

Rainbow Capital (HK) Limited

22 September 2025

To: the Independent Board Committee

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER BY
BOCOM INTERNATIONAL SECURITIES LIMITED FOR AND
ON BEHALF OF HONG KONG COOLXUAN GROUP COMPANY LIMITED
FOR ALL THE ISSUED SHARES IN QUANTUM THINKING LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY HONG KONG COOLXUAN GROUP COMPANY
LIMITED AND/OR PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the “Letter from the Board” of this Composite Document to the Independent Shareholders dated 22 September 2025, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in this Composite Document.

On 18 August 2025 (after trading hours), the Offeror and the Vendor entered into the Share Purchase Agreement, pursuant to which, the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase the Sale Shares, being 985,162,771 Shares, representing approximately 72.64% of the total issued share capital of the Company as at the date of the Joint Announcement, for a total consideration of HK\$56,292,200 (representing approximately HK\$0.05714 per Sale Share). Completion took place on 25 August 2025. As a result, the Offeror holds 985,162,771 Shares, representing approximately 72.64% of the total issued share capital of the Company upon Completion. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and/or parties acting in concert with it). BOCOM Securities is, for and on behalf of the Offeror and in compliance with the Takeovers Code, making the Offer at the Offer Price of HK\$0.05714 per Offer Share in cash.

As the Vendor is prepared to receive deferred payment of part of the Consideration from the Offeror subsequent to Completion, the Vendor is treated as providing financing or financial assistance to the Offeror in connection with the acquisition of the Sale Shares and is therefore presumed to be acting in concert with the Offeror under Class (9) of the definition of “acting in concert” under the Takeovers Code.

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, the Company has established the Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Lau Chor Ki, Mr. Tse Yee Hin, Tony and Mr. Wong Kin Kee, to advise and make recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable, and as to acceptance of the Offer. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in the same regard and such appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

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

BASIS OF OUR OPINION

In formulating our opinion and advice, we have considered, among other things, (i) the information and facts contained or referred to in this Composite Document; (ii) the annual reports of the Company for the years ended 31 March 2024 and 2025 (the “**2024 Annual Report**” and “**2025 Annual Report**”, respectively); (iii) the information and opinions provided by the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in this Composite Document were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in this Composite Document were true in all material respects at the time they were made and continued to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in this Composite Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in this Composite Document and that all information or representations provided to us by the Directors and the management of the Group were true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the Latest Practicable Date.

Shareholders will be informed by the Company and us as soon as possible if there is any material change to the information disclosed in this Composite Document during the Offer Period, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Shareholders accordingly.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in this Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, the Offeror, the Offeror Concert Group or any of their respective subsidiaries and associates.

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

PRINCIPAL TERMS OF THE OFFER

As at the Latest Practicable Date, the Company had 1,356,250,000 Shares in issue. Save for the 985,162,771 Shares already owned by the Offeror and assuming there is no change of issued share capital of the Company from the Latest Practicable Date and up to the Closing Date, 371,087,229 Shares are subject to the Offer.

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

Offer Price for each Offer Share HK\$0.05714 in cash

The Offer Price of HK\$0.05714 per Offer Share under the Offer is equivalent to the acquisition price per Share of the acquisition of 985,162,771 Sale Shares by the Offeror, which was agreed between the Offeror and the Vendor after arm's length negotiations, taking into account (i) the historical operating and financial performance of the Group; (ii) the historical and recent trading prices of the Shares; and (iii) the current market conditions.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the Despatch Date.

The Company confirmed that as at the Latest Practicable Date, the Company did not have any declared and unpaid dividend and did not have any intention to make, declare or pay any future dividend or make other distributions or any return of capital until the close of the Offer.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the Group

The Company is an investing holding company. The Group is principally engaged in the provision of system development services and short messaging services and trading of hardware. With reference to the 2024 Annual Report, the Group had shifted the focus of its business to the operation of information technology systems from the development of such systems and trading of hardware and started diversifying into the business of value-added services such as short messaging services in FY2024.

Set out below is a summary of the consolidated financial information of the Group for the years ended 31 March 2023, 2024 and 2025 (“FY2023”, “FY2024” and “FY2025”, respectively) as extracted from the 2024 Annual Report and the 2025 Annual Report:

(i) Financial performance

| | FY2023 <i>HK\$'000</i> (audited) | FY2024 <i>HK\$'000</i> (audited) | FY2025 <i>HK\$'000</i> (audited) |
|-------------------------------|---|---|---|
| Revenue | 18,290 | 16,152 | 39,553 |
| — System development services | 14,418 | 3,976 | 3,994 |
| — Consultancy services | 994 | — | — |
| — Sales of hardware | 2,878 | 929 | 239 |
| — Short messaging service fee | — | 11,247 | 35,320 |
| Gross profit | 1,820 | 761 | 742 |

| | FY2023 <i>HK\$'000</i> (audited) | FY2024 <i>HK\$'000</i> (audited) | FY2025 <i>HK\$'000</i> (audited) |
|---|---|---|---|
| Other income | 1,593 | 1,412 | 6 |
| Gain on disposal of a subsidiary | — | 19,286 | — |
| Distribution costs | (48) | (89) | (75) |
| Administrative expenses | (18,812) | (13,928) | (10,727) |
| Impairment loss on financial assets | (427) | (1,066) | (2,126) |
| Impairment loss recognised on plant and equipment | — | — | (60) |
| Impairment loss recognised on right-of-use assets | — | — | (1,212) |
| Impairment loss recognised on intangible assets | — | — | (12) |
| Finance costs | (966) | (478) | (103) |
| (Loss)/profit before taxation | (16,840) | 5,898 | (13,567) |
| Income tax expenses | — | — | — |
| (Loss)/profit attributable to the Shareholders | (10,108) | 6,604 | (13,410) |

