

28 September 2026

To: Independent Board Committee of Get Nice Holdings Limited

Dear Sir or Madam,

**(1) PRIVATISATION OF GET NICE HOLDINGS LIMITED BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE
COMPANIES ACT OF THE CAYMAN ISLANDS;
(2) PROPOSED WITHDRAWAL OF LISTING; AND
(3) PROPOSED SPECIAL DIVIDEND**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee on the Proposal and the Scheme. Details of the Proposal and the Scheme are set out in the “Part III – Letter from the Board” (the “**Board Letter**”) and “Part VI – Explanatory Memorandum” contained in the Scheme Document dated 28 September 2026, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Scheme Document unless the context otherwise requires.

Background

On 25 June 2026, after trading hours, the Offeror requested the Board to put forward the Proposal and the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 86 of the Companies Act. The Scheme will involve the cancellation of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders of the Total Price in cash for each Scheme Share cancelled, and the withdrawal of the listing of the Shares from the Stock Exchange.

Terms of the Proposal

If the Proposal is approved and implemented:

- (a) all Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in exchange for the payment of the Total Price of HK\$4.00 for each Scheme Share cancelled, comprising (i) the Cancellation Price of HK\$2.00 in cash for each Scheme Share to be paid by the Offeror; and (ii) the Special Dividend of HK\$2.00 in cash for each Share to be paid by the Company;
- (b) contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company will be maintained at the amount immediately prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled and the credit arising in the books of account of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full the new Shares so allotted and issued to the Offeror; and
- (c) the Company will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Main Board of the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules with effect immediately following the Effective Date.

However, if the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

Cancellation Price and Special Dividend

The Scheme will provide that the Scheme Shares be cancelled in exchange for the payment to Scheme Shareholders of the Total Price of HK\$4.00 in cash for each Scheme Share.

Under the Proposal, the Offeror will procure the Company to, and the Company will, declare the Special Dividend of HK\$2.00 which, subject to (i) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders (including the Offeror and the Offeror Concert Parties) present and voting in person or by proxy at the EGM to approve the Special Dividend; and (ii) the Scheme having become binding and effective in accordance with its terms and conditions.

The Scheme Shareholders whose names appear on the register of members of the Company on the Record Date will receive:

For every 1 Scheme Share cancelled the Total Price of HK\$4.00 per Scheme Share

The payment of the Cancellation Price will be funded by the Facility and/or internal resources of the Offeror and/or its sole shareholder. The payment of the Special Dividend will be funded by the internal cash resources of the Company.

If, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital other than the Special Dividend is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the net amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

The Independent Board Committee

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Ms. Chan Oi Chong, Mr. Leung Yiu Man and Mr. Ho Pak Chuen Brian, and the non-executive Director, namely Ms. Wu Yan Yee, has been established by the Board to make a recommendation to the Disinterested Shareholders as to whether the Proposal and the Scheme are or are not fair and reasonable, and as to voting by the Disinterested Shareholders at the Court Meeting and the EGM.

The Independent Financial Adviser

As the Independent Financial Adviser with respect to the Proposal and the Scheme, our role is to advise the Independent Board Committee as to (i) whether the Proposal and the Scheme are or are not fair and reasonable; and (ii) whether the Independent Board Committee should or should not advise the Disinterested Shareholders to vote in favour of the Proposal and the Scheme at the Court Meeting and the EGM. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

As at the Latest Practicable Date, we are not associated or connected with the Company, or its respective directors, controlling shareholders or any party acting, or presumed to be acting, in concert with any of them and accordingly, we are considered eligible to give independent advices on the Proposal and the Scheme.

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for (i) the appointment as the independent financial adviser to the independent board committee of Get Nice Financial Group Limited in connection with the group restructuring of Get Nice Financial Group Limited by the Company, details of which set out in the joint announcement published by the Company and Get Nice Financial Group Limited on 5 November 2024; and (ii) this appointment as the Independent Financial Adviser, there were no other engagements between us and the Company or its respective directors, controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or its respective directors, controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we considered that we are independent pursuant to Rule 2 of the Takeovers Code to act as the Independent Financial Adviser to give independent advices on the Proposal and the Scheme.

BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Scheme Document and the representations made to us by the directors and/or the representatives of the Company (collectively, the “**Management**”).

We have assumed that all statements, information and representations provided by the Management, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. The Shareholders will be notified by the Company and us as soon as possible if there is any material changes to the statements, information, opinions and/or representations, including the content of this letter, in accordance with Rule 9.1 of the Takeovers Code. In such event, we will consider whether it is necessary to revise or update our opinion and inform the Independent Board Committee and the Shareholders accordingly.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management (as the case may be) in the Scheme Document were reasonably made after due enquiries and careful consideration. We have no reason to suspect any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Scheme Document, which would make any statements therein misleading. In rendering our opinion in the Scheme Document, we have researched, analyzed and relied on (i) the Scheme Document; (ii) information in relation to the Group, including but not limited to, the financial reports published by the Company; (iii) market information obtained from the websites of the Stock Exchange; and (iv) papers, reports and/or other official releases by the government of Hong Kong.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Scheme Document, save and except for this letter. We consider that we have been provided with sufficient information and have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group, companies involved or any of their respective associates or any party acting, or presumed to acting, in concert with any of them.

We also have not considered the tax and regulatory implications as regard to the Proposal and the Scheme since these depend on individual circumstances. In particular, the Disinterested Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1. Business and financial information of the Group

1.1 Background of the Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 64).

The Company is principally engaged in investment holding. The Group is principally engaged in broking, securities margin financing, money lending, corporate finance, asset management, financial instruments investments, property investments and auction business.

1.2 Historical financial performance of the Group

The following tables summarize the audited consolidated financial information of the Group for each of the years ended 31 March 2024 (“FY2024”), 2025 (“FY2025”) and 2026 (“FY2026”) as extracted from the annual reports of the Company of the relevant years.

(i) For the years ended 31 March 2024, 2025 and 2026

	FY2024 <i>HK\$'000</i> (audited)	FY2025 <i>HK\$'000</i> (audited)	FY2026 <i>HK\$'000</i> (audited)
Revenue (note 1)	410,015	432,098	357,531
– Securities margin financing	204,969	199,556	158,775
– Broking	127,272	128,223	103,077
– Money Lending	35,244	45,847	44,018
– Corporate finance	2,112	3,310	5,311
– Asset managements	594	594	472
– Financial instruments investments (note 2)	15,431	13,396	12,678
– Property investments	22,182	40,047	31,611
– Auction business	2,211	1,125	1,589
Profit attributable to owners of the Company	35,815	41,174	53,387

Notes:

1. Breakdown of revenue by business segment as illustrated table below:

Revenue mix by segment (%)	FY2024	FY2025	FY2026
– Securities margin financing	49.99	46.18	44.41
– Broking	31.04	29.67	28.83
– Money Lending	8.60	10.61	12.31
– Corporate finance	0.52	0.77	1.49
– Asset managements	0.14	0.14	0.13
– Financial instruments investments	3.76	3.10	3.55
– Property investments	5.41	9.27	8.84
– Auction business	0.54	0.26	0.44

2. The Group's financial instruments investments portfolio mainly comprised listed equity securities, debt securities (both listed and unlisted), and term notes. This segment generated revenue primarily from interest income on debt securities and term notes, contributing approximately 3.55% of the Group's total revenue for the latest financial year.

Financial performances of the Group for the FY2026 and FY2025

The Group recorded a revenue in the amount of approximately HK\$357.5 million for the FY2026, representing a decrease of approximately 17.3% as compared to that in the amount of approximately HK\$432.1 million for the FY2025. As advised by the Company, such decrease in the revenue was primarily attributable to the reduction in interest income from the securities margin financing business, interest income from bank balance and time deposits, alongside a decline in property rental income during the year.

The Group recorded a profit attributable to owners of the Company in the amount of approximately HK\$53.4 million for the FY2026, representing an increase of approximately 29.7% as compared to that in the amount of approximately HK\$41.2 million for the FY2025. As advised by the Company, such increase in profit was mainly attributable to the combined effect of (i) a decrease in net impairment losses recognized on accounts receivable from margin clients; and (ii) the acquisition of the remaining non-controlling interests in Get Nice Financial Group Limited (“GNF”) through a scheme of arrangement that became effective on 25 March 2025. The privatization of GNF which eliminated the non-controlling interests and allowed almost all of the Group's profit during the year to be attributable to the owners of the Company.

As illustrated in the table above, the Group's revenue was predominantly derived from its conventional financial securities services (the "**Financial Services**"). In particular, the securities margin financing and broking segments were the core revenue drivers, contributing in aggregate approximately 73.2% and approximately 75.9% of the Group's total revenue for the FY2026 and FY2025 respectively. Meanwhile, its property investment segment contributed approximately HK\$31.6 million in revenue to the Group for the FY2026, representing a gross rental yield of approximately 2.5% based on the fair value of its investment properties as at 31 March 2026 of approximately HK\$1,282.4 million. We consider this 2.5% yield unfavourable when compared against official statistics set out in the "Hong Kong Property Review 2026" published in April 2026 by the Rating and Valuation Department (the "**HK Property Review**"), where average gross rental yields for 2025 for (i) residential properties across different saleable area classes ranged from approximately 2.4% to approximately 3.7%; and (ii) non-domestic properties (comprising offices, flatted factories, and retail premises) ranged from approximately 3.5% to approximately 4.1%. While rental yields may vary depending on the type, location, age, quality and other characteristics of the underlying properties, the Group's overall portfolio yield of approximately 2.5% appears relatively modest when compared with the broader market averages.

Revenues and Profits for the FY2025 vs FY2024

The Group recorded a revenue in the amount of approximately HK\$432.1 million for the FY2025, representing an increase of approximately 5.4% as compared to that in the amount of approximately HK\$410.0 million for the FY2024. As advised by the Company, such increase in the revenue was primarily attributable to the increase in rental income during the year as well as the increase in interest income from money lending business.

The Group recorded a profit attributable to owners of the Company in the amount of approximately HK\$41.2 million for the FY2025, representing an increase in profit of approximately 15.0% as compared to that in the amount of approximately HK\$35.8 million for the FY2024. As advised by the Company, such increase in profit was mainly attributable to the increase in fair value gains of listed and unlisted equity securities, which was partially offset by an increase in impairment loss on accounts receivable from margin clients during the year.

(ii) *Financial positions of the Group as at 31 March 2024, 2025 and 2026*

	As at 31 March		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Non-current assets	1,782,522	1,806,168	1,888,175
– Property and equipment	485,850	463,718	369,024
– Investment properties	1,105,544	1,205,315	1,282,393
– Intangible assets	7,964	6,951	6,951
– Goodwill	17,441	17,441	17,441
– Other assets	3,965	6,532	13,505
– Deferred tax assets	23,200	23,309	13,588
– Loans and advances	2,341	1,948	–
– Investments	136,217	80,954	25,317
– Deposit paid for acquisition of property and equipment	–	–	2,321
– Deposit paid for acquisition of investment properties	–	–	157,635
Current assets	5,449,218	5,517,675	5,231,221
– Accounts receivable	1,864,483	1,669,298	1,862,525
– Loans and advances	388,311	495,429	641,796
– Prepayments, deposits and other receivables	13,561	16,163	21,605
– Tax recoverable	11,362	81	469
– Investments	167,525	263,031	362,369
– Bank balances – client accounts	233,058	329,343	377,798
– Bank balances – general accounts and cash	2,770,918	2,744,330	1,964,659
Total assets	7,231,740	7,323,843	7,119,396
Non-current liabilities	4,100	4,128	6,253
Deferred tax liabilities	4,100	4,128	6,253
Current liabilities	285,692	696,065	461,265
Accounts payable	251,527	314,721	415,917
Accrued charges and other payables	8,539	348,379	12,444
Trade payable	25,626	32,965	32,904
Total liabilities	289,792	700,193	467,518
Net current assets	5,163,526	4,821,610	4,769,956
Net assets	6,941,948	6,623,650	6,651,878
Net assets attributable to owners of the company	5,768,756	6,623,251	6,651,788

As shown in the table above, the Group's total assets remained relatively stable over the three-years period under review, recording a slight contraction from approximately HK\$7,231.7 million as at 31 March 2024, to approximately HK\$7,119.4 million as at 31 March 2026. As of 31 March 2026, the Group's asset base comprised approximately HK\$5,231.2 million of current assets and approximately HK\$1,888.2 million of non-current assets.

Its current assets as at 31 March 2026 in the amount of approximately HK\$5,231.2 million mainly comprise (i) bank balance – general accounts and cash of approximately HK\$1,964.7 million; (ii) accounts receivable of approximately HK\$1,862.5 million; and (iii) loans and advances of approximately HK\$641.8 million. Compared with the previous year, accounts receivable, loans and advances, and investments increased, while bank balances and cash decreased. Its non-current assets as at 31 March 2026 in the amount of approximately HK\$1,888.2 million mainly comprise (i) investment properties of approximately HK\$1,282.4 million; and (ii) property and equipment of approximately HK\$369.0 million. Within the non-current assets, other assets of approximately HK\$13.5 million as at 31 March 2026 mainly represent statutory and other deposits required for the Group's broking and trading activities but are non-interest-bearing. As advised by the Company, the increase in other assets was mainly attributable to higher deposit requirements from the exchanges and clearing houses as a result of increased trading activity. Meanwhile, the non-current portion of investments decreased notably, primarily due to the reclassification of several debt securities to current assets as they approached maturity.

Over the same three-year period, the Group's total liabilities experienced greater fluctuation, increasing from approximately HK\$289.8 million as at 31 March 2024 to approximately HK\$700.2 million as at 31 March 2025, before decreasing to approximately HK\$467.5 million as at 31 March 2026. These movements were primarily attributable to the increase in accounts payable, as well as fluctuations in accrued charges and other payables. The sharp rise of accrued charges and other payables in FY2025 was mainly driven by the special dividend payable of approximately HK\$337.7 million arising from the privatization of GNF, which was settled in the FY2026.

As at 31 March 2026, the current liabilities amounted to approximately HK\$461.3 million, were mainly represented by accounts payable of approximately HK\$415.9 million and accrued charges and other payables of approximately HK\$12.4 million. Non-current liabilities amounted to approximately HK\$6.3 million and were entirely represented by deferred tax liabilities.

Based on the above, we are of the view that the Group maintained a net current asset position of approximately HK\$4,770.0 million as at 31 March 2026, reflecting a working capital buffer to meet its ongoing short term obligations. As liquid resources were primarily absorbed by increases in accounts receivable, loans and advances, and investments, the Group's bank balances and cash recorded a decline as at 31 March 2026 compared to prior years, thereby placing greater reliance on underlying asset quality and market stability. Overall, the Group's net assets remained at approximately HK\$6,651.9 million as at 31 March 2026, remaining relatively stable over the three-year period under review.

1.3 Adjusted Audited NAV

Reference is also made to the property valuation report (the “**Valuation Report**”) prepared by Prudential Surveyors (Hong Kong) Limited, the independent valuer (the “**Valuer**”), as set out in Appendix III to this Scheme Document. For illustration purpose, the net asset value of the Group as at 31 March 2026 (the “**Adjusted Audited NAV**”), taking into account the effect of revaluation arising from the valuation of the property interests held by the Group as at 30 June 2026.

HK\$

Audited consolidated net asset value attributable to Shareholders as at 31 March 2026	6,651,788,000
Revaluation deficit arising from the valuation on properties located in Hong Kong (<i>Note 1</i>)	(50,332,000)
Adjusted Audited NAV	6,601,456,000
Adjusted Unaudited NAV per Share (<i>Note 2</i>)	10.68

Notes:

1. Represents the revaluation deficit arising from the difference between the aggregate market value of the properties held by the Group in their existing state of approximately HK\$1,697,697,000 (being the aggregated amount of HK\$1,069,797,000 and GBP60,471,000) as at 30 June 2026, as appraised by Prudential Surveyors (Hong Kong) Limited and their corresponding net book value of approximately HK\$1,748,029,000 as at 31 March 2026 (which did not include property no. 26 of Group I – Properties located in Hong Kong as set out in Appendix III to the Scheme Document, being the property situate at Kowloon Inland Lot 8135, No. 20 Kimberley Street, Kowloon and acquired on 15 June 2026 with a market value of HK\$45,000,000).

For the avoidance of doubt, as advised by the Company, the aforementioned property at No. 20 Kimberley Street (i.e. property no.26 of Group I – Properties located in Hong Kong as set out in Appendix III to the Scheme Document) was acquired fully with cash consideration of HK\$47 million on 15 June 2026. Given that the cash outlay was substantially offset by the addition of the property asset valued at HK\$45 million, the acquisition has no material impact on the Adjusted Audited NAV of the Group as at 31 March 2026, and will not affect our analysis set out in this letter.

2. Based on 618,197,262 Shares in issue as at the Latest Practicable Date.
3. An exchange rate adopted from the Hong Kong Monetary Authority of GBP1.00 to approximately HK\$10.383 on 30 June 2026 has been applied.

Taking into account the effect of revaluation arising from the Property Valuation, the Group’s audited consolidated net asset value attributable to the Shareholders as at 31 March 2026 of approximately HK\$6,651.8 million would be adjusted downward by approximately HK\$50.3 million to approximately HK\$6,601.5 million. As advised by the Valuer, this minor revaluation deficit is primarily attributable to changes in market transactions and rents in Hong Kong and United Kingdom since the previous valuation. We consider the impact of this adjustment to be immaterial.

Assessment on the Valuation Report

The Valuer was engaged by the Company to derive at an appraised value of the property interests of 43 properties held by the Group in Hong Kong and the United Kingdom, representing all of the Group's investment properties. As set out in the Valuation Report, the aggregate market value of the properties as at 30 June 2026 was approximately HK\$1,742.7 million (comprising 38 Hong Kong properties (including properties under construction) valued at HK\$1,114,797,400 and 5 United Kingdom properties valued at GBP60,471,000, equivalent to approximately HK\$627,900,000) as at 30 June 2026 (the "**Property Valuation**").

The valuation was prepared in accordance with, among others, the requirements of Chapter 5 of the Listing Rules, Rule 11 of the Takeovers Code, the HKIS Valuation Standards 2024 published by The Hong Kong Institute of Surveyors, and the International Valuation Standards (effective 2025) published by the International Valuation Standards Council.

In assessing the expertise and independence of the Valuer, we have (i) reviewed the engagement letter entered into between the Company and the Valuer; and (ii) conducted interviews with the Valuer to discuss, among other things, its experience in valuing properties in Hong Kong and the United Kingdom. We have also obtained written confirmations that the Valuer is an independent third party from the Company, the Offeror, and the Offeror Concert parties. Having reviewed the terms of engagement (including the scope of work), we consider that the scope is appropriate for the purpose of the Valuation.

We understand that the Valuer is an established appraisal firm with extensive experience in property valuations. The Valuation Report was jointly prepared and signed by the following key team members,

- (i) Mr. Michael C K Lee, a Registered Professional Surveyor (General Practice), Member of The Hong Kong Institute of Surveyors (MHKIS), and Member of The Royal Institution of Chartered Surveyors (MRICS). He has over 11 years of post-qualification experience in land advisory and property valuation across Hong Kong, Macau, and Mainland China; and
- (ii) Mr. S H Ng, a Registered Professional Surveyor (General Practice) and Fellow of The Hong Kong Institute of Surveyors (FHKIS). He has over 40 years of post-qualification property valuation experience across Hong Kong, Macau, Mainland China, and the Asia-Pacific region.

Based on the track record provided by the Valuer, we note that the two professionals have experience in appraising residential and commercial properties in Hong Kong and, in respect of the Group's own portfolio, in the United Kingdom. In addition, the same firm and valuation methodologies have previously been used to appraise the Group's properties (except Subject Property Nos. 6, 14, 17, 20 to 22 and 26, which were not previously included in the Group's property portfolio) for the purposes of its annual reports.

Having reviewed their professional credentials, the track record supplied by the Valuer and discussed the valuation scope with them, we are satisfied with their competence, independence, and qualifications to undertake the valuations. We are also satisfied that the terms of engagement between the Company and the Valuer are appropriate to the opinion the Valuer is required to give.

The valuation methodologies

We have reviewed the Valuation Report and discussed with the Valuer the methodologies, key bases, and assumptions adopted for the Property Valuation. In arriving at the valuations, the Valuer primarily adopted the market approach (direct comparison method) and the income approach (employing either the term and reversion method or the direct capitalization method, where appropriate). In addition, the residual method was adopted to assess the market value of the Group's vacant site by deducting estimated development costs and developer's return from the completed gross development value of a hypothetical development as of the valuation date.

The Valuer, who previously conducted property valuations for the Group's annual reports, has confirmed that the valuation methodologies applied across the portfolio have been adopted on a consistent basis in the current Valuation Report. We consider that this methodological consistency ensures that changes in appraised values primarily reflect genuine market movements rather than changes in valuation techniques. As part of its appraisal process, the Valuer physically inspected each of the Group's 43 properties in Hong Kong and the United Kingdom, thereby confirming that site-specific characteristics and local physical conditions were fully taken into account in arriving at the final valuations.

As advised by the Valuer, the market approach and income approach are commonly accepted valuation methodologies for completed properties, while the residual method is the standard approach for evaluating vacant development land. Based on our discussions with the Valuer, we were given to understand that:

- A. The properties in Hong Kong (Subject Properties No.1 to No.25 and No.32 to No.43 in the Valuation Report) were valued primarily by the market approach (direct comparison method). The Valuer compared the subject properties directly with recent transactions of comparable properties that transferred legal ownership close to the valuation date, applying appropriate adjustments for differences in, among others, location, physical attributes, age, quantum, view, headroom, floor loading and other relevant factors (depending on the type of property) to arrive at a fair comparison of capital values. We note that the comparables selected by the Valuer for each subject property are located in close proximity to the respective subject property. As advised by the Valuer, the market approach was preferred for the Hong Kong portfolio principally because (i) there is a sufficient volume of comparable transaction evidence available in the local market, and (ii) the approach relies on fewer subjective assumptions than income-based methods. By grounding the valuation in observable open-market transactions of similar assets, the market approach enhances objectivity, reduces forecasting bias and more directly reflects prevailing market sentiment and liquidity conditions.

- B. The properties in United Kingdom (Subject Properties No.27 to No.31 in the Valuation Report) were valued primarily by the income approach, specifically the term-and-reversion method. Given the relatively lower volume of directly comparable sales transactions for the relevant property types in the United Kingdom market, the Valuer considered the income approach to be more appropriate. As all five United Kingdom properties are currently subject to existing leases, the Valuer was able to compare the passing rents under those leases with prevailing market rental evidence. As advised by the Valuer, the market rental evidence used in the term-and-reversion valuations of the United Kingdom properties was primarily sourced from publicly available property agency websites and market data platforms in the United Kingdom. This approach allows the valuation to reflect both the contractual income security during the existing lease terms and the potential reversion to market rent upon lease expiry.
- C. The Group's vacant development site (i.e. Subject Property No. 26 in the Valuation Report) was valued by the residual method. This method calculates the residual land value by estimating the gross development value of a hypothetical completed development as of the valuation date and deducting all estimated development costs (including construction costs, professional fees, marketing costs and finance costs) together with a market developer's profit.

The residual method was considered appropriate for this particular property because it comprises bare land with no existing structures. In contrast, certain other Hong Kong properties that are currently vacant but already have completed buildings were valued by the market approach, as sufficient comparable sales evidence of similar completed properties was available. By establishing the completed development value and systematically deducting all necessary development expenditures, financing costs and a reasonable developer's return, the residual method provides an objective indication of the current market value of the undeveloped land in its existing state.

Having considered the nature of the respective property portfolios, the availability of market evidence and the explanations provided by the Valuer, we are of the view that the valuation methodologies adopted are appropriate and consistent with generally accepted valuation practice for the types of properties concerned.

Assumption and Basis of Reasonableness

For the purpose of assessing the Property Valuation, we have reviewed the Valuer's valuation workings as well as the key assumptions adopted. We note that the valuation is prepared on the following principal bases and assumptions:

- *Unencumbered title & land premium:* The valuation assumes that the registered owners have free and uninterrupted rights to use or assign the properties for the whole of the unexpired terms and that all land premiums have been fully settled. We consider this assumption appropriate as it establishes a clean title basis and excludes any unrecorded land premium liabilities or title defects that could impair the Group's ownership interests.

- *Arm's-length open market conditions:* The properties are valued on the assumption of an open market sale without the benefit of deferred terms or other undisclosed arrangements. This approach enables the valuation to reflect a standard fair market value rather than a price influenced by special deal structures or distressed circumstances.
- *Gross Valuation Basis:* The presents of the gross market value of the properties before any deductions for financing or tax liabilities is consistent with standard valuation practice under the HKIS Valuation Standards. Any necessary adjustments for such items would be considered separately when deriving the Group's adjusted net asset value.
- *Statutory Compliance:* The valuation assumes that all applicable zoning, land-use regulations and other restrictions have been complied with. This provides a reasonable basis that the appraised values reflect legally conforming uses.

Aside from the above, we also note that, as stated in the Valuation Report, the Valuer has not examined the original title documents of the Subject Properties and has relied on land search records and extracts of title documents provided by the Company. Based on our discussion with the Company, we understand that the Company is not aware of any material title defects, undisclosed encumbrances or outstanding land premium liabilities that would materially affect the values of the Subject Properties. On this basis, we do not consider the limitation to undermine the reliability of the Property Valuation for the purposes of our assessment.

Having reviewed the above assumptions, the valuation methodologies and the supporting market evidence discussed with the Valuer, we are of the view that the bases, assumptions and methodologies adopted are customary, fair and reasonable, and provide a reliable foundation for determining the Group's Property Valuation.

1.4 The Group's historical dividends

Dividends per Share distributed by the Group are set out as below:

Period	Dividend/Adjusted Dividend per Share (HK\$) (note)
For the FY2026 (interim + final)	0.050
For the FY2025 (interim + final)	0.050
For the FY2024 (interim + final)	0.200
For the financial year ended 31 March 2023 (interim + final)	0.200
For the financial year ended 31 March 2022 (interim + final)	0.200
For the financial year ended 31 March 2021 (interim + final)	0.200
For the financial year ended 31 March 2020 (interim + final)	0.230
For the financial year ended 31 March 2019 (interim + final)	0.400
For the financial year ended 31 March 2018 (interim + final)	0.400
For the financial year ended 31 March 2017 (interim + final)	0.400
Total	2.330

Note: The adjusted dividend per Share for the financial years ended 31 March 2017 and up to FY2024 has been restated to reflect the financial effect of the share consolidation of the Company (on the basis of every twenty (20) existing shares consolidated into one (1) consolidated share) which became effective on 25 August 2025, for illustrative and comparative purposes.

The aggregate adjusted dividend per Share for the last ten financial years ended 31 March 2026 was HK\$2.330 per Share. We note that the Company's annual dividend payout has demonstrated a downward trend over the aforementioned period, particularly across the last two financial years. As minority investors, the Disinterested Shareholders occupy a passive position in this regard, with limited influence over the Company's dividend policy or payout levels, as such decisions remain within the sole discretion of the Board. On this basis, the Total Price of HK\$4.00 per Scheme Share provides the Scheme Shareholders with an immediate realization of premium cash value that exceeds the aggregate cash dividends distributed over the ten-year period under review.

In light of the above, we are of the view that although the Disinterested Shareholders are forgoing potential future dividends by accepting the Proposal, it would take a considerably longer period for them to accumulate an amount equivalent to the Total Price of HK\$4.00 through dividends alone, particularly given the recent downward trend in the Company's dividend payouts. The Proposal allows the Disinterested Shareholders to realize such value immediately in cash, which may then be reinvested elsewhere. Accordingly, the Total Price, which more than compensates for the aggregate adjusted cash dividends of approximately HK\$2.330 per Share received over the past ten financial years and provides a degree of certainty and immediacy of value that future dividends cannot guarantee, is considered fair and reasonable so far as the Disinterested Shareholders are concerned.

1.5 Prospects of the Group and the Hong Kong's financial services market

As set out in the section above, the Group revenue was predominantly derived from the Financial Services, primarily include securities broking and securities margin financing in Hong Kong.

Despite experiencing volatility in recent years, the Hong Kong securities market has shown notable recovery momentum in recent years. According to the “*Hong Kong's Recent Economic Performance and Near-term Outlook*” (the “**Paper**”), which analyses Hong Kong's recent economic performance and the outlook for the remaining of 2026, and summaries the latest economic forecasts by the government of Hong Kong for 2026 as a whole, published by the Financial Secretary's Office of Hong Kong on 22 May 2026, the Hang Seng Index rallied to a multi-year high of nearly 28,000 points in January 2026 and closed at approximately 25,387 on 21 May 2026. Trading activity remained buoyant, with average daily turnover reaching approximately HK\$271.0 billion up to 21 May 2026, surpassing the annual average of HK\$249.8 billion recorded in 2025. Furthermore, fund-raising activity rebounded strongly, with initial public offering (IPO) funds raised in the first four months of the year surging six-fold year-on-year to HK\$151.4 billion.

The Paper further sets out that Hong Kong's economic outlook is expected to remain broadly resilient for the remainder of 2026, supported by robust demand in advanced technology sectors. However, the broader macroeconomic environment remains subject to downside risks. While the direct economic impact of Middle East geopolitical conflicts has so far been contained, sustained or escalating tensions could heighten global financial market volatility, posing risks to economic growth and upside pressure on inflation.

While headline market metrics have improved, we consider that the underlying drivers of market sentiment and growth have undergone structural changes that present distinct operational challenges for traditional local financial service providers:

- **Shift in Capital Inflows & Target Customer Base:** The recent recovery in market confidence has been largely driven by capital inflows through the Stock Connect mechanisms – a mutual market access program that links the stock exchanges of the PRC and Hong Kong. According to the Annual Report 2025-26 published by the SFC in June 2026, Stock Connect is a pillar of Hong Kong market trading. Since its launch, cumulative net inflows reached HK\$5.3 trillion and RMB1.47 trillion for southbound and northbound trading links, respectively. During the year up to March 2026, Stock Connect saw southbound net inflows surge to an annual record high of HK\$1.19 trillion, while average daily southbound trading increased 84% year-on-year, accounting for around 24% of total Hong Kong market turnover. According to the Stock Connect 2025 Review from the Stock Exchange published in March 2026, southbound activity during 2025 was concentrated in technology and major internet platform companies, as well as semiconductor, biotech and new consumption sector. Consequently, this market turnaround has been highly asymmetric. Capital allocation and liquidity have disproportionately favored large PRC-based companies, whereas local small-and-medium enterprises (SMEs), which traditionally constitute the primary target client of the Group for its margin financing and securities brokerage businesses, continue to navigate a gradual business recovery within a framework of enhanced regulatory and market standards. These developments have recalibrated the

operating environment for traditional local market participants through measures such as introducing higher financial requirements for Main Board applicants, refined Growth Enterprise Market transfer mechanisms, and elevated risk-management parameters for securities margin financing. Heightened market volatility and cautious investor sentiment have curbed underwriting and placing opportunities for SME corporate transactions, dampening the Group's fee income. Meanwhile, reduced trading frequency among the Group's traditional SME and retail client base has resulted in more subdued brokerage commission and execution fee generation. Furthermore, while PRC-based issuers remain active in corporate finance activities, they predominantly engage PRC-backed financial institutions with onshore networks rather than local brokerages. As a result, the recovery of local issuers continues to fall behind, diverting capital away from SMEs and leaving traditional local financial service providers like the Group at a structural disadvantage.

- **Pressures on SME Financing & Margin Business:** SMEs have also faced persistent operational headwinds and reduced market activity. Heightened risk aversion among lenders and investors has led to stricter collateral qualification criteria and higher haircuts on asset valuations, directly dampening demand and complicating credit risk management for the Group's securities margin financing business.

According to the 2023 to 2025 market statistics from “Annual Market Statistic” published periodically by the Stock Exchange, the table below sets out the number of newly listed companies and the total equity funds raised, demonstrating that market activity was driven by PRC enterprises.

Securities Market (Main Board and GEM)

	2023	2024	2025
Total number of newly listed companies for the year	73	71	119
Mainland Enterprises	68	62	109
Total equity funds raised (<i>HK\$ billion</i>)	150.7	190.3	644.4
Mainland Enterprises (<i>HK\$ billion</i>)	129	172.6	572.9

- **Emergence of Alternative Financial Assets:** On the other hand, investor preferences have increasingly shifted toward non-traditional asset classes and emerging digital financial products, including digital assets, virtual assets, and stablecoins in which the Group does not specialize. As capital flows toward these alternative investment vehicles, overall market demand for conventional securities brokerage and margin financing services has experienced structural pressure.

In light of the structural shifts described above, traditional local financial service providers such as the Group find themselves in an increasingly constrained position. The recovery in market activity has been highly selective, concentrating liquidity and capital-raising opportunities among competitors that are better positioned to capture southbound flows and serve larger corporate clients, while the Group's traditional client base of local SMEs and retail investors continues to experience subdued participation. Accordingly, the Group's core revenue drivers — securities brokerage commissions and margin financing interest income — are exposed to challenges in reduced trading activity and more cautious credit demand. At the same time, the rapid rise of alternative asset classes and the growing dominance of well-capitalised, network-rich competitors have further narrowed the competitive space available to independent local brokerages. Against this backdrop, any strategic repositioning undertaken at this stage would likely face significant execution challenges and may not be sufficient to restore a meaningful competitive edge in the near to medium term. The Group remains structurally exposed to the risk of progressive displacement as capital, clients and deal flow continue to migrate toward platforms and intermediaries better aligned with the new market realities.

As a direct consequence of the above, we are of the view that the performance and growth trajectory of the Group's securities brokerage business is expected to face ongoing challenges. The reduced retail investor participation in traditional cash equities, coupled with lower trading velocity among the local SME corporate clients, may further compress commission and handling fee income derived from securities dealing. Moreover, as market liquidity remains unevenly distributed, appetite for equity placing and underwriting activities organized by local brokerages is expected to remain subdued, thereby constraining overall transaction turnover and fee generation of the Group.

Although the Group's property investment operations provide a steady but limited stream of recurring rental income and asset backing, alongside its art auction operations, these segments remain supplementary and have not fundamentally altered the Group's primary earnings driver. Consequently, while the Group's financial performance may stabilize during market rebounds, its core business remains disproportionately vulnerable to market pullbacks. The Group may not be able to fully capture market upsides while remaining exposed to amplified downside risks when investor sentiment shifts.

We were also given to understand that the Board shares the view that the external operating environment in 2026 remains complex and uncertain. Global economic momentum continues to be dictated by the scope and duration of macroeconomic headwinds, which include the potential global interest rate adjustments, and ongoing trade and geopolitical tensions between the PRC and the United States. While the Group maintains a cautiously optimistic stance regarding its operational continuity, it is inevitable that traditional financial service providers will continue to face persistent structural headwinds, intense competition from PRC-backed securities firms, and rapid evolution in financial products.

In light of the above considerations, we are of the view that while overall market sentiment is currently supportive, the long-term growth trajectory of the Hong Kong financial market is increasingly favoring asset classes, client profiles, and institutional networks outside the Group's core specialization. In the event that market performance deteriorates or unexpected macroeconomic shocks materialize, the Group's operational performance may be adversely impacted, and the current favorable market window for an exit may not persist. Therefore, we are of the view that the Proposal represents a fair, reasonable and prudent opportunity for Scheme Shareholders to realize their investment at an immediate and certainty-backed premium cash value.

2. Background information of the Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability which is wholly owned by Mr. Hung Hon Man. Mr. Hung Hon Man is the chairman of the Board, an executive Director and founder of the Group. He is responsible for the formulation of corporate strategy and the future direction of the Group. Mr. Hung Hon Man is also responsible for overseeing the money lending and credit operation, property development and investment of the Group. He possesses over 30 years of experience in the securities and real estate industries in Hong Kong and Taiwan.

2.1 *Intention of the Offeror with regard to the Company*

Following the implementation of the Proposal, the Offeror intends that the Group will continue to carry on its business, including broking, securities margin financing, money lending, corporate finance, asset management, financial instruments investments, property investments and auction business.

The Offeror has no intention to have the Shares listed in other stock markets in the near future or to make major changes to the business of the Group and the employment of the employees of the Group, save for those changes which the Offeror may from time to time implement following the review of its strategy relating the business, structure and/or direction of the Group.

3. Withdrawal of listing of Shares

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled. Share certificates for the Shares held by the Scheme Shareholders will thereafter cease to have effect as documents or evidence of title.

The Company intends not to retain its listing on the Stock Exchange and will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, subject to the Scheme becoming effective, such withdrawal to take place immediately following the Effective Date. The Scheme Shareholders will be notified by way of an announcement of the exact dates of the Court Meeting and the EGM, the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective.

The Proposal will lapse if any of the Conditions, as set out under the section headed “Conditions of the Proposal and the Scheme” in the Board Letter, has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive. The Offeror has no intention to seek such consent.

4. Reasons for and benefits of the Proposal

The Proposal offers Scheme Shareholders an exit at a premium to the current market price of approximately 17.6% over the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day and a premium of approximately 5.3% to the closing price of the Shares as quoted on the Stock Exchange on the Latest Practicable Date.

The section headed “9. Reasons for and Benefits of the Proposal” in the Board Letter has highlighted the reasons for and benefits of the Proposal and are summarized as follows.

Market Uncertainty

While the Group continues to leverage its professionalism and extensive experience in the financial services industry and maintain long term growth and development in each of its diverse business segments including broking, securities margin financing, money lending, corporate finance, asset management, financial instruments investments, property investments and auction business, the anticipated returns of the Group’s investment and business operations may not satisfy the different investment needs of the Scheme Shareholders who have different investment horizons and targets. The current geopolitical tensions and challenging business and investment environment also weigh on future growth opportunities of the Group which may eventually cast uncertainties on dividend distribution and investment returns.

The Proposal would allow Scheme Shareholders the opportunity and the choice to fully liquidate their investment in the Company with a premium. Through this Proposal, Scheme Shareholders can monetize their investments for cash and redeploy the consideration received under the Proposal into other investment opportunities. The intention of the Offeror is to ensure that all minority shareholders are well-informed to make decisions that best suit their financial goals.

Trading Liquidity of the Shares

The trading liquidity of the Shares has been low (as discussed in section head “5.3 Historical trading liquidity of the Shares” in this letter) and such low trading liquidity of the Shares could make it difficult for the Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. Low liquidity in the trading of the Shares has also affected the Company’s ability to raise funds from the equity market. The Company has not conducted any equity fund raising activities since 2018, indicating that its current listing status has not served as an effective fund-raising platform to support the Company’s business development and future growth. The Proposal, which entails the delisting of the Company, is also expected to reduce the administrative costs and management resources associated with maintaining the Company’s listing status and compliance with regulatory requirements.

4.1 *Rationale of the Proposal*

We have considered the rationale of the Proposal as follows.

Attractiveness of the Proposal in terms of the prospect of the Group

The Group’s revenue in preceding years was primarily generated from Financial Services. As set out in section “1.5 Prospects of the Group and the Hong Kong’s financial services market” in this letter, we are of the view that the long-term growth trajectory of the Hong Kong financial market is increasingly favoring asset classes, client profiles, and institutional networks outside the Group’s core specialization. Accordingly, we consider that the business and prospects of the Financial Service are, and may very well continue to be, under persistent pressure driven by reasons including (i) geopolitical tensions affecting overall securities market sentiment; (ii) intensifying competition from the PRC-backed financial services providers; and (iii) the rapid emergence of new financial products and technology that could disrupt the Group’s operational structures. In particular, as the Financial Service may be highly market-sensitive, future market downturns will likely exert downward pressure on the trading prices of the Shares, rendering an open-market exit or realization of investment less advantageous during such periods.

Opportunities to realize investment in the Company regardless of shareholding size

The historical low trading liquidity of the Shares makes it difficult for Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares.

Based on our analysis of the trading liquidity of the Shares as discussed in section head “5.3 Historical trading liquidity of the Shares” in this letter, we note that the trading activity in the Shares was generally illiquid throughout the Review Period (as defined below). Consequently, Scheme Shareholders may experience difficulty in disposing of their Shares in open market, and any attempt to sell a significant number of Shares may create substantial downward pressure on the price of the Shares.

Low likelihood of an alternative offer

Apart from the Offeror, who is interested in approximately 51.7% of the issued shareholding of the Company as at the Latest Practicable Date, there are no other significant investors. Accordingly, in the absence of the Proposal, it is highly unlikely that minority Shareholders will receive an alternative proposal from other parties to monetize their investment in the Company.

4.2 Our view

We have reviewed the announcements and annual reports published by the Company and noted that it has not announced or completed any equity fund raising for at least the last five years. Taking into consideration the closing prices and liquidity of the Shares further discussed in sections headed “5.2 Historical price performance of the Shares” and “5.3 Historical trading liquidity of the Shares” in this letter, we are of the view that the Proposal provides an opportunity for Shareholders to realize their investment for immediate and certain cash value at a premium, and that the Proposal is fair and reasonable so far as the Independent Board Committee and the Disinterested Shareholders are concerned.

5. The Proposal and the Scheme

5.1 Comparisons of value with the Total Price

If the Scheme becomes binding and effective in accordance with its terms and conditions, the Scheme Shareholders whose names appear on the register of members of the Company on the Record Date will receive the Total Price of HK\$4.00 in cash per Scheme Share under the Proposal.

The Total Price comprises (i) the Cancellation Price of HK\$2.00 in cash for each Scheme Share to be paid by the Offeror; and (ii) the Special Dividend of HK\$2.00 in cash for each Share to be paid by the Company.

The Total Price of HK\$4.00 per Scheme Share represents:

In relation to the Latest Practicable Date and the Last Trading Day

- a premium of approximately 5.3% over the closing price of HK\$3.80 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 17.6% over the closing price of HK\$3.40 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 21.2% to the average closing price of approximately HK\$3.30 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 20.8% to the average closing price of approximately HK\$3.31 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 24.6% over the average closing price of approximately HK\$3.21 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day; and
- a premium of approximately 28.2% over the average closing price of approximately HK\$3.12 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day.

In relation to the audited consolidated net asset value per Share attributable to owner of the Company

- discount of approximately 62.8% to the audited consolidated net asset value per Share of approximately HK\$10.76 as at 31 March 2026, based on (i) the audited net asset value attributable to owners of the Company of approximately HK\$6,651,788,000 as at 31 March 2026 and (ii) 618,197,262 Shares in issue as at the date of the Latest Practicable Date; and
- discount of approximately 62.5% to the Adjusted Audited NAV per Share of approximately HK\$10.68 as at 31 March 2026 of approximately HK\$6,601,456,000 (as shown in the section headed “Appendix I – Financial Information of the Group – 3. Adjusted Audited Net Asset Value”); and (ii) 618,197,262 Shares in issue as at the Latest Practicable Date.

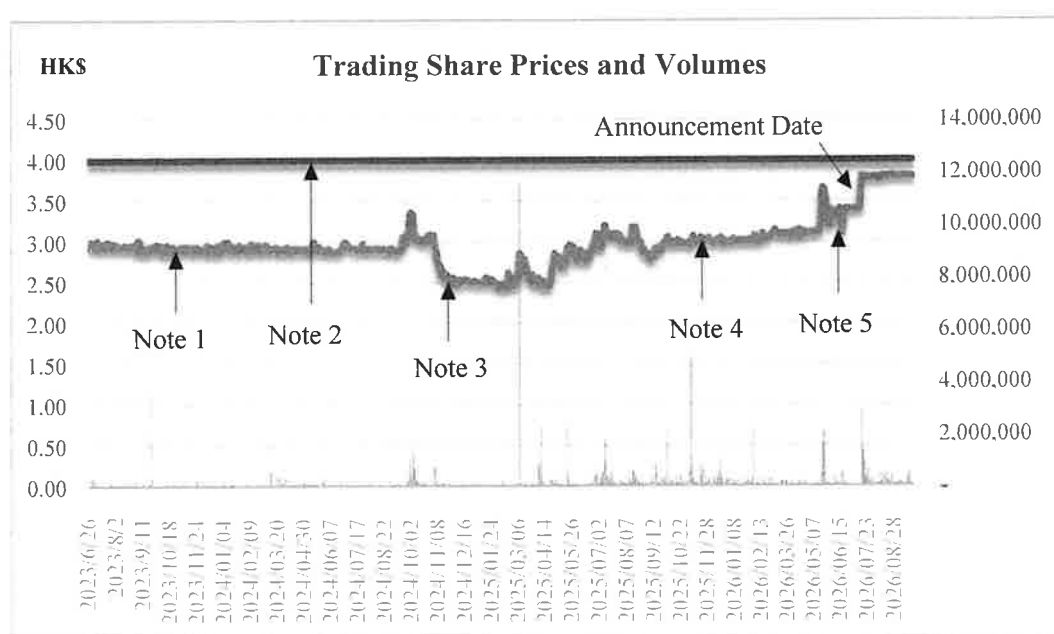
The Special Dividends

The Total Price of HK\$4.00 per Scheme Share comprises the Cancellation Price of HK\$2.00 payable by the Offeror and a Special Dividend of HK\$2.00 payable by the Company. While half of the Total Price is funded by the Company’s internal resources, Disinterested Shareholders will nevertheless receive the full amount of HK\$4.00 in cash upon the Scheme becoming effective. From the perspective of the Disinterested Shareholders, the source of the funds is of secondary importance compared with the certainty and quantum of the cash consideration they will receive.

Furthermore, in the absence of the Proposal, there is no assurance that the Company would distribute an equivalent amount of cash to shareholders in the form of dividends in the near term. The Special Dividend therefore represents an accelerated realization of value that would not otherwise be available to the Disinterested Shareholders under the status quo. Accordingly, we consider that the structure of the Total Price does not detract from the attractiveness of the cash exit being offered to the Disinterested Shareholders.

5.2 Historical price performances of the Shares

Set out below is the movement of the daily closing prices of the Shares during the period from 25 June 2023 to the Announcement Date, and subsequently up to and including the Latest Practicable Date (the “3Y Review Period”) as quoted from the Stock Exchange. We consider the period of approximately three years to be reasonable and representative for illustrating the historical and recent price performance of the Shares, as it adequately reflects prevailing market sentiment as well as investors’ reactions to the Group’s operational developments and financial performance over a meaningful timeframe. We are of the view that this allows us to conduct a meaningful comparison between these closing prices of the Share and the Total Price:



Source: the website of the Stock Exchange and Bloomberg

Notes:

1. This line represents the historical market closing prices of a Share. For illustrative and comparative purposes, the historical market closing prices of the Share during the period from 26 June 2023 to 25 August 2025 have been adjusted retrospectively to reflect the effect of the share consolidation of the Company (on the basis of every twenty (20) existing shares consolidated into one (1) consolidated share) (the “Share Consolidation”).
2. This line represents the Total Price of HK\$4.00 per Scheme Share.
3. The Company and GNF jointly announced on 5 November 2024, among other things, a proposed group reorganization of GNF by the Company by way of scheme of arrangement pursuant to Section 86 of the Companies Act and the withdrawal of the listing of the shares of GNF on the Main Board of the Stock Exchange (the “GNF Reorganization”).

The Company issued a profit warning announcement and the interim results for the six months ended 30 September 2024 on 21 November 2024 and 27 November 2024 respectively.

4. The Company issued the interim results and interim dividend announcements for the six months ended 30 September 2025 on 27 November 2025.
5. The Company issued a profit warning announcement on 10 June 2026 and the annual results announcement for FY2026 on 18 June 2026.
6. Following the publication of the Joint Announcement on 17 July 2026, trading in the Shares was resumed on 20 July 2026, and the Shares price subsequently increased towards the Total Price.

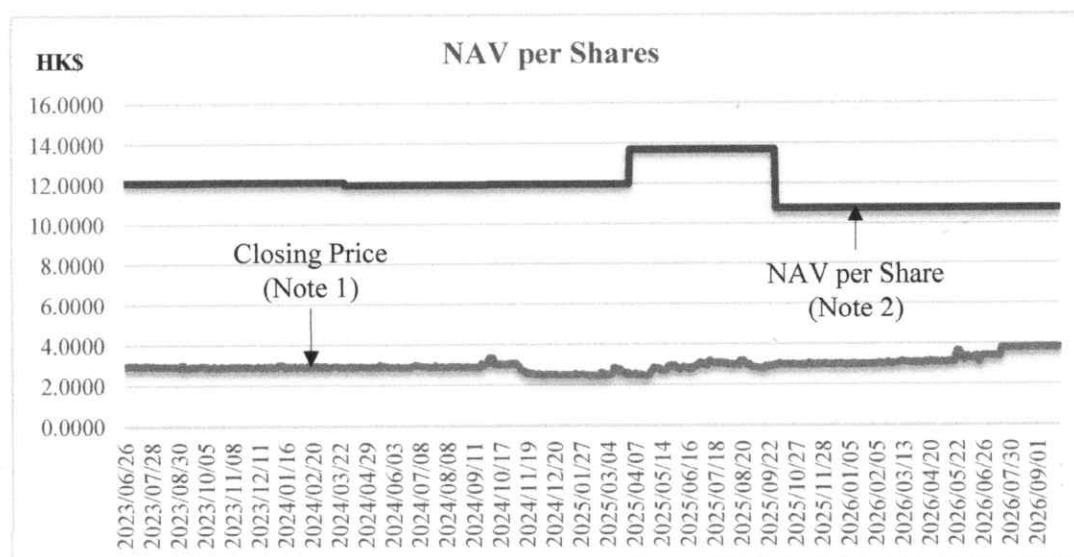
During the 3Y Review Period, the lowest closing price of the Share was HK\$2.44 per Share recorded on 10, 18, 19 and 21 February 2025 and 23 April 2025 and the highest closing price of the Share was HK\$3.82 per Share recorded on 31 August 2026. The average daily closing price per Share over the 3Y Review Period was approximately HK\$2.967 per Share. The Total Price of HK\$4.00 per Scheme Share remains above the closing price of the Shares throughout the 3Y Review Period and represents (i) a premium of approximately 63.93% over the lowest closing price; (ii) a premium of approximately 4.71% over the highest closing price; and (iii) a premium of approximately 34.80% over the average of closing prices over the 3Y Review Period.

The Share closing price decreased in early November 2025. The Directors confirmed that save for the incidents as set out in Note 3 to the table above, including the GNF Reorganization, they are not aware of any reasons for such price decrease observed in November 2025, or for the unusually high trading volume of 11,673,800 Shares recorded on 11 March 2025.

We also note that the Share closing price had increased immediately after the releasing of the Joint Announcement. The Directors confirmed that save for the Proposal and the proposed withdrawal of listing of the Company, they are not aware of any reasons for the increase in the closing price of the Shares and more active trading after the release of the Joint Announcement. Therefore, Shareholders should be aware that the market price of the Shares may have been influenced by the terms of the Proposal, in particular the inclusion of the Special Dividend. If the Proposal fails, other things remaining unchanged, there is no assurance that the market price of the Shares will remain at the current level.

Discount to NAV

Set out below is the chart illustrating the historical average closing price of the Shares as quoted on the Stock Exchange during the 3Y Review Period against the relevant net asset value per Share attributable to the owner of the Company (the “NAV per Share”) during each of the corresponding periods:



Source: the website of the Stock Exchange and Bloomberg

Notes:

1. This line represents the historical market closing prices of a Share. For illustrative and comparative purposes, the historical market closing prices of the Share during the period from 26 June 2023 to 25 August 2025 have been adjusted retrospectively to reflect the effect of the Share Consolidation.
2. This line computed based on the audited and unaudited net assets attributable to owners of the Company extracted from the relevant annual and interim reports, divided by the total number of issued Shares in issue during the respective periods. For illustrative and comparative purposes, historical net asset value per Share figures prior to the Share Consolidation have been adjusted retrospectively to reflect its effect.

As illustrated in the graph above, we note that the closing prices of the Shares traded at a persistent discount to the net asset value per Share throughout the subject period, ranging from approximately 62.54% to approximately 70.82%.

Property Markets in Hong Kong and the United Kingdom

To further evaluate the prospects and realizable value of the Group's property portfolio — comprising commercial, industrial, car-parking spaces and residential premises, together with vacant development land (including the vacant site in Tsim Sha Tsui valued at approximately HK\$45 million by the Valuer) — we have examined the prevailing market dynamics in Hong Kong and the United Kingdom, where these holdings are predominantly situated.

While the Hong Kong property market prospects are expected to continue benefiting from development driven by the gradually recovering economy alongside national policy initiatives, the HK Property Review published by the Rating and Valuation Department, highlights ongoing structural pressures across several key segments:

- Residential/Domestic properties: Trading volumes in both the primary and secondary markets increased in 2025. Rental demand remained resilient, supported by the influx of non-local students and talent under various admission schemes. However, completions of private domestic units declined in 2025 and are expected to moderate further in 2026 and 2027.
- Office: The sector continues to face pressure from accumulated excess supply, with rising vacancy rates, declining capital values and the overall office rents dropped by approximately 3.2%.
- Commercial & Retail: Despite higher completions in 2025, the market recorded negative take-up, indicating that surrendered or vacated space exceeded new leasing absorption, thereby exacerbating oversupply pressures. The retail sector remains constrained by structural shifts in spending patterns, with price and rental declines of 12.7% and 4.5% respectively.
- Industrial: The segment remains soft, weighed down by global trade uncertainties and fluctuations in shipping demand.

Overall, while transaction volumes and mass residential sentiment have shown some stabilization, the commercial, office, and land development sectors continue to face high financing costs, structural supply overhang, and extended monetization horizons. Unlocking the underlying value of the Group's property assets, including vacant sites, through redevelopment or open-market disposal would require significant capital expenditure, prolonged execution timelines and exposure to ongoing market risks, which aligns with and reinforces the market logic underpinning the notable discount represented by the Total Price relative to the NAV per Share.

Regarding the Group's properties in the United Kingdom — comprising residential assets and a commercial building in London — a market update titled "UK Economy and Property Market Update (August 2026)" issued by the Royal Institution of Chartered Surveyors, an internationally recognized professional body for qualifications and standards in land, real estate and construction, indicates a cautious and uncertain market environment. Geopolitical tensions, domestic political changes and elevated borrowing costs continue to weigh on sentiment and transaction activity across both commercial and residential real estate markets. While London has shown relatively more resilient readings compared with other regions in the United Kingdom, the broader picture remains subdued. This environment of heightened economic and market uncertainty supports a more cautious view on the near-term realizability of the Group's property holdings in the United Kingdom and an extended timeline for any potential disposal.

Accordingly, even though the Total Price of HK\$4.00 per Scheme Share represents a notable discount to the Group's NAV per Share, after taking into account that

- (i) the audited NAV of HK\$10.76 per Share represents an accounting balance sheet value that Scheme Shareholders have historically been unable to realize in the open market, as evidenced by the persistent market discount in the price graph above;
- (ii) a material portion of the Group's net assets is tied up in investment properties. Realising the full carrying value of these assets would involve additional transaction costs, potential taxation, market slippage and an extended timeframe under prevailing market conditions. In addition, a portion of the Group's cash and bank balances is designated for regulatory liquid capital requirements, client money segregation and ongoing operations;
- (iii) the relatively subdued outlook for the property markets in both Hong Kong and the United Kingdom may exert further pressure on the valuation of the Group's investment property portfolio, thereby affecting the sustainability of the current net assets value of the Group; and
- (iv) the Proposal offers Scheme Shareholders an immediate, guaranteed cash exit at a distinct premium over the prevailing market price, without the need to absorb the realization risks, costs and time associated with the underlying assets,

we consider such discount to the Group's net asset value per Share to be justifiable, fair and reasonable.

Having considered the above – in particular that the Share closing prices remained with a stable range around HK\$3.00 per Share during the 3Y Review Period, accompanied by a declining dividend payout record and that the Total Price offers a persistent premium over historical closing prices throughout the 3Y Review Period – we are of the view that the Total Price and the Proposal is fair and reasonable.

5.3 Historical trading liquidity of the Shares

The following table sets out the average daily trading volume of the Shares (the “**Average Daily Volume**”) on a monthly basis and the respective percentage of the Average Daily Volume as compared to the total number of 618,197,262 issued Shares and 298,778,970 Shares held by the public Shareholders during the period from 25 June 2025 to the Announcement Date, and subsequently up to and including the Latest Practicable Date (the “**1Y Review Period**”).

Month/Period	Number of trading days <i>Days</i>	Average Daily Volume <i>Shares</i> <i>(Note 1)</i>	Average Daily Volume during the period as a % of the total number of Shares issued <i>(%)</i> <i>(Note 2)</i>	Average Daily Volume during the period as a % of the Shares held by public Shareholders <i>(%)</i> <i>(Note 3)</i>
2025				
25-30 June	4	352,295	0.0570	0.1179
July	22	345,095	0.0558	0.1155
August	21	205,210	0.0332	0.0687
September	22	214,836	0.0348	0.0719
October	20	224,826	0.0364	0.0752
November	20	490,284	0.0793	0.1641
December	21	260,060	0.0421	0.0870
2026				
January	21	141,489	0.0229	0.0474
February	17	246,456	0.0399	0.0825
March	22	100,744	0.0163	0.0337
April	19	90,377	0.0146	0.0302
May	19	303,962	0.0492	0.1017
June	18	144,130	0.0233	0.0482
July (note 4)	10	796,562	0.1289	0.2666
August	21	203,374	0.0329	0.0681
September (up to the Latest Practicable Date)	19	152,863	0.0247	0.0512

Source: the website of the Stock Exchange

Notes:

1. Calculation is based on the total trading volume for month/period divided by the number of trading days during the month. For illustrative and comparative purposes, the historical total trading volume of the Share during the period from 26 June 2023 to 25 August 2025 have been adjusted retrospectively to reflect the effect of the share consolidation of the Company (on the basis of every twenty (20) existing shares consolidated into one (1) consolidated share).
2. Calculation is based on the Average Daily Volume divided by the total Shares issued.
3. Calculation is based on the Average Daily Volume divided by the Shares held by the public Shareholders.
4. In the month of July 2026, the Average Daily Volume experienced a notable increase, which may be attributable to the publication of the Joint Announcement.

As illustrated in the table above, the Average Daily Volume of Shares during the 1Y Review Period ranged from approximately 90,377 Shares in April 2026 to approximately 796,562 Shares in July 2026, representing approximately 0.0146% to approximately 0.1289% of the total number of Shares in issue as at the end of the respective month, and also representing approximately 0.0302% to approximately 0.2666% of the total number of Shares in issue and held by the public Shareholders as at the end of the respective month.

Apart from the Average Trading Volume of 796,562 Shares in July 2026, being the month of the release of the Joint Announcement, we noted that trading in the Shares had been historically inactive and the Shares were hence rather illiquid. Considering that the Average Trading Volume per month was thin during the 1Y Review Period, especially prior to the release of the Joint Announcement, Scheme Shareholders may find it difficult to dispose of a large volume of Shares in the open market without exerting downward pressure on the price of the Shares.

This persistent illiquidity is also reflected in the fact that the Shares have consistently traded at a substantial discount to the Group's net asset value per Share, as illustrated in the sub-section above headed "Discount to NAV". In such circumstances, the theoretical net asset value does not represent a value that Disinterested Shareholders can realistically achieve through open market sales. Against this background, the Proposal therefore represents an opportunity for the Scheme Shareholders to exit in full at a fixed cash price at premium over the closing price of the Shares for certain period of time prior to the Last Trading Day, together with a degree of certainty and immediacy of exit that is not otherwise available in the open market given the historical thin trading liquidity of the Shares.

5.4 Comparable analyses

In assessing the fairness and reasonableness of the Total Price at HK\$4.00 per Scheme Share, we have performed analysis on the price-to-earnings ratio (the “**PE Ratio(s)**”) and the price-to-book ratio (the “**PB Ratio(s)**”), being common parameters in assessing the values of the companies which are listed on the Stock Exchange and are engaged in similar business of the Group for comparison purpose (the “**FS Comparables**”).

Given that (i) the Company is a listed company of the Stock Exchange; and (ii) the revenue of the Group is mainly derived from providing the Financial Services relating to the capital market, we have set the following selection criteria for the purpose of identifying FS Comparables:

- companies whose shares are primary listed on the Stock Exchange (excluding entities with dual A-share and H-share listing to ensure comparability with the Group’s sole Hong Kong listing structure) and have not been suspended for trading for more than six consecutive months as at the Latest Practicable Date;
- companies with over 50% of its latest financial year revenue derived from providing the Financial Services (i.e. margin financing, broking, advisory and asset management); and
- companies with a comparable market capitalization ranging from HK\$500 million to HK\$3,500 million to the market capitalization of the Company (i.e. in the amount of around HK\$2,100 million as at the Last Trading Day and/or around HK\$2,470 million based on the Total Price).

Based on the above selection criteria, we have identified 7 FS Comparables.

Scheme Shareholders should note that despite the aforesaid selection criteria, (i) the FS Comparables are not subject to privatization proposals as at the Latest Practicable Date; (ii) while the majority of the Group’s revenue is derived from Financial Service, a sizeable portion of its assets comprises investment properties, which differs from most of the FS Comparables (except for Upbest Group Limited (stock code: 335) (“**Upbest Group**”), which also engages in property investment); and (iii) certain variables, including but not limited to, the scale of operations, operational strategies and capital structure of the Group are not exactly the same as those of the FS Comparables, and we have not conducted any in-depth investigation into the business and operations of the FS Comparables. Notwithstanding the above, we consider that a comparable analysis of the PE Ratios and PB Ratios can serve as a meaningful market reference for us to assess the fairness and reasonableness of the Total Price since such ratios indicate market value of businesses of similar nature with the Company based on the selection criteria we adopted and that we consider the list of FS Comparables to be exhaustive and sufficient to help us to form our view.

Details of the FS Comparables are summarized below:

#	Comparables	Principal Business	Market Capitalization HK\$'million (note 1)	Net profit HK\$'million	Net assets value HK\$'million	PE Ratio Times (note 2)	PB Ratio Times (note 3)
1	China Industrial Securities International Financial Group Limited (6058)	Provision of financial related services including but not limited to, brokerage services, loans and financing, corporate finance and asset management.	2,220.0	167.06	4,559.4	13.29	0.49
2	Upbest Group Limited (335)	Provision of financial related services including but not limited to, securities margin financing, loan financing, brokerage, corporate finance advisory and asset management; and (ii) real-estate leasing, management and related business.	1,770.3	89.80	2,901.8	19.71	0.61
3	Shenwan Hongyuan (H.K.) Limited (218)	Provision of financial related services including but not limited to, securities, futures and options brokerage services, wealth management, securities margin financing and asset management.	1,373.8	120.94	2,812.6	11.36	0.49
4	BOCOM International Holdings Company Limited (3329)	Provision of securities brokerage and also other financial related services such as corporate finance and underwriting, asset management and advisory and margin financing.	1,134.8	Net loss	982.1	—	1.16
5	Victory Securities (Holdings) Company Limited (8540)	Provision of securities and futures brokerage services, and also other financial related services such as financing services to margin and cash clients, asset management, insurance consultancy, financial advisory and virtual asset services.	926.7	60.36	225.7	15.35	4.11

#	Comparables	Principal Business	Market Capitalization HK\$'million (note 1)	Net profit HK\$'million	Net assets value HK\$'million	PE Ratio Times (note 2)	PB Ratio Times (note 3)
6	CMBC Capital Holdings Limited (1141)	Provision of brokerage and related services and also other financial related services such as provision of short-term loan financing, proprietary trading and securities margin financing services.	658.2	151.22	1,765.2	4.35	0.37
7	Quam Plus International Financial Limited (952)	Provision of services for securities, futures and options, margin financing, insurance broking services, wealth management services, money lending and corporate finance general advisory services.	570.1	Net loss	1,689.7	–	0.34
					Min	4.35	0.34
					Max	19.71	1.16
					Average	12.81	0.58
					Median	13.29	0.49
	The Proposal	Mainly provision of the Financial Services	2,472.8	53.4	6,651.8	46.32	0.37

Source: the website of the Stock Exchange

Notes:

1. Market capitalization is calculated based on the share closing price multiplied by the total number of issued shares as at the Latest Practicable Date. For the Proposal, the market capitalization (the “**Proposal’s Value**”) is calculated based on the Total Price multiplied by the total number of issued Shares.
2. PE Ratios of the FS Comparables are calculated by dividing their respective market capitalizations as at the Latest Practicable Date by their respective profit attributable to shareholders of the companies according to their latest published annual reports. Two FS Comparables (namely BOCOM International Holdings Company Limited (3329) and Quam Plus International Financial Limited (952)) recorded net losses and were excluded; the analysis on the P/E Ratios benchmark is derived from the remaining five profitable FS Comparables. Implied PE Ratio of the Proposal is calculated by dividing the Proposal’s Value by the Group’s profit attributable to Shareholders as at 31 March 2026.
3. PB Ratios of the FS Comparables are calculated by dividing their respective market capitalizations as at the Latest Practicable Date by their respective equity attributable to shareholders of the companies according to their latest published interim/annual results or reports. A FS Comparable (namely Victory Securities (Holdings) Company Limited (8540)) exceeds two standard deviations from the mean of the FS Comparables and was excluded; and the analysis on the P/B Ratio benchmark is derived from the remaining six FS Comparables. Implied price-to-book ratio used in this table is calculated by dividing the Proposal’s Value by the Group’s equity attributable to Shareholders as at 31 March 2026.

As illustrated from the table above that the PE Ratios of the FS Comparables (excluding the two loss-making FS Comparables) ranged from approximately 4.35 times to approximately 19.71 times (the “**PE Range**”), with an average of approximately 12.81 times. The implied PE Ratio of the Proposal of approximately 46.32 times exceeds the average of the FS Comparables and lies above the PE Range.

As illustrated from the table above that the PB Ratios of the FS Comparables (excluding the outlier) ranged from approximately 0.34 times to approximately 1.16 times, with an average and median of approximately 0.58 times and approximately 0.49 times respectively. The implied PB Ratio of the Proposal of approximately 0.37 times falls within the range of and is very close to the minimum of the FS Comparables.

Notwithstanding that a portion of the Group’s total assets comprises investment properties, we consider the above analysis, in particular the PE Ratio remains an appropriate and relevant valuation parameter having considered the reasons below:

- the majority of the Group’s revenue and profit is generated from business relating to Financial Services (including brokerage, margin financing, money lending and related activities), rather than from property rental income or revaluation gains. As such, the PE Ratio provides a meaningful measure of the value attributed by the market to the Group’s core earnings-generating operations;
- the FS Comparables were selected primarily on the basis of their revenue composition (i.e. majority of revenue derived from Financial Services). Applying the PE Ratio to this set of Comparables allows a like-for-like comparison of the earnings multiple that the market is willing to ascribe to businesses of a similar operating nature; and
- a pure net asset value or PB approach would not adequately capture the value of the Group’s ongoing financial services franchise, client relationships, and recurring income streams. Conversely, relying solely on the PE Ratio without regard to the asset base would also be incomplete, thereby considering both the PE Ratio and the PB Ratio provides a more balanced assessment.

Having said that, while we are of the view that the above analysis remains relevant for assessing the operating business of the Group, these financial services companies may not fully capture the asset-backed characteristics of the Group when assessing the price-to-book multiple. Among the FS Comparables, only Upbest Group is most comparable to the Group’s hybrid model of engaging in the Financial Services while also being materially involved in property investment. According to Upbest Group’s latest annual report for the year ended 31 March 2026, approximately 54.2% of its revenue was derived from financial services (broking, financing, corporate finance and asset management) and approximately 45.4% from property investments. The implied PE Ratio under the Proposal is higher than Upbest Group’s PE Ratio of approximately 19.71 times, while the implied PB Ratio under the Proposal is lower than Upbest Group’s PB Ratio of approximately 0.61 times, which may be attributable to the fact that the Group’s overall revenue base is primarily driven by its substantially larger financial services businesses, resulting in property investment contributing only approximately 9% of the Group’s revenue as compared with approximately 45% for Upbest Group.

Accordingly, to provide an additional market reference for evaluating the implied PB Ratio of the Proposal – recognizing that the Group has a sizeable property portfolio in absolute terms, even though property investment forms a much smaller part of its overall business mix – we have identified a separate set of listed property investment companies on the Stock Exchange with net asset values broadly comparable to that of the Group (the “**PI Comparables**”). The PI Comparables serve as a complementary reference for the asset-backed portion of the balance sheet. The selection criteria and analysis of the PI Comparables are set out below,

- companies whose shares are primary listed on the Stock Exchange and have not been suspended for trading for more than six consecutive months as at the Latest Practicable Date;
- companies with over 50% of its latest financial year revenue derived from properties investment and development to ensure the selected peers are principally engaged in property investment and development even though the revenue contribution of the Group’s property investment segment only ranged between approximately 8.84% to 9.27% over the last two financial years; allowing the PI Comparables to supplement the FS Comparables by capturing the market’s valuation of sizeable investment property portfolios and net assets value, which the peers in the FS Comparables do not adequately reflect;
- companies with a comparable market capitalization ranging from HK\$500 million to HK\$3,500 million to the market capitalization of the Company (i.e. in the amount of around HK\$2,100 million as at the Last Trading Day and/or around HK\$2,470 million based on the Total Price); and
- companies with a comparable net asset value attributable to owners ranging from HK\$3,000 million to HK\$9,000 million to the Audited Adjusted NAV (i.e. in the amount of approximately HK\$6,601.5 million).

Based on the above selection criteria, we have identified 13 PI Comparables.

Scheme Shareholders should note that despite the aforesaid selection criteria, (i) the PI Comparables are not subject to privatization proposals as at the Latest Practicable Date; (ii) the Group is not principally engaged in property investment and the majority of its revenue is derived from financial services, and therefore the PI Comparables are not intended to serve as direct operational peers of the Group – instead they are selected solely to provide an additional market reference for assessing the PB Ratio of the Proposal, having regard to the fact that a sizeable portion of the Group’s total assets comprises investment properties; and (iii) certain variables, including but not limited to, the scale of operations, operational strategies and capital structure of the Group are not exactly the same as those of the PI Comparables, and we have not conducted any in-depth investigation into the business and operations of the PI Comparables. Notwithstanding the above, we consider that a comparable analysis of the PB Ratios of the PI Comparables can serve as a meaningful additional market reference for assessing the implied PB Ratio of the Total Price and we consider the list of PI Comparables to be exhaustive under the selection criteria we adopted and sufficient to help us arrive in our view.

Details of the PI Comparables are summarized below:

#	Comparables	Principal Business	Market Capitalization HK\$'million (note 1)	Net assets value HK\$'million	PB Ratio Times (note 2)
1	China Motor Bus Co., Ltd. (26)	Property investment and development	2,667.9	6,509.5	0.41
2	Dynamic Holdings Limited (29)	Property development, rental and investment	2,079.9	7,307.1	0.28
3	Associated International Hotels Limited (105)	Property investment and leasing	1,803.6	6,554.8	0.28
4	Melbourne Enterprises Limited (158)	Property investment	1,462.5	6,364.7	0.23
5	Tian Teck Land Limited (266)	Property leasing	868.8	3,640.5	0.24
6	Hongkong Chinese Limited (655)	Property investment and development; and Treasury and securities investment	819.3	8,167.7	0.10
7	Safety Godown Company, Limited (237)	Operations of godowns; Property leasing; and Securities trading	806.0	3,422.9	0.24
8	Vanke Overseas Investment Holding Company Limited (1036)	Property investment, property development and asset management	771.3	4,060.2	0.19
9	Multifield International Holdings Limited (898)	Property investment, property management services and securities investment	735.7	7,717.7	0.10
10	Pioneer Global Group Limited (224)	Property investment	686.7	7,396.4	0.09
11	SEA Holdings Limited (251)	Property investment, hotel operation and financial investment	662.3	3,623.0	0.18
12	Pokfulam Development Company Limited (225)	Property investment and management; Trading of goods; and Investment securities	564.1	4,383.9	0.13
13	Tai Sang Land Development Limited (89)	Property investment	537.9	8,016.4	0.07
				Min	0.07
				Max	0.41
				Average	0.19
				Median	0.19
	The Proposal		2,472.8	6,601.5	0.37

Source: the website of the Stock Exchange

Notes:

1. Calculated based on the share closing price multiplied by the total number of issued shares as at the Latest Practicable Date.
2. PB Ratios of the PI Comparables are calculated by dividing their respective market capitalizations as at the Latest Practicable Date by their respective equity attributable to shareholders of the companies according to their latest publish interim/annual results or reports. Implied price-to-book ratio used in this table is calculated by dividing the Proposal's Value by the Adjusted Audited NAV.

As illustrated from the table above that the PB Ratios of the PI Comparables ranged from approximately 0.07 times to approximately 0.41 times (the “**PB Range**”), with an average and median of approximately 0.19 times and approximately 0.19 times respectively. The implied PB Ratio of the Proposal of approximately 0.37 times exceeds the average of the PI Comparables and lies within the PB Range.

Having considered that (i) the implied PE Ratio under the Proposal exceeds both the average and the PE Range of the FS Comparables, which is favorable from an operating earnings perspective; and (ii) the implied PB Ratio under the Proposal, while only slightly above the lower end of the price-to-book range of the FS Comparables (i.e. approximately 0.34 times) and below the average of those peers, falls within the PB Range and is higher than the average and median of the PI Comparables, which is favorable from an asset perspective, we are of the view that, from the perspective of the comparable peer analysis, the terms of the Proposal and the Total Price of HK\$4.00 per Scheme Share to be fair and reasonable so far as the Disinterested Shareholders are concerned.

5.5 Privatization precedents

Considering the cancellation prices of precedent privatisation exercises of companies listed on the Stock Exchange may vary depending on their principal businesses, business nature, scale of operation, the industries they operate in and future prospects, which may be influenced by different market factors and fundamentals, we are of the view that (i) the comparison of cancellation price with privatisation precedents may not provide a meaningful analysis for assessing the fairness and reasonableness of the Total Price, particularly given that half of the Total Price is financed by the Special Dividends; and (ii) our abovementioned analyses in the sections headed “5.2 Historical price performances of the Shares”, “5.3 Historical trading liquidity of the Shares” and “5.4 Comparable Analyses” serve as more relevant and appropriate bases of assessment for the Disinterested Scheme Shareholders.

RECOMMENDATIONS

In summary, we have considered the below factors and reasons in reaching our conclusion and recommendations regarding the Proposal and the Scheme:

- the commercial rationale and benefits to the Scheme Shareholders as set out in the sections headed “1.5 Prospects of the Group and the Hong Kong’s financial services market” and “4. Reasons and benefits of the Proposal” in this letter, in particular noting that while the Hong Kong financial market continues to evolve, the long-term industry environment presents intense market competition and heightened vulnerability to broader economic downturns, which may pose challenges to the Group’s core business operations;
- the Total Price, which more than compensates for the aggregate adjusted cash dividends of approximately HK\$2.330 per Share received over the past ten financial years and provides a degree of certainty and immediacy of value that future dividends cannot guarantee;
- the premiums represented by the Total Price relative to the historical closing prices for each Scheme Share as set out in the section headed “5.1 Comparisons of value with the Total Price” in this letter, in particular noting that in the event that the Proposal is not approved or otherwise fails to proceed, and in the absence of any alternative offer or general market movement, there is no assurance that the market price of the Shares will remain at the current level and may revert to, or trade below, levels observed prior to the Announcement Date;
- our analysis set out in the section headed “5.2 Historical price performances of the Shares” in this letter, which illustrated that the Total Price of HK\$4.00 per Scheme Share has been consistently well above the closing prices of the Shares during the 3Y Review Period;
- in the absence of the Proposal, there is no assurance that the Company would distribute an equivalent amount of cash to shareholders in the form of dividends in the near term. The Special Dividend therefore represents an accelerated realization of value that would not otherwise be available to the Disinterested Shareholders under the status quo;
- the notable discount of the Total Price relative to the net asset value per Share to be justifiable, fair and reasonable as (i) the closing prices of the Shares traded at a persistent discount to the net asset value per Share throughout the 3Y Review Period, ranging from approximately 62.54% to approximately 70.82%; and (ii) realizing the full carrying value of the property investments and assets of the Group would involve additional transaction costs, potential taxation, market slippage and an extended timeframe under prevailing market conditions alongside with the view of the relatively subdued outlook for the property markets in both Hong Kong and the United Kingdom may exert further pressure on the valuation of the Group’s investment property portfolio, thereby affecting the sustainability of its current net asset value;

- our analysis sets out in the section headed “5.3 Historical trading liquidity of the Shares” in this letter, which illustrated that the trading volume of the Shares during the 1Y Review Period was thin, given the inactiveness, Scheme Shareholders may find it difficult to dispose of a large volume of Shares in the open market without exerting downward pressure on the price of the Shares; and
- as illustrated in our comparables analysis in sections “5.4 Comparable Analysis” in this letter that indicated that (i) the implied PE Ratio under the Proposal exceeds both the average and the PE Range of the FS Comparables, which is favorable from an operating earnings perspective; and (ii) the implied PB Ratio under the Proposal, while only slightly above the lower end of the price-to-book range of the FS Comparables (i.e. approximately 0.34 times) and below the average of those peers, falls within the PB Range and is higher than the average and median of the PI Comparables, which is favorable from an asset perspectives, we are of the view that the terms of the Proposal and the Total Price of HK\$4.00 per Scheme Share to be fair and reasonable so far as the Disinterested Shareholders are concerned.

In accordance to the above, we (i) are of the opinion that the Proposal and the Scheme are fair and reasonable so far as the Scheme Shareholders and the Disinterested Shareholders are concerned; and (ii) recommend the Independent Board Committee to advise the Disinterested Shareholders to vote in favour of the resolutions in connection with the implementation of the Proposal at the Court Meeting and the EGM.

As different Scheme Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Scheme Shareholders and Disinterested Shareholders who may require advice in relation to any aspect of the Scheme Document, or as to the action to be taken, to also consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Scheme Shareholders are reminded that they should make their decisions to dispose of or retain their investments or exercise their rights in the Shares, having regard to their own circumstances and investment objectives and are reminded to closely monitor the market price and liquidity of the Shares, and they may consider selling their Shares in the open market, where possible, if the net proceeds (after deducting all transaction costs) exceed the net amount to be received under the Proposal.

Yours Faithfully,
For and on behalf of
Veda Capital Limited



Julisa Fong
Managing Director

Ms. Julisa Fong is a licensed person registered with the SFC and a responsible officer of Veda Capital Limited which is licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity and has over 29 years of experience in corporate finance industry.