



Room 2701, 27/F., Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty
Hong Kong

18 November 2025

*To: the Independent Board Committee
of Elife Holdings Limited*

Dear Sirs,

**RESPONSE DOCUMENT RELATING TO
VOLUNTARY CONDITIONAL CASH PARTIAL
OFFER BY MANGO FINANCIAL LIMITED FOR
AND ON BEHALF OF THE OFFEROR
TO ACQUIRE 180,000,000 SHARES IN
ELIFE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY THE OFFEROR AND PARTIES
ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in relation to the Partial Offer, details of which are set out in the letter from the Board (the **“Letter from the Board”**) contained in this response document dated 18 November 2025 (the **“Response Document”**) issued by Elife Holdings Limited (the **“Company”**, collectively with its subsidiaries referred to as the **“Group”**), of which this letter forms part. Unless otherwise stated, capitalised terms used in this letter shall have the same meanings as those defined in this Response Document.

Reference is made to the Partial Offer Announcement, whereby the Board was informed by the Offeror on 14 May 2025 that the Offeror intended to make the Partial Offer (in compliance with the Takeovers Code) to acquire 180,000,000 Offer Shares (other than those Shares already owned by the Offeror and the Offeror’s Concert Parties) at the Offer Price of HK\$0.056 per Offer Share. The Offer Document accompanied with the Form of Acceptance was despatched on 4 November 2025.

The making of the Partial Offer is subject to (i) consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code; and (ii) the approval by the shareholders of the Offeror in respect of the Partial Offer at the EGM. Reference is also made to the announcement of the Offeror dated 28 October 2025 in relation to, among other things, poll results of the EGM. As disclosed in such announcement, the Offeror announced that all Pre-Conditions had been fulfilled on 28 October 2025.

As at the Latest Practicable Date, the Company has 1,356,171,754 Shares in issue. The Offeror and the Offeror's Concert Parties are, in aggregate, interested in 226,000,000 Shares, representing approximately 16.66% of the existing issued capital of the Company. Save for the above, as at the Latest Practicable Date, there are no 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 AND THE INDEPENDENT FINANCIAL ADVISER

In accordance with Rules 2.8 of the Takeovers Code, the Independent Board Committee, which comprises all the independent non-executive Directors, who have no direct or indirect interest in the Partial Offer, namely Mr. Lin Qiu Cheng, Mr. Wang Anxin and Mr. Wu Kwok Choi, Chris, has been established to make a recommendation to the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable, and as to the acceptance of the Partial Offer.

We, Grande Capital Limited, have been appointed as the Independent Financial Adviser by the Company pursuant to Rule 2.1 of the Takeovers Code with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Partial Offer, and in particular as to whether the Partial Offer is fair and reasonable, and as to the acceptance of the Partial Offer.

OUR INDEPENDENCE

We are not associated or connected with the Company, the Offeror, their respective controlling shareholders or any party acting in concert with any of them. During the past two years, save for the current appointment as the Independent Financial Adviser to the Independent Board Committee in relation to the Partial Offer, we had no prior engagement with the Company or the Offeror. We are not in the same group as the financial or other professional advisers (including stockbrokers) to the Offeror and the Company. Pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code, and given that (i) remuneration for our engagement to opine on the terms of the Partial Offer is not conditional upon the outcome of the Partial Offer; (ii) no arrangement exists whereby we shall receive any fees or benefits (other than our said remuneration) from the Company or the Offeror, their respective controlling shareholders or any party acting in concert with any of them; and (iii) our engagement is on normal commercial terms, we are considered to be independent and can act as the Independent Financial Adviser to the Independent Board Committee in relation to the Partial Offer.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Partial Offer Announcement, the Offer Document, the Response Document and/or information provided to us by the Company, the Directors and the management of the Company (collectively, the **“Management”**). Our review procedures include review of (a) the annual reports of the Group for the years ended 31 March 2024 and 2025 (the **“2024AR”** and **“2025AR”**, respectively) and the interim reports of the Group for the six months ended 30 September 2024 (the **“2024IR”**); (b) the announcement of the Company dated 10 November 2025 in relation to, among other things, the profit warning of the Company for the year ended 31 March 2025 (the **“Profit Warning”**); (c) the Offer Document; (d) the announcement of the Offeror dated 4 June, 3 July, 1 August, 20 August, 19 September, 8 October, 28 October and 4 November 2025, in relation to, among other things, details of the Partial Offer and the revised timetable of the Partial Offer; (e) the Response Document; (f) the announcement of the Company dated 21 August 2024, in relation to, among other things, the invalid purported requisition relating to the removal of certain Directors and appointment of Directors (the **“Invalid Purported Requisition”**) and the announcement of the Company dated 30 August 2024, in relation to, among other things, the Company not convening an extra ordinary general meeting pursuant to the Invalid Purported Requisition; (g) the announcements of the Company dated 4 November 2024, 17 November 2024, 20 December 2024, 27 December 2024, 5 January 2025, 10 January 2025, 21 February 2025, 24 February 2025, 7 March 2025, 11 March 2025 and 25 March 2025 and the circular of the Company dated 14 November 2024, in relation to, among other things, the purported requisition relating to the removal of certain Directors and appointment of Directors (the **“Purported Requisition”**); (h) the announcements of the Company dated 30 September 2024, 25 October 2024 and 21 November 2024, in relation to, among other things, the proposed issue by way of rights of the rights shares (the **“Rights Issue”**); (i) the announcements of the Company dated 29 November 2024, 12 December 2024, 7 January 2025, 28 January 2025, 30 April 2025, 30 June 2025 and 7 July 2025, in relation to, among other things, the delay in the publication of the interim results of the Company for the six months ended 30 September 2024 (the **“2024 Interim Results”**), the establishment of the independent investigation committee, the appointment of the independent forensic accountant and updates on the forensic investigation and internal control review (the **“Forensic Investigation and IC Review”**); (j) the announcements of the Company dated 26 November 2024, 29 November 2024, 2 December 2024 and 23 January 2025 in relation to, among other things, the resignation of key personnel of the Company and/or suspension of duties of certain Directors; (k) the announcements dated 5 March 2025, 6 March 2025, 11 March 2025, 13 March 2025 and 12 September 2025 in relation to appointment of certain Directors, the resignation of the Company Secretary and the appointment of Company Secretary (the **“Board Composition Change”**); (l) the announcements of the Company dated 16 January 2025, 28 February 2025, 2 June 2025 and 2 September 2025 in relation to, among other things, the resumption guidance (the **“Resumption Guidance”**) and quarterly update on progress of the resumption of trading in the Shares; (m) the announcement dated 22 April 2025 in relation to a legal proceeding in respect of a fund-raising transaction; (n) relevant announcements published by the Offeror; (o) other relevant announcements published by the Company; (p) the share price performance; (q) the trading liquidity of the Company; and (r) comparable companies to the Company.

We have assumed that all statements, information, opinions and representations contained or referred to in the Partial Offer Announcement, the Offer Document, the Response Document and/or information provided to us were true, accurate and complete at the time they were made and continued to be so as at the Latest Practicable Date. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Offer Document and the Response Document, save and except for this letter of advice. The Company will notify the Qualifying Shareholders of any material change to the information contained or referred to in the Response Document as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Qualifying Shareholders will also be informed as soon as possible when there is any material change to the information contained or referred to herein as well as changes to our opinions, if any, after the Latest Practicable Date and throughout the Offer Period.

We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in this Response Document and to provide a reasonable basis for our advice. We have no reason to believe that any statement, information, opinion or representation relied on by us in forming our opinions is untrue, inaccurate or misleading, nor are we aware of any material fact whose omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business, financial conditions and affairs or the future prospects of the Group nor have we carried out any independent verification of the information supplied to us.