FY2024 as compared to FY2023

The Group's revenue decreased by approximately 11.7% from approximately HK\$18.3 million for FY2023 to approximately HK\$16.2 million for FY2024, primarily attributable to the combined effects of the decrease in revenue from system development services by approximately HK\$10.4 million and the increase in revenue from short messaging service fee by approximately HK\$11.2 million, as a result of the Group's business strategy to shift its focus to the operation of information technology systems from the development of such systems and to diversify into the business of value-added services.

In line with the decrease in revenue, the Group's gross profit decreased by approximately 58.2% from approximately HK\$1.8 million for FY2023 to approximately HK\$0.8 million for FY2024.

Despite the decrease in revenue and gross profit, the Group recorded a turnaround from loss attributable to the Shareholders of approximately HK\$10.1 million for FY2023 to profit attributable to the Shareholders of approximately HK\$6.6 million. Such turnaround was primarily attributable to (a) the recognition of gain on disposal of a subsidiary to an independent third party of approximately HK\$19.3 million; and (b) the decrease in administrative expenses by approximately HK\$4.9 million as a result of the decrease in employee expenses and the decrease in depreciation on fixed assets and leasehold improvement.

FY2025 as compared to FY2024

The Group's revenue increased significantly by approximately 144.9% from approximately HK\$16.2 million for FY2024 to approximately HK\$39.6 million for FY2025, primarily attributable to the increase in revenue from short messaging service ("SMS") fee by approximately HK\$24.1 million as a result of the Group's continuous efforts in expanding its business of SMS for businesses by signing more contracts to provide such services and to provide relevant technologies that enable SMS for businesses. For FY2025, the Group has secured (a) two more contracts with an information technology company to provide standardised products and services that enable the adoption of big data technology in SMS as well as to provide SMS through a branch of a major telecommunications carrier of China in Guangdong province; (b) one contract with another information technology firm to provide SMS for businesses; and (c) one contract to provide both an SMS channel and SMS through such channel for another information technology company.

Despite the increase in revenue, the Group's gross profit decreased slightly by approximately 2.5% from approximately HK\$761,000 for FY2024 to approximately HK\$742,000 for FY2025 as a result of the decrease in the Group's monthly short messaging service fees per project in order to maintain its competitiveness.

The Group recorded a change from profit attributable to the Shareholders of approximately HK\$6.6 million for FY2024 to loss attributable to the Shareholders of approximately HK\$13.4 million for FY2025. Such change was primarily attributable to (a) the recognition of gain on disposal of a subsidiary to an independent third party of approximately HK\$19.3 million for FY2024, which was non-recurring in FY2025; (b) the decrease in other income by approximately HK\$1.4 million, mainly due to that the Group received a gain on litigation claim of approximately HK\$1.0 million for FY2024 as a result of a legal case on 20 November 2023 between the Group and an independent third party and such gain was non-recurring for FY2025; and (c) the increases in impairment loss on financial assets and impairment loss recognised on right-of-use assets by approximately HK\$1.1 million and HK\$1.2 million, respectively, which was partially offset by the decrease in administrative expenses by approximately HK\$3.2 million mainly due to the decreases in travel expenses, employee expenses and consulting services fee as a result of the Group's implementation of strict cost control strategy.

(ii) *Financial position*

| | As at 31 March | | |
|--|-----------------|----------------|-----------------|
| | 2023 | 2024 | 2025 |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| | (audited) | (audited) | (audited) |
| Non-current assets, including: | 1,977 | 969 | 153 |
| — Plant and equipment | 345 | 272 | 153 |
| — Right-of-use assets | 1,631 | 697 | — |
| Current assets, including: | 32,656 | 14,752 | 15,101 |
| — Trade and other receivables | 20,105 | 11,770 | 13,030 |
| — Bank balances and cash | 3,493 | 2,742 | 1,839 |
| Total assets | 34,633 | 15,721 | 15,254 |
| Current liabilities, including: | 47,195 | 17,402 | 17,581 |
| — Trade and other payables | 20,760 | 16,663 | 16,945 |
| — Lease liabilities | 790 | 724 | 621 |
| Net current liabilities | (14,539) | (2,650) | (2,480) |
| Non-current liabilities, including: | 811 | — | 12,625 |
| — Loan from a shareholder | — | — | 7,232 |
| — Other payables | — | — | 4,800 |
| Total liabilities | 48,006 | 17,402 | 30,206 |
| Net deficit | (13,373) | (1,681) | (14,952) |

As at 31 March 2025, total assets of the Group amounted to approximately HK\$15.3 million, mainly consisting of (a) trade and other receivables of approximately HK\$13.0 million; and (b) bank balances and cash of approximately HK\$1.8 million.

As at 31 March 2025, total liabilities of the Group amounted to approximately HK\$30.2 million, mainly consisting of (a) trade and other payables of approximately HK\$21.7 million, including amounts due to Ms. Ho Ching, an executive Director, of approximately HK\$4.8 million, which was waