracting services), whether as contractor or subcontractor, with principal activities and market environment similar to those of the Company; and (iii) the market capitalisation of which as at the Last Trading Day does not exceeds HK$500 million. Although the Company is principally engaged in the provision of steel and metal engineering services, such services are provided primarily for building construction and civil engineering projects in Hong Kong and form part of the broader construction industry. The Company's business is substantially dependent on construction contracts awarded by property developers or main contractors through the tendering process, and its operations, revenue generation, cost structure and market environment are therefore closely linked to the Hong Kong construction industry. Accordingly, comparable companies whose principal activities comprise civil engineering, building construction, formwork or other construction-related subcontracting services in Hong Kong are considered to have similar principal activities and market environment to those of the Company.

Based on the above criteria, we have identified the following exhaustive list of 16 comparable companies (the "**Comparable Companies**"):

Company (Stock Code)	**Principal activities**	**Market Capitalisation** *(HK$' million)* *(Note 1)*	**P/B Ratio** *(times)* *(Notes 2, 3)*
Skymission Group Holdings Ltd (1429)	Provision of formwork works services	414.7	3.5
Dimmi Life Holdings Ltd (1667)	Provision of building construction services, alteration, addition, fitting-out works and building services	345.6	32.9 (Outlier)
Kin Shing Holdings Ltd (1630)	Engaged in the formwork works business	324.0	2.8
CR Construction Group Holdings Ltd (1582)	Provision of building construction services	312.5	0.4
Royal Deluxe Holdings Ltd (3789)	Provision of formwork engineering and related ancillary services	282.0	0.9
Hanison Construction Holdings Ltd (896)	Construction engineering businesses, including construction contract engineering businesses, interior decoration and renovation businesses and supply of building materials	279.0	0.1
SFK Construction Holdings Ltd (1447)	Provision of engineering services of structure and superstructures, and engineering services of infrastructure facilities and maintenance, repairs, alterations services to infrastructure facilities	216.0	0.6
KPA-BM Holdings Ltd (2663)	Provision of structural engineering works as a subcontractor in Hong Kong, and supply and installation, as well as trading, of building material products in Hong Kong, the PRC and overseas	206.1	0.8

Company (Stock Code)	**Principal activities**	**Market Capitalisation** *(HK$' million)* *(Note 1)*	**P/B Ratio** *(times)* *(Notes 2, 3)*
Yau Lee Holdings Limited (406)	Building construction, renovation, maintenance and fitting-out works; electrical, mechanical, ventilation, air-conditioning, fire, plumbing and environmental engineering services; supply of construction and building materials; property investment and development; and hotel operations	210.3	0.2
SOCAM Development Ltd (983)	Building construction, interior fitting-out, renovation and maintenance works businesses	199.7	0.1
Man King Holdings Ltd (2193)	Provision of construction and civil engineering business	178.3	0.7
New Concepts Holdings Ltd (2221)	Provision of foundation works, civil engineering contractual services and general building works in Hong Kong	150.0	0.4
Progressive Path Group Holdings Ltd (1581)	Engaged in construction engineering business, foundation and site formation works, construction works and general construction works	137.0	0.4
Thelloy Development Group Ltd (1546)	Provision of building construction services	128.0	1.1
Sang Hing Holdings (International) Ltd (1472)	Provision of civil engineering services such as site formation, road and bridge construction, drainage and sewerage system construction, water pipe installation and slope engineering	95.0	0.3

Company (Stock Code)	Principal activities	Market Capitalisation *(HK$' million)* *(Note 1)*	P/B Ratio *(times)* *(Notes 2, 3)*
Ching Lee Holdings Ltd (3728)	Provision of construction and consultancy works and project management services	60.8	0.4
		Maximum	3.5
		Minimum	0.1
		Median	0.4
		Average	0.9
The Company (implied by the Offer Price)		**140.0**	**0.7**

Source: www.hkex.com.hk

Notes:

1. Market capitalisation was calculated based on the closing price of the company as at the Last Trading Day.

2. P/B Ratio was calculated by the respective market capitalisation divided by the latest published equity attributable to the owners of the company.

3. The relevant comparable company has a P/B Ratio of higher than 30 times is considered to be significantly higher than that of the other Comparable Companies and it is therefore considered as outlier.

It is noted from the above table that the Comparable Companies recorded P/B Ratio between approximately 0.1 times to 3.5 times with average P/B Ratio of 0.9 times and median of 0.4 times.

Based on the Offer Price, the Implied P/B Ratio of 0.7 times is lower than the average P/B Ratio of 0.9 times but higher than the median of 0.4 times of the Comparable Companies. Accordingly, we are of the view that the market comparable analysis does not, by itself, provide a definitive conclusion as to whether the valuation of the Company as implied by the Offer Price is higher or lower than the valuations of the Comparable Companies based on their respective closing share prices on the Last Trading Day, notwithstanding that the Implied P/B Ratio falls within the range of the P/B Ratios of the Comparable Companies.

RECOMMENDATION

Based on the foregoing, we have considered the aforementioned principal factors and reasons considered, we noted that:

(i) the Company recorded net loss of approximately HK$4.1 million, HK$24.0 million and HK$28.9 million for FY2024, FY2025 and FY2026, respectively, whereas the net assets of the Company decreased from approximately HK$160.0 million as at FY2024 to approximately HK$144.5 million as at FY2025, mainly attributable to the net loss recorded in FY2025, and increased to approximately HK$197.5 million as at FY2026, primarily attributable to the cash inflow of net proceeds of approximately HK$82.0 million raised from the rights issue completed in March 2026.The Company's inability to demonstrate recurring profitability indicates that the Partial Offer may present an opportunity for the Qualifying Shareholders to realise their investment;

(ii) there are several government initiatives providing a substantial project pipeline for the construction industry and serving as new business driver for the Company, notwithstanding that total building and construction expenditure decreased by 12.7% year-on-year, reflecting the near-term challenges facing by the construction market;

(iii) the gradual increase in construction expenditure forecast over the coming five years as published by the Construction Industry Council provides positive indication for the Company's business and operation;

(iv) the additional funds raised by the Company under the rights issue in March 2026 enables the Company to undertake large-scale projects, thus strengthening its market competitiveness;

(v) the Company's foreseeable source of revenue as indicated by the total value of contracts on hand which the performance obligation that were unsatisfied (or partially unsatisfied) of HK$266.6 million as at 31 March 2026, as disclosed in its annual report for FY2026, demonstrates a contracted revenue stream in the near term;

(vi) despite the Offer Price of HK$0.600 per Share is higher than of the average closing price of HK$0.510 per Share during the Review Period, it is approximately 29.1% lower than the net asset value per Share of approximately HK$0.846 per Share;

(vii) During the Review Period, the closing price of the Shares was higher than the Offer Price on 39 trading days, lower than the Offer Price on 233 trading days, and equal to the Offer Price on 3 trading days;

(viii) the implied P/B ratio of 0.7 times based on the Offer Price is lower than the average P/B Ratio of 0.9 times, but higher than the median P/B Ratio of 0.4 times of the Comparable Companies. We are of the view that the market comparable analysis does not, by itself, provide a definitive conclusion as to whether the valuation of the

Company implied by the Offer Price is higher or lower than the valuations of the Comparable Companies based on their respective closing share prices on the Last Trading Day, notwithstanding that the Implied P/B Ratio falls within the range of the P/B Ratios of the Comparable Companies;

(ix) although the Offeror was a former Director of the Company and served for approximately half a year, such background, standing alone, does not provide a sufficient basis for assessing the fairness and reasonableness of the Partial Offer;

(x) according to the Offer Document, the Offeror has no intention to (i) downsize, cease or dispose of the existing business of the Offeree; (ii) introduce any major changes in the principal business; or (iii) discontinue the employment of the employees of the Offeree following the close of the Partial Offer, and accordingly, the Company's existing business is expected to continue and no major change to the Company's business is indicated by the Offeror's stated intentions.

We consider that the net asset value per Share remains a relevant reference point in the overall assessment of the Partial Offer because it provides an indication of the underlying asset value attributable to each Share and the financial position of the Company. Although there is no indication that the Company will distribute the Company's assets to its shareholders, Qualifying Shareholders who do not accept the Partial Offer will continue to hold Shares in the Company and will therefore retain an interest in its net assets, which the net asset value per Share provides a measurement on the value of the Shares.

Taking into account the abovementioned factors, and having considered that the market comparable analysis does not, by itself, provide a definitive conclusion as to whether the valuation of the Company implied by the Offer Price is higher or lower than the valuations of the Comparable Companies based on their respective closing share prices on the Last Trading Day, we consider that the prevailing market price of the Shares serves as the most relevant benchmark for the assessment of the fairness and reasonableness of the Offer Price. As at the Latest Practicable Date, the closing price of the Shares was HK$0.580, which is very close to the Offer Price of HK$0.600. Furthermore, the Offer Price is higher than the closing price of the Shares for the most of the trading days during the Review Period. The Company's inability to demonstrate recurring profitability indicates that the Partial Offer provides Qualifying Shareholders with an opportunity to realise their investment in the Shares at a price very close to the prevailing market price. On this basis, we are of the view that the Partial Offer is fair and reasonable and the acceptance of the Partial Offer would be in the interest of the Qualifying Shareholders and we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Qualifying Shareholders to accept the Partial Offer.

As each individual Qualifying Shareholder would have different investment objectives and/or circumstances, we recommend any Qualifying Shareholders who may require advice in relation to any aspect of the Partial Offer and/or the Offer Document and/or Response Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Furthermore, for Qualifying Shareholders wishes to accept the Partial Offer, they should carefully read the procedures for accepting the Partial Offer as set out in the Offer Document, its appendices and the accompanying Forms of Acceptance.

Yours faithfully,
for and on behalf of
HOORAY CAPITAL LIMITED

Rebecca Mak	**Simon Cheung**
Managing Director	*Director*

Note: Ms. Rebecca Mak is a responsible officer to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and she has over 20 years of experience in the corporate finance industry.

Mr. Simon Cheung is a responsible officer to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and he has over 13 years of experience in the corporate finance industry.