As set out in the responsibility statement in Appendix II of this Response Document, all the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Response Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Response Document have been arrived at after due and careful consideration and there are no other facts not contained in the Response Document, the omission of which would make any statement in this Response Document misleading.

As set out in the responsibility statement in Appendix II of the Offer Document, the directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in the Offer Document and confirms, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in the Offer Document, the omission of which would make any statements in this Offer Document misleading. The information relating to the Company/ Group in the Offer Document has been extracted from or based on the published information of the Company, including its annual report for the financial year ended 31 March 2024, the Previous Response Documents, its Monthly Return and the record made of disclosures of interests in its shares pursuant to Part XV of the SFO available on the website of the Stock Exchange. The only responsibility accepted by the directors of the Offeror in respect of such information is for the correctness and fairness of its reproduction or presentation.

We have not considered the taxation implication, if any, on the Qualifying Shareholders as a result of the acceptance or non-acceptance of the Partial Offer. We will not accept responsibility for any tax effect or liability that may potentially be incurred by the Qualifying Shareholders as a result of the Partial Offer. In particular, Qualifying Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek advice from their own professional advisers on tax matters.

This letter is issued for the information of the Independent Board Committee and the Qualifying Shareholders solely in connection with their consideration of matters relating to the Partial Offer, and, except for its inclusion in this 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE PARTIAL OFFER

In assessing the Partial Offer and in giving our recommendation to the Independent Board Committee, we have taken into account the following principal factors and reasons:

1. Terms and Conditions of the Partial Offer

The Partial Offer

Mango Financial is making the Partial Offer for and on behalf of the Offeror in compliance with the Takeovers Code and on the terms set out in the Offer Document at the following Offer Price:

For each Offer Share HK\$0.056 in cash

The Offer Price of HK\$0.056 per Share was determined after taking into account, among other things, the historical closing prices of the Shares prior to the Trading Suspension, the trading liquidity of the Shares prior to the Trading Suspension, the financial performance of the Company, and the risk posed in case the Company is unable to meet the Resumption Guidance and the Shares are delisted.

The Company confirms that, as at the Latest Practicable Date, (a) it has not declared any dividend which is not yet paid; and (b) it does not have any intention to declare or pay any future dividends or make other distributions prior to and including the date of closing or lapse of the Partial Offer. If, after the Latest Practicable Date and up to the Final Closing Date, any dividend or other distribution is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the net amount of such dividend or other distribution in respect of each Offer Share, in which cast any reference made to the Offer Document or any announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

Pre-Conditions to the Partial Offer

As disclosed in the Partial Offer Announcement, the making of the Partial Offer was subject to the obtaining of (i) consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code; and (ii) the approval by the shareholders of the Offeror in respect of the Partial Offer at the EGM.

As disclosed in the announcement of the Offeror dated 28 October 2025 in relation to, among other things, poll results of the EGM, the Offeror announced that all Pre-Conditions had been fulfilled on 28 October 2025.

Condition of the Partial Offer

As disclosed in the Offer Document, the Partial Offer is subject to the Condition that valid acceptances being received (and not, where permitted, withdrawn) in respect of a minimum of 180,000,000 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 180,000,000 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; and
- (ii) for not less than the required number of 180,000,000 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.

Pursuant to Rule 15.1 of the Takeovers Code, where the Company's board circular is posted after the date of the Offer Document, the Partial Offer must initially be open for acceptance for at least 28 days following the Despatch Date.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances prior to the First Closing Date, provided that Rule 15.3 of the Takeovers Code is complied with, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

Accordingly, if the acceptance condition of the Partial Offer is fulfilled during the period between the Despatch Date and the date which is 14 days before the First Closing Date, the Offeror must declare the Partial Offer unconditional as to acceptances on the day the acceptance condition is met, provided that the Partial Offer would remain open for acceptance for not less than 14 days thereafter, and the Offeror cannot extend the First Closing Date and the Final Closing Date would be on (but no earlier than) the First Closing Date. If the acceptance condition of the Partial Offer is fulfilled within the 14-day period before the First Closing Date, the Partial Offer would remain open for acceptance for 14 days after the Partial Offer is declared unconditional as to acceptance (i.e. the Final Closing Date).

For the avoidance of doubt, the Company has no knowledge and information as to whether the condition above has been fulfilled as at the Latest Practicable Date.

Pursuant to the Offer Document, the Offeror will issue an announcement in relation to the revision, extension or lapse of the Partial Offer or the fulfilment of the condition above in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Partial Offer unconditional in all respects is 7:00 p.m. on 5 January 2026.

2. Information on the Group

(a) *Principal business of the Group*

As disclosed in the Letter from the Board and 2025AR, the Group is principally engaged in the supply chain business for branded goods and consumer products in the Greater China region. The Group's core activities encompass a comprehensive range of brand digitisation services, such as brand management, brand promotion and brand supply chain, thereby establishing an integrated industry chain. In addition, the Company is also engaged in the supply chain, sales and marketing, and brand building of daily cleaning, anti-epidemic and licensed branded consumer goods. As disclosed in the 2025AR, the Group is currently expanding its business into various consumer goods markets through partnership with TCL Commercial to extended their brand supply chain into smart home appliances and consumer electronics during FY2025 (as defined below).

In summary, the Group principal business includes:

(a) *Supply chain*

The Group is engaged in the comprehensive supply chain business for branded goods, consumer products and commodities, focusing on assisting brand suppliers to expand their online and offline sales channels, establishing direct sales channels with end customers (B2C2C), and offering various value-added services such as brand building, management and promotion for brand owners (or their advertising agents) to form a complete industry chain. The brand promotion services that Group offers includes digital intelligent marketing plan to enhance customers' brand awareness and boost product sales through different online and offline platforms, including scenario-based digital media in hotel venues and various social media platforms such as TikTok, Kuaishou. etc.

(b) *Daily cleaning and anti-epidemic products*

The sales of daily cleaning, anti-epidemic and other consumable products business of Group is principally in relation to the sale, marketing and brand building of the products under the brand “易安生”/“E'ANSN” which the Group possesses and the supply chain including the formula, brand and package design of the anti-epidemic and daily cleaning products.

(c) *Licensed branded consumer goods*

The business in relation to sale of licensed branded consumer goods includes licensed branded watches and ladies' handbags through the established sales channels, including direct export sales, e-commerce app and live video streaming television channels (covering several television networks in Beijing, Jiangxi, Shandong and Sichuan).

(b) *Historical financial information of the Group*

Financial performance of the Group

Set out below is a summary of the consolidated financial information of the Group for the years ended 31 March 2024 (“FY2024”) and 31 March 2025 (“FY2025”) as extracted from the 2024AR and 2025AR, respectively:

	FY2025 <i>HK\$'000</i> <i>(Audited)</i>	FY2024 <i>HK\$'000</i> <i>(Audited)</i>
<i>Continuing operations</i>		
Revenue	177,551	184,086
– Supply Chain business	167,227	174,311
– Daily cleaning, anti-epidemic and other consumable products	9,496	8,055
– Licensed branded consumer goods	828	1,720
Cost of sales	(161,640)	(152,226)
Gross Profit	15,911	31,860
Selling expenses	(10,710)	(4,211)
Other operating expenses	(24,130)	(24,096)
Net allowance for expected credit losses on trade and other receivables	(32,503)	(27,767)
Loss for the year from continuing operations	(55,732)	(28,954)
Loss for the year from discontinued operation	(41,154)	(1,954)
Loss for the year	(96,886)	(30,908)

FY2025 compared with FY2024

The Group's revenue was generated from the supply chain business segment, the daily cleaning, anti-epidemic and other consumable products segment, and the licensed branded consumer goods segment. For FY2025, the Group recorded turnover of approximately HK\$177.6 million (FY2024: approximately HK\$184.1 million), largely consistent with previous year. During the first half of 2025, the Group reported a substantial year-on-year revenue increase of 179%, which was mainly driven by the strategic expansion of the supply chain business with a focus on brand promotion services, which commenced in the second half of 2023. The brand promotion services include digital intelligent marketing plans to customers to enhance customers' brand awareness and boost product sales through online and offline platforms – including hotel media and social media platforms such as TikTok, Kuaishou. In particular, for the supply chain business segment, revenue from provision of brand promotion services increased by three times during the first half of 2025 as compared to that of last year and the revenue from sales of commodities also rose by 2.5 times, reflecting the sales team's success in diversifying the product portfolio and expanding the customer base. Notwithstanding the strong first-half performance in 2025, full-year revenue moderated to a level consistent with FY2024, principally due to the Board Composition Change and suspension of duties of certain Executive Directors for a certain period of time in the second half of 2025 leading to the unstable operation and loss of some major customers accounts.

The Group's gross profit for FY2025 has decreased to approximately HK\$15.9 million (FY2024: approximately HK\$31.9 million), representing a decrement by approximately 50% compared to last year. A gross profit of approximately HK\$10.86 million with average gross profit margin of 8.8% was generated by the provision of brand promotion services that the Group started during FY2025 (FY2024: approximately HK\$28.3 million). The decline in gross profit was primarily a result of the Group's strategic expansion in its supply chain business which increased its cost of sales, and the Group's strategic decision to offer volume-based rebates to certain brand promotion clients.

In addition to the decrement in gross profit for FY2025, the Group recorded net allowance for ECL on trade and other receivables which is of non-cash nature during FY2025 of approximately HK\$32.5 million (FY2024: approximately HK\$27.8 million). The increase was mainly due to (i) the additional allowance for ECL of approximately HK\$18.6 million on trade receivables with reference to the aging of the outstanding balances as at 31 March 2025; (ii) the additional allowance for ECL of approximately HK\$4.6 million due to a high level of impairment risk related to the loan granted to Graceful Ocean International Group Holding Limited; and (iii) net allowance for ECL of approximately HK\$9.3 million for certain long outstanding other receivables where the expected possibility of repayment was considered remote.

During FY2025, the Group recorded selling expenses of approximately HK\$10.7 million (FY2024: approximately HK\$4.2 million). The increment was mainly due to (i) the additional headcount recruited for the development of the supply chain business segment and offering of various value-added services, such as brand promotion, to our customers in the first half of the financial year and (ii) the participation in ‘City Corridor’ project since April 2024, through which the Group acquired offline advertising spaces in mid-to-high-end hotel clusters across major cities in China for providing a physical platform for supply chain customers to showcase products and run promotional campaigns, thereby amplifying the marketing impact.

In addition, the Group has completed the disposal of Admiral Glory Group Global Limited and its subsidiaries for a cash consideration of approximately HK\$22,000 on 28 June 2024 and the results of which are considered as discontinued operation in the consolidated financial statements for FY2025 and FY2024, respectively.

Despite the Group has achieved a gross profit of approximately HK\$15.9 million during the year by making a proactive effort in developing its businesses, the Group has recognised (i) loss on disposal of Admiral Glory Group Global Limited and its subsidiaries as mentioned above of approximately HK\$40.7 million (2024: Nil); (ii) net allowance for ECL on trade and other receivables which is of non-cash nature of approximately HK\$32.5 million (2024: approximately HK\$27.8 million) and impairment losses and written-off of property, plant and equipment and right-of-use assets of approximately HK\$2.5 million (2024: approximately HK\$173,000), which are of non-cash nature, during the year. As a result, the Group recorded a loss for the year of approximately HK\$96.9 million (2024: approximately HK\$30.9 million), representing an increase of approximately 2.1 times from the previous year. Excluding the one-off expenses in (i) and (ii), the Group would have achieved a loss from operating activities in the amount of approximately HK\$18.6 million for FY2025, compared to a profit from operating activities of approximately HK\$4.6 million for FY2024 if calculated on the same basis.

Financial position of the Group

Set out below is a summary of the audited consolidated financial positions of the Group extracted from the 2025AR:

	As at 31 March 2025 (Audited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Non-current assets	1,134	5,846
Current assets	131,578	249,813
– Trade receivable	80,030	167,046
Assets classified as held for sale	–	5,019
Total assets	132,712	255,659
Non-current liabilities	505	2,015
Current liabilities	82,136	201,409
Total liabilities	82,641	203,424
Total assets less current liabilities	50,576	54,250
Equity attributable to owners of the Company	50,540	124,095
Non-controlling interest	(469)	(71,860)
Total equity	50,071	52,235

As at 31 March 2025

As at 31 March 2025, the Group had available cash and cash balances amounted to approximately HK\$18.5 million (31 March 2024: approximately HK\$27.1 million). Net current assets of the Group on 31 March 2025 amounted to approximately HK\$49.4 million (31 March 2024: approximately HK\$48.4 million). As at 31 March 2025, the Group's total current assets and current liabilities were approximately HK\$131.6 million (31 March 2024: approximately HK\$249.8 million) and HK\$82.1 million (31 March 2024: approximately HK\$201.4 million), respectively, while the current ratio was approximately 1.6 times (31 March 2024: approximately 1.2 times). Non-current assets as at 31 March 2025 decreased to approximately HK\$1.1 million from approximately HK\$5.8 million mainly attributable to the impairment losses and written off of property, plant and equipment and right-of-use assets during FY2025. For substantial decrement in current assets as at 31 March 2025 was mainly attributable to the decrease in trade receivables by approximately 52.1% from approximately HK\$167.0 million as at 31 March 2024 to approximately HK\$80.0 million as at 31 March 2025 due to faster settlements received from customers. As at 31 March 2025,

the Group's assets liabilities ratio (total liabilities to total assets) was approximately 0.6 times (31 March 2024: approximately 0.8 times). As at 31 March 2025, total liabilities of the Group decreased to approximately HK\$82.6 million from approximately HK\$203.4 million, mainly attributable to (i) substantial reduction in trade payables by approximately 60.6% from approximately HK\$129.3 million as at 31 March 2024 to approximately HK\$51.0 million as at 31 March 2025 resulted from faster settlement to its creditors; and (ii) absence of liabilities associated with assets classified as held for sale as at 31 March 2025 while amounted to approximately HK\$33.9 million as at 31 March 2024. The Group's total equity decreased from approximately HK\$52.2 million as at 31 March 2024 to approximately HK\$50.1 million as at 31 March 2025, which was due to the combined effects of (i) loss recorded for FY2025; (ii) Share Subscription under general mandate by the Offeror on 25 September 2024, which has increased the share capital and share premium by approximately HK\$27.8 million; and (iii) disposal of Admiral Glory Group Global Limited and its subsidiaries on 28 June 2024.

(c) *Future prospects and recent developments of the Group*

(i) *Business performance and internal control*

As disclosed in the Letter from the Board, the Group is principally engaged in the supply chain business for branded goods and consumer products in the Greater China region.

As disclosed in the 2025AR, the Group recorded continuous loss attributable to owners of the Company of approximately HK\$26.4 million, HK\$40.8 million, HK\$21.7 million, HK\$32.0 million and HK\$97.8 million each of the five years ended 31 March 2021, 2022, 2023, 2024 and 2025, respectively. The increment in loss of the Group for the year ended 31 March 2025 was mainly due to disposal of subsidiaries, excluding the one-off effect of disposal, the loss would be approximately HK\$57.1 million.

According to 2025AR, the decrease in gross profit for FY2025 was mainly attributable to an increase in its cost of sales as a result of the Group's strategic expansion of the supply chain business and the strategic decision to offer volume-based rebates to certain brand promotion clients compared to FY2024.

Also, it is worth noting that (a) the Group actually reported a substantial 179.0% year-on-year revenue increase for the first half of FY2025 driven by the strategic expansion of the supply chain business, which commenced in the second half of 2023; (b) revenue from provision of brand promotion services standalone increased by 3 times during the first half of FY2025 as compared to that of FY2024 and revenue from sales of commodities also rose significantly by 2.5 times for the same period reflecting the sales team's success in diversifying the product portfolio and expanding the customer base; (c) the Company forged strategic partnership with leading enterprise TCL Commercial Information Technology

(Huizhou) Limited Liability Company, a Fortune Global 500 company, for expansion in the Company's brand supply chain footprint in smart home appliances and consumer electronics, enhancing penetration in technology-driven consumer markets; (d) the initial agreement with ZhiHang Feigou to leverage their revolutionary drone technology and application to elevate the e-commerce and logistic infrastructure and advance the supply chain integration capacity to produce a more efficient, intelligent and comprehensive supply chain service. Therefore, we believed that the deteriorated results in FY2025 was mainly affected by the suspension of trading in the Shares since December 2024, Board Composition Change and suspension of duties of certain executive directors who are responsible for business operations of the Group and reshuffle of the Board, which resulted in the loss of some major customers accounts and significant slowdown in business development, and, revenue trends moderated in the second half of FY2025. With the continual efforts from the existing management after the Board Composition Change, the business operation is stabilized and significant new business opportunities was also introduced by the existing management, it is likely that would have positive impact on the business in the provision of brand promotion services in the near future.

Nonetheless, at the same time, apart from PRC, the Company is actively expanding into the international markets by starting its brand supply chain business in Southeast Asia aiming to create a powerful and connected global network. As at the Latest Practicable Date, the Company has successfully entered into a global AI business travel supply chain purchase agreement with a Taiwanese Company in relation to supply by the company of AI intelligent hardware associated software systems, SaaS services and brand licenses for a contract sum up to approximately US\$82.5 million (equivalent to approximately HK\$640 million). This signifies the Company's continual effort, execution ability and successful business development strategy so as to create lasting value for all stakeholders.

As disclosed in the announcement of the Company dated 30 April 2025, the Company has engaged Acclime Corporate Advisory (Hong Kong) Limited ("**Independent Investigator**") as the independent forensic accountant in place of McMillan to conduct the forensic investigation ("**Forensic Investigation**") on the Governance Issues that have led to the delay in the publication of the 2024 Interim Results and the despatch of the 2024IR including the alleged unusual transactions entered into between certain operating subsidiaries of the Company established in the PRC and certain companies established in the PRC with insufficient documentary evidence on the income generated, costs incurred, the nature of the relationship between the relevant parties to such transactions and the investment activities of such operating subsidiaries during the period of the six months ended 30 September 2024 (the "**Allegations**").

As at the Latest Practicable Date, the Independent Investigator has completed the Forensic Investigation and issued the Forensic Investigation Report on 30 June 2025. The Independent Investigator has also issued supplemental letters to the Independent Committee and the Stock Exchange on 6 August 2025 and 6 November 2025 to supplement its review procedures and findings of the Forensic Investigation in order to address the queries and observations made by the Stock Exchange in relation to the Forensic Investigation. The Company is in the process of replying queries from the Stock Exchange on the Forensic Investigation Report and its supplemental letters. Based on the findings of the Forensic Investigation Report and supplemental letters issued by the Independent Investigator, the Independent Investigator is of the view that there is no (or insufficient) evidence to support any of the allegations made by the previous Board (save for Mr. Zhao Zhenzhong, Ms. Qin Jiali and Mr. Guo Wei) regarding the Allegations to be true or made with reasonable basis, in particular there is no (or insufficient) evidence to suggest any reasonable regulatory concern about the integrity, character and competence of the Group's management and/or any person with substantial influence over the Company's management and operations (including Mr. Zhao Zhenzhong, Ms. Qin Jiali and Mr. Guo Wei who are the targets of the Forensic Investigation). Also, based on the review of the findings of the Forensic Investigation, nothing has come to the attention of the Independent Committee and the Board (save for Mr. Zhao Zhenzhong, Ms. Qin Jiali and Mr. Guo Wei) that gives rise to concern about the integrity, competence or character of the Directors or senior management of the Company (including Mr. Zhao Zhenzhong, Ms. Qin Jiali and Mr. Guo Wei) which may pose a risk to investors and damage market confidence. For details of the Forensic Investigation, please refer to the announcement of the Company dated 18 November 2025 in relation to the key findings and results of the Forensic Investigation.

As disclosed in the announcement of the Company dated 30 April 2025, the Company has engaged SHINEWING Risk Services Limited as its internal control consultant (the “**IC Consultant**”) to conduct a review of the internal control systems and procedures of the Group (the “**Internal Control Review**”), and to provide recommendations and perform follow-up review (the “**Follow-up Review**”) on the remedial measures implemented by the Company. The scope of the Internal Control Review included a review on the procedures, systems, controls (including accounting and management systems) of the Group, covering the period from 1 April 2024 to 31 March 2025. The Follow-up Review covered the period from 1 April 2025 to 31 October 2025.

As at the Latest Practicable Date, the IC Consultant has completed the Internal Control Review and the Follow-up Review. The IC Consultant has also taken into account the queries made by the Stock Exchange in relation to the Internal Control Review and updated the Internal Control Review report. The Company is in the process of replying queries from the Stock Exchange on the Internal Control Review Report. Based on the findings of the Internal Control Review report, the IC Consultant confirmed that the Group has implemented all the remedial measures suggested in the Internal Control Review report to address the identified internal control deficiencies. The IC Consultant is of the view that the Group's current internal control system is adequate and effective in preventing and detecting the internal control issues identified in the Forensic Investigation Report and the Internal Control Review Report, and in complying with the requirements of the Listing Rules.

For details of the Internal Control Review and the views of the Independent Committee in relation to the Internal Control Review, please refer to the announcement of the Company dated 18 November 2025 in relation to the key findings and results of the Internal Control Review.

(ii) Outstanding financial results of the Company

As disclosed in the announcement of the Company dated 6 November 2025, the Board meeting was held on 18 November 2025 for the purpose of approving, inter alia, the 2024 Interim Results and the 2025 Annual Results and their publication. As at the date of the Response Document, the Company has published all outstanding financial results required under the Listing Rules (i.e. the 2024 Interim Results, the 2025 Annual Results, the 2024IR and 2025AR) on 18 November 2025.

No modified or qualified opinion, emphasis of matter or material uncertainty related to going concern was contained in the reports of the auditors of the Company in respect of the 2025AR.

(iii) The suspension of trading and the Resumption Guidance

References are made to the announcements of the Company dated 29 November 2024, 12 December 2024, 7 January 2025 and 28 January 2025, in relation to, among other things, the suspension of trading in the Shares and the announcement of the Company dated 16 January 2025, in relation to, among other things, the Resumption Guidance. As the Latest Practicable Date, the Company has made substantial and positive development and progress in fulfilling the Resumption Guidance including the following: (a) published all outstanding financial results required under the Listing Rules and no audit modifications; (b) completed an independent forensic investigation into the Issues, assess the impact on the Company's business operation and financial position and announced the findings on 18 November 2025 and take appropriate remedial actions; (c) demonstrated that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any person with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence; (d) completed an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules; (e) continued seeking expansion in its business with secured material contracts with overseas market as mentioned above and demonstrated the Company's compliance with Rule 13.24 of the Listing Rules; and (f) informed the market of all material information for the Company's shareholders and other investors to appraise the Company's position. For further details of the resumption progress, please refer to "Letter from the Board".

Taking into account the above circumstances, the Board has reasonable grounds to believe that the resumption progress is satisfactory, however, up to the Latest Practicable Date, the Company has yet received any clearance from the Stock Exchange on the fulfilment of all Resumption Guidance. Therefore, under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 1 June 2026. If the Company fails to remedy the issues causing its trading suspension, fulfill the resumption guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 1 June 2026, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period or to cancel the listing of the Company immediately, where appropriate.

We remind the Qualifying Shareholders that if the listing status of the Company is eventually cancelled by the Stock Exchange, they will be holding the Shares of an unlisted public/private company, where trading of the Shares will no longer be easily accessible and no information transparency as compared to the platform offered by the Stock Exchange. Accordingly, we are of the view that the Partial Offer on the other hand can provide an opportunity for Qualifying Shareholders to exit at a price which is at premium to the closing price of the Shares prior to the suspension of trading of the Shares since 2 December 2024, with the suspension of the trading in the Shares in place until the Company meets all Resumption Guidance and remedies the issues causing its trading suspension and fully complies with the Listing Rules to the Stock Exchange's satisfaction.

Contrary to the Offeror's Allegations set out in the Offer Document, since the reconstitution of the Board in mid-March 2025, the management of the Company has been working closing with its professional advisers and proactively taking all necessary and appropriate steps to comply with the Resumption Guidance with the aim to resuming trading in its shares on the Stock Exchange as soon as practicable. Meanwhile, the Company has published all the outstanding financial results as required under the Listing Rules and demonstrated the compliance of Rule 13.24, taking into account that the resumption deadline will be 1 June 2026, we are of the view that the chance of resumption of trading of Shares is optimistic. In addition, with respect to the material contract entered with a contract sum of approximately US\$82.5 million, it is expected to generate more than HK\$300 million revenue to the Group for the next two years, we also expect that the Group will have a better prospect with solid revenue stream.

3. Information on the Offeror

(i) *The Offeror*

As set out in the “Letter from Mango Financial” contained in the Offer Document, the Offeror is a limited liability company incorporated in the Cayman Islands with its shares listed on the Main Board of the Stock Exchange (stock code: 1217). The Offeror is principally engaged in investments with its principal investment objective to achieve medium to long-term capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and the PRC.

As at the Latest Practicable Date, the Offeror is held by Harvest Rise Investments Limited as to approximately 29.82%, which is a private company wholly and beneficially owned by China Trends Holdings Limited (“**China Trends**”), a public company incorporated in the Cayman Islands (the shares of which were formerly listed on GEM of the Stock Exchange (stock code: 8171)), which is in turn indirectly held by China Technology Education Trust Association (the “**Trust Association**”) as to approximately 29.45%, being the single largest shareholder of China Trends. The remaining shareholding interest in China Trends is held by independent third parties of the Offeror. The Trust Association is a society registered under the provisions of section 5A(1) of the Societies Ordinance (Chapter 151 of the Laws of Hong Kong) in 2005, which is a charitable society providing charity and financial aid to technology education and employment in Hong Kong and Mainland China.

The Offeror and the parties acting in concert with it held 226,000,000 Shares, representing approximately 16.66% of the Company’s issued share capital, as at the Latest Practicable Date.

Further details are set out in the “Letter from Mango Financial” contained in the Offer Document.

(ii) *Offeror’s intention in relation to the Partial Offer*

As disclosed in the “Letter from Mango Financial” contained in the Offer Document, the Offeror is not satisfied with the resumption progress of the Company and to follow up on (a) the Resumption Guidance, (b) the timely publication of the financial results of the Company required under the Listing Rules, (c) the investigation of Ms. Qin Jiali and Mr. Zhao Zhenzhong, both being the executive Directors and the authorised representatives of certain operating subsidiaries of the Group in the PRC, who were alleged to have entered into unauthorised or unusual transactions with certain companies established in the PRC and to have failed to provide sufficient written documentary evidence to support the revenue generated by these operating subsidiaries during the six months ended 30 September 2024, and (d) any remedial and/or rectification actions required. Please refer to the Company’s announcements dated 29 November 2024, 12 December 2024, 7 January 2025, 16 January 2025, 28 January 2025 and 28 February 2025 for these various issues (collectively, the “**Governance Issues**”).

In addition, the Offeror is also not satisfied with (i) the fact that the two former Directors (namely, Mr. Xiang Xin and Ms. Chen Xinqiong) nominated by the Offeror in connection with the Share Subscription were removed as Directors with effect from 11 March 2025, subsequent to which the Offeror has no representative on the board of the Company up to the latest practicable date of the Offer Document. The removal of the aforementioned Directors has seriously affected the Offeror's management rights over the Company as an investor; and (ii) Mr. Guo Wei's performance as a Director, whose directorship was previously suspended as he has (a) allegedly neglected to carry out his duties as a Director to accept full responsibility for the accuracy of information contained in the Previous Response Document pursuant to Rule 9.3 of the Takeovers Code; and (b) allegedly failed to be in contact with the management of the Company since 21 February 2025 for no apparent reason despite the repeated and consistent attempts by the Company, details of which are set out in the Company's announcement dated 5 March 2025. The Offeror also notes that at the extraordinary general meeting of the Company held on 25 April 2025, the ordinary resolution proposed thereat to remove Mr. Guo Wei as a Director with immediate effect was voted down by the Shareholders based on the poll results announcement of the Company dated 25 April 2025 (collectively, the "**Directorship Issues**" and together with the "**Governance Issues**", the "**Issues**"). In addition, according to the Offer Document, the Offeror has made claims against the Company in relation to certain representations made by the Company under the Share Subscription regarding certain alleged governance deficiencies ("**Undisclosed Matters**"), which was alleged by the Offeror that such Undisclosed Matters were not made known to the Offeror at the time of Subscription. According to the Offer Document, the Offeror alleged that it intended to increase its stake in the Company to exert further pressure and influence on the Company and its management with the view to addressing and resolving the Issues and Undisclosed Matters.

As an investment company, the Offeror has been actively seeking suitable investments to be made in listed and unlisted companies which are of high quality, so that the Offeror could strive for medium to long term gains from capital appreciation in the course of securitization of corporate assets invested.

The Offeror is now particularly concerned with its investment in the Company which has greatly impaired by the Issues. Yet, pursuant to Rules 21.04(3)(a) and 21.12(5) of the Listing Rules, the Offeror is not allowed to take up a controlling take in another listed company. The Offeror therefore could not address and rectify the Issues by taking up a controlling stake in the Company nor is there an apparent open market to dispose of its investment in the Company.

As a result, the Offeror sees it appropriate to increase its stake in the Company short of becoming its controlling shareholder, in order to exert further pressure and influence on the Company and its management to address and rectify the Issues to the Offeror's satisfaction. In particular, upon completion of the Partial Offer, the Offeror will be able to exercise its veto rights in respect of any special resolution(s) requiring a majority of not less than three-fourths of votes cast by the Shareholders at the general meeting of the Company pursuant to the amended and restated articles of association of the Company or the laws of the Cayman Islands. As such, the Offeror considers that the foregoing are necessary steps in safeguarding its investment in the Company and provide negotiation leverage in exerting further pressure and influence on the Company.

Further details are set out in the “Letter from Mango Financial” contained in the Offer Document.

(iii) Public Float of the Company

As disclosed in the Letter from the Board, as at the Latest Practicable Date, the Company has a public float of approximately 68.47% of the Shares in issue. Assuming (i) full acceptance of the Partial Offer by the Qualifying Shareholders; and (ii) that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing Date, the Company will have a public float in excess of 25% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 8.08 of the Listing Rules.

The Stock Exchange has stated that if, at the close of the Partial Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market.

then it will consider exercising its discretion to suspend dealings in the Shares.

As at the Latest Practicable Date, the Company had a public float of approximately 64.80% of the Shares in issue. Assuming (i) full acceptances of the Partial Offer by the Qualifying Shareholders; and (ii) that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing Date, the Company will have a public float in excess of 25% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 8.08 of the Listing Rules. As stated in the Offer Document, the Offeror intends that the Company to remain listed on the Stock Exchange, and the directors of the Offeror and the new directors to be appointed to the Board of the Company (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

(iv) Compulsory acquisition

The Offeror will not have the power of compulsory acquisition of any Offer Shares outstanding and not acquired under the Partial Offer after the close of the Partial Offer. Further details are set out in the “Letter from Mango Financial” contained in the Offer Document.

(v) *Response of the Company on the Offeror's intention in relation to the Partial Offer*

The Partial Offer is uninvited and as at the Latest Practicable Date, the Offeror and the Board have not had any discussion on the long-term strategic and development plan on the Group and its employees. The Offeror is seeking to increase its stake in the Company short of becoming a controlling shareholder of the Company. The Board also noted that the Offeror has no intention to carry out any major changes to the business of the Company (including any redeployment of the fixed assets of the Company), or to the continued employment of the employees of the Group as disclosed in the Offer Document.

(vi) *Our view*

Considering that (1) the Partial Offer is uninvited and as at the Latest Practicable Date, the Offeror and the Board have not had any discussion on the long-term strategic and development plan on the Group, and (2) while the Offeror is principally engaged in investments with its principal investment objective to achieve medium to long-term capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and the PRC, the Offer Document merely mentioned that the Offeror would like to address and rectify the Issues claimed by itself and lacks information as to the future development plan in relation to the business industry of the Group, we are of the view that it is uncertain whether the background and intention of the Offeror are beneficial to the Company and in the interests of the Company and the Qualifying Shareholders as a whole.

4. Analysis of the Offer Price

To assess the fairness and reasonableness of the Offer price, we have considered the following factors:

(a) *Comparison of the Offer Price*

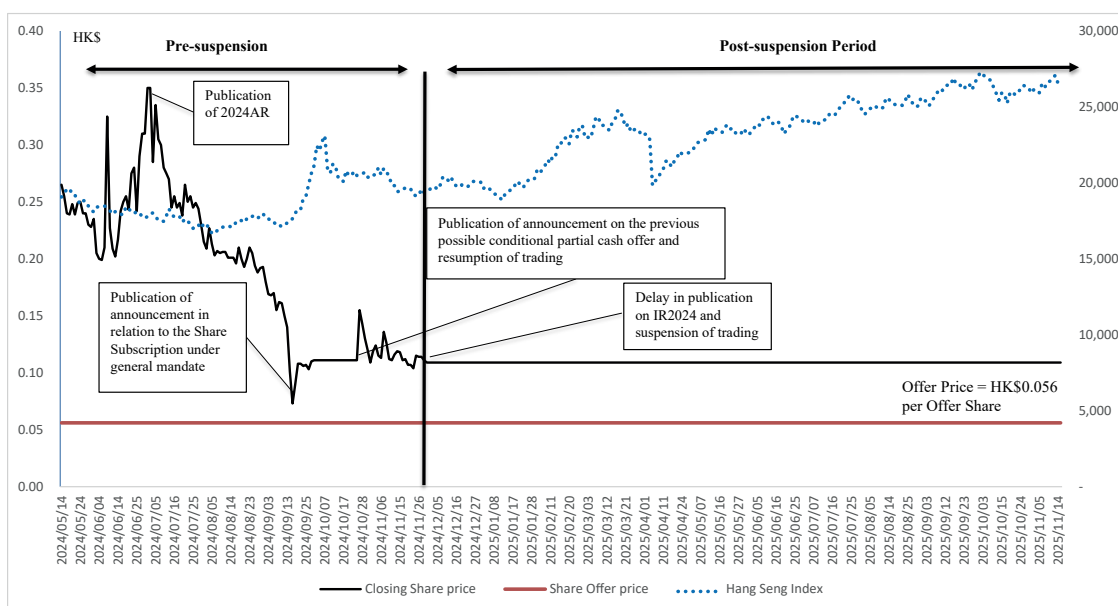
The Offer Price of HK\$0.056 per Offer Share represents:

- (i) a discount of approximately 48.62% to the closing price of HK\$0.109 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 50.00% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the trading day immediately before the Last Trading Day of approximately HK\$0.112 per Share;
- (iii) a discount of approximately 50.44% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.113 per Share;

- (iv) a discount of approximately 49.09% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.110 per Share;
- (v) a discount of approximately 52.14% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.117 per Share;
- (vi) a discount of approximately 39.13% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.092 per Share, calculated based on the audited consolidated net asset value attributable to the Shareholders of approximately HK\$124.1 million as at 31 March 2024 and 1,356,171,754 Shares in issue as at the Latest Practicable Date;
- (vii) a discount of approximately 50.00% to the adjusted unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.112 per Share, calculated based on the audited consolidated net asset value attributable to the shareholders of approximately HK\$124.1 million as at 31 March 2024 plus net proceeds of HK\$27,700,000 from the Share Subscription and 1,356,171,754 Shares in issue as at the Latest Practicable Date;
- (viii) a discount of approximately 29.66% to the adjusted unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.08 per Share, calculated based on the unaudited consolidated net asset value attributable to the shareholders of approximately HK\$80.3 million as at 30 September 2024 plus net proceeds of HK\$27,700,000 from the Share Subscription and 1,356,171,754 Shares in issue as at the Latest Practicable Date; and
- (ix) a premium of approximately 50.13% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.0373 per Share, calculated based on the audited consolidated net asset value attributable to the shareholders of approximately HK\$50.54 million as at 31 March 2025 and 1,356,171,754 Shares in issue as at the Latest Practicable Date.

(b) *Historical price performance of the Shares*

Set out below is the graph illustrating the daily closing prices of the Shares quoted on the Stock Exchange during (i) the period commencing on 14 May 2024, being the twelve-month period prior to the Offeror notified the Board in writing that its intention to make the Partial Offer and ending on the Last Trading Day (the “**Pre-suspension Period**”); and (ii) the period commencing on 2 December 2024, being the date on which trading of the Shares were suspended, and ending on the Latest Practicable Date (the “**Post-suspension Period**”) (collectively, the “**Review Period**”). We consider the Review Period to be a reasonable, representative and sufficient period to illustrate the general trend and level of movements of recent closing prices of the Shares and the relationship between the historical trend of the closing price of the Shares and the Offer Price.



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

From the above chart, we note that during the Review Period, the closing price of the Shares on the Stock Exchange ranged from a low of HK\$0.073 per Share on 17 September 2024 to a high of HK\$0.35 per Share on 2 and 3 July 2024. The Offer Price of HK\$0.056 per Share is out of the range of the aforesaid highest and lowest prices during the Review Period and is below the average closing price of approximately HK\$0.138 per Share during the Review Period, representing a discount of approximately 59.4% to that average.

During the Pre-suspension Period, after the announcement of 2024 Annual Results on 28 June 2024, the closing price of the Shares then slightly recovered and reached HK\$0.35 per Share on 3 July 2024. Since then, the closing price of the Shares continued to experience a downward pressure until mid-September 2024 while reaching the lowest of HK\$0.073 per Share on 17 September 2024 after the announcement of the Share Subscription under general mandate on 15 September 2024. The closing price of Shares recovered to HK\$0.09 per Share on 19 September 2024, being the next trading day after 17 September 2024, and stabilized around HK\$0.103 to HK\$0.111 per Share up to the trading halt pending the release of the announcement in relation to a possible conditional partial cash offer on 24 October 2024, which might have been driven by the surge in trading volume in the same period. Subsequently, the trading of the Shares has been suspended from 2 December 2024 as a result of delay in publication of interim results for the six months ended 30 September 2024. Prior to the suspension, the closing price of the Shares closed at HK\$0.109 per Share on 29 November 2024.

Having considered that the Offer Price (a) represents a discount of approximately 48.62% to the closing price of HK\$0.109 on the Last Trading Day; (b) is out of the range of the lowest closing price of HK\$0.073 per Share and the highest closing price of HK\$0.35 per Share during the Review Period; (c) most of the resumption conditions are met as discussed in the “2. Information of the Group” and without other major issues arise, the Board considered it is probable that the Company could resume its trading of Share shortly within six months in the coming year; and (d) the Offer Price is lower than the cash partial offer price offered to the Qualifying Shareholders in early 2025 of HK\$0.11 per Share, we consider that the Offer Price is not fair or reasonable in such context.

The Partial Offer provides an exit alternative for the Qualifying Shareholders who would like to realise their investments in the Shares, nevertheless, for those Qualifying Shareholders who, after reading through the recent financial statements of the Company and/or the Response Document, are optimistic about the future prospects of the Group after the Partial Offer, may, having regard to their own circumstances, consider retaining all or any part of their Shares.

Qualifying Shareholders, especially those holding significant stakes, should note that if they wish to realise their investments in the Company, they might not be able to dispose of the Shares in the market without exerting a downward pressure on the market price of the Shares taking into account the thin liquidity of the Shares as analysed below.

(c) **Liquidity of the Shares**

Set out below is the table illustrating the daily trading volume of the Shares quoted and the percentages of the relevant average daily trading volume to the total number of issued shares and average daily trading volume to the total number of issued Shares held by the public during the Review Period:

Monthly	Number of trading days	Average daily trading volume (Number of Shares)	Percentage of average daily trading volume to total number of issued Shares (%) (Note 1)	Percentage of average daily trading volume to the total number of issued Shares held by the public (%) (Note 2)
2024				
May (14 May to 31 May)	13	574,923	0.0509%	0.0700%
June	19	7,273,684	0.6436%	0.8861%
July	22	2,014,657	0.1783%	0.2454%
August	22	535,836	0.0474%	0.0653%
September	19	5,614,421	0.4140%	0.6756%
October (Note 3)	5	5,826,600	0.4296%	0.7012%
November (Note 4)	21	912,443	0.0673%	0.1014%
December (Note 4)	—	—	—	—
2025				
January (Note 4)	—	—	—	—
February (Note 4)	—	—	—	—
March (Note 4)	—	—	—	—
April (Note 4)	—	—	—	—
May (Note 4)	—	—	—	—
June (Note 4)	—	—	—	—
July (Note 4)	—	—	—	—
August (Note 4)	—	—	—	—
September (Note 4)	—	—	—	—
October (Note 4)	—	—	—	—
November (from 3 November up to Latest Practicable Date) (Note 4)	—	—	—	—

Notes:

1. Percentage of average daily trading volume to the total number of issued Shares is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue at the end of each month/period.
2. Percentage of average daily trading volume to the total number of issued Shares held by the public is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue held by the Independent Shareholders as at the end of each month/period.
3. Trading of the Shares has been suspended from 2 to 24 October 2024 pending the release of the announcement in relation to a possible conditional partial cash offer on 24 October 2024.
4. Trading of the Shares has been suspended from 2 December 2024 with the Last Trading Day on 29 November 2024 and remained suspension as at the Latest Practicable Date.

As illustrated in the above table, during the Review Period, the average daily trading volume of the Shares on the Stock Exchange amounted to approximately 3.3 million Shares during the Review Period, representing a range from approximately 0.5 million Shares in August 2024 to approximately 7.3 million Shares in June 2024, or approximately 0.0474% in August 2024 to approximately 0.6436% in June 2024 in terms percentage to the total number of total issued Shares as at the end of the respective month and approximately 0.0653% in August 2024 to approximately 0.8861% in June 2024 in terms of percentage to the public float of the Company as at the end of the respective month.

There are only 43 out of 368 trading days during the Review Period which recorded trading volume of more than 0.5% of the issued share capital of the Company and only 7 out of 368 trading days during the Review Period which recorded trading volume of more than 1% of the issued share capital of the Company. This indicates that the liquidity of the Shares had been generally thin during the Review Period.

As discussed above, the Partial Offer provides Qualifying Shareholders with an opportunity to exit at a price representing 48.62% discount to the closing price of the Shares prior to the suspension of trading on 2 December 2024. Trading remains suspended until the Company satisfies all Resumption Guidance, remedies the underlying issues, and fully complies with the Listing Rules to the Stock Exchange's satisfaction. Nevertheless, given the historically thin daily trading volume of the Shares during the Review Period, there is uncertainty as to whether sufficient liquidity will be available for Qualifying Shareholders to dispose of a significant number of Shares on the Stock Exchange without exerting downward pressure on the Share price once trading resumes upon the Company's satisfaction of all Resumption Guidance, remediation of the underlying issues, and full compliance with the Listing Rules to the Stock Exchange's satisfaction.

Accordingly, given the price representing 48.62% discount to the closing price of the Shares prior to the suspension of trading on 2 December 2024 and the resumption progress as discussed in the "2. Information of the Group", we are of the view that the Partial Offer provides an exit alternative for the Qualifying Shareholders with a significant stake and who would like to realise their investments in the Shares shortly. While for those Qualifying Shareholders after reading through the recent financial statements of the Company and/or the Response Document, are optimistic about the future prospects of the Group after the Partial Offer, may, having regard to their own circumstances, consider retaining all or any part of their Shares and could realize upon open-market disposal once trading resumes, following the Company's satisfaction of all Resumption Guidance, remediation of the underlying issues, and full compliance with the Listing Rules to the Stock Exchange's satisfaction.

(d) *Peer comparables*

We have taken into consideration various principal factors in our assessment of the fairness and reasonableness of the Partial Offer. These include, among others, our analysis of the significant discounts when comparing the Partial Offer Price with the NAVs per Share at relevant times.

To further evaluate the fairness and reasonableness of the Offer Price, we have considered commonly used trading multiples, including the price-to-book ratio (“**P/B Ratio**”), price-to-earnings ratio (“**P/E Ratio**”), price-to-sales ratio (“**P/S Ratio**”), and dividend yield. As the Group recorded losses in FY2024 and FY2025, with no dividends declared in either year, the P/E Ratio and dividend yield are not meaningful for analysis and have therefore been excluded. Additionally, significant revenue fluctuations was noticed on the latest published financial information for the Peer Comparables could distort the P/S Ratio. Furthermore, the P/S Ratio fails to account for differences in cost structures across companies. Accordingly, we have excluded the P/S Ratio from our analysis. Given these constraints, we consider the P/B Ratio to be the most appropriate and reliable indicator for assessing the relative fair values of the comparable companies.

Based on the Offer Price of HK\$0.056 per Offer Share and the total issued Shares of 1,356,171,754 as at the Latest Practicable Date, the Company is valued at approximately HK\$75.9 million. The Implied P/B Ratio derived from the Offer Price is approximately 1.5 times, calculated using the audited consolidated net asset value attributable to owners of the Company of approximately HK\$50.1 million as at 31 March 2025.

For comparison purposes, we have identified an exhaustive list of three other companies listed on the Stock Exchange, selected based on the criterion that more than 50% of their revenue in the latest full financial year was derived from supply chain services in the Greater China region, which aligns closely with the Company’s business (the “**Peer Comparables**”). Having reviewed the exhaustive list of companies meeting these selection criteria, we are of the view that the Peer Comparables constitute a representative sample and are fair and reasonable for use in benchmarking the Company.

We have included in our search Peer Comparables listed on both the Main Board and GEM, irrespective of market capitalization, due to the limited number of companies meeting our criteria.

Despite the limited pool and the broadened search parameters described above, we are of the view that the Peer Comparables provide a valid valuation benchmark for the Company. This is because they are engaged in supply chain services in the Greater China region, operate within the same business segment, and serve the same geographical market as the Company. Having evaluated the exhaustive list of companies that satisfy the selection criteria, we conclude that the Peer Comparables are representative and that their inclusion is fair and reasonable for comparison purposes. They therefore offer a meaningful market-based valuation reference for Qualifying Shareholders.

The table below sets out, among other things, the discount to NAV and the P/B ratio of each of the Peer Comparables, and the implied discount to the NAV and the implied P/B ratio of the Company:

Company name (stock code)	Principal Business	Market capitalisation (approximately) (Note 1) HK 'million	NAV (approximately) (Note 2) HK 'million	P/B ratio (approximately) (Note 3)
Sinopharm Tech Holdings Limited (8156)	Principally engaged in internet services, mainly involved in the provision of supply chain services including operation of supply chain technology platform, provision of supply chain management, data analysis and trading of goods	183.77	Net liabilities	N/A
China Ocean Group Development Ltd (8047) (“China Ocean”)	Principally engaged in the provision of supply chain management services	177.09	485.54	0.37 (Note 6)
Zall Smart Commerce Group Ltd. (2098)	Principally engaged in the provision of (i) supply chain management and trading business and (ii) sales of properties and related services	1,388.74	15,623 (Note 5)	0.10
			Average:	0.231
The Company (223)		75.9 (Note 4)	50.1	1.5

Source: Bloomberg and website of the Stock Exchange (www.hkex.com.hk) and the annual/interim reports of the listed companies

Notes:

1. Market capitalisation is calculated based on (i) the total number of shares in issue and (ii) the closing share price of the Peer Comparables as at the Latest Practicable Date.
2. The latest published consolidated NAV attributable to equity holders of the Peer Comparables as set out in its latest financial report available as at the Latest Practicable Date.
3. The P/B Ratio of the Peer Comparables is calculated based on (i) its respective market capitalisation as at the Latest Practicable Date and divided by (ii) the NAV attributable to the owners of the Peer Comparables as set out in its latest financial reports available as at the Latest Practicable Date.

4. The implied market capitalisation of the Company is calculated based on (i) the Offer Price of HK\$0.056 multiplied by total number of issued Shares of 1,356,171,754 of the Company as at the Latest Practicable Date.
5. For the purpose of calculation, the translation into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.0658 as of the Latest Practicable Date according to Bloomberg and is provided solely for illustrative purposes.
6. The Shares of China Ocean has been suspended since 2 July 2025 pending the publication of its annual results for the year ended 31 March 2025. Therefore, the last trading date would be 30 June 2025 and the P/B Ratio was calculated based on the latest NAV attributable to equity holders as at 30 September 2024 for illustrative purpose.

Based on the above table, the P/B Ratios of the Peer Comparables range from approximately 0.10 times to 0.37 times, with an average of approximately 0.23 times. The implied P/B Ratio of the Company which based on the Offer Price is approximately 1.5 times. Although the implied P/B Ratio of the Company (based on the Partial Offer Price) is much higher than the average P/B Ratios of the Peer Comparables, in view of (i) the closing prices of the Shares were well above the Partial Offer Price during the whole Review Period and the discounts of the Partial Offer Price to the closing prices of the Shares during the Review Period ranged between 48.62% to approximately 52.14%; (ii) most of the resumption conditions are met as discussed in the “2. Information of the Group” and without other major issues arise, the Board considered it is probable that the Company could resume its trading of Share shortly within six months in the coming year; and (iii) the Offer Price is lower than the cash partial offer price offered to the Qualifying Shareholders in early 2025 of HK\$0.11 per Share, we are of the view that the Partial Offer Price is not fair and not reasonable so far as the Qualifying Shareholders are concerned.

RECOMMENDATIONS

Based on our analysis above and, in particular, having considered the following key factors (which should be read in conjunction with and interpreted in the full context of this letter):

- (i) while The Group recorded losses attributable to owners of the Company for FY2024 and FY2025, which was mainly due to some one-off expenses of (i) loss on disposal of subsidiaries; (ii) net allowance for ECL on trade and other receivables and impairment losses and written-off of property, plant and equipment and right-of-use assets. Excluding the one-off expenses in (i) and (ii), the Group would have achieved a lower loss from operating activities of approximately HK\$18.6 million for FY2025 and a profit from operating activities of approximately HK\$4.5 million for FY2024 if calculated on the same basis. Coupled with fact that (i) the Board Composition Change which further stabilised the business operation of Company; (ii) the Group has successfully secured material overseas contract which further strengthen the financial position of the Company; and (iii) the progress of fulfilling the Resumption Guidance, the Independent Investigator has completed the Forensic Investigation and issued the Forensic Investigation Report as at the Latest Practicable Date, the future prospects of the Group appears to be optimistic after the Partial Offer;
- (ii) the Offer Price represents a discount of approximately 48.6% to the closing price quoted on the Stock Exchange on the Last Trading Day, as discussed in the section headed “4. Analysis of the Offer Price” of this letter;

- (iii) the Shares have consistently traded at a price that is substantial higher than the Offer Price during the Review Period and Qualifying Shareholders who do not have a significant stake in the Company and is optimistic about the future prospect of the Group could realize upon open-market disposal once trading resumes, following the Company's satisfaction of all Resumption Guidance, remediation of the underlying issues, and full compliance with the Listing Rules to the Stock Exchange's satisfaction; and
- (iv) the Offeror and the Board have not had any discussion on the long-term strategic and development plan on the Group, and while the Offeror is principally engaged in investments with its principal investment objective to achieve medium to long-term capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and the PRC, the Offer Document merely mentioned that the Offeror would like to address and rectify the Issues claimed by itself and lacks information as to the future development plan in relation to the business industry of the Group, we are of the view that it is uncertain whether the background and intention of the Offeror are beneficial to the Company and in the interests of the Company and the Qualifying Shareholders as a whole.

On balance, we are of the opinion that the Partial Offer is not fair and reasonable so far as the Qualifying Shareholders are concerned. Accordingly, the Qualifying Shareholders who would like to realise part or all of their investments in the Shares may, instead of accepting the Partial Offer, consider selling their Shares in the open market after the close of the Partial Offer after conducting their own assessments of whether to continue investing in the Shares based on the development of the Group that they are already informed. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Partial Offer.

As each individual Independent Shareholder would have different investment objectives and/or circumstances, we would recommend the Qualifying Shareholders who may require advice in relation to any aspect of the Offer Document and the 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, they should carefully read the procedures for accepting the Partial Offer as set out in the Offer Document and the Response Document, its appendices and the accompanying Forms of Acceptance.

Yours faithfully,
For and on behalf of
Grande Capital Limited



Erica Mak
Responsible Officer

Ms. Erica Mak is licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and is currently a responsible officer and sponsor principal of Grande Capital Limited. Ms. Mak has over 13 years of experience in accounting and corporate finance industry in Hong Kong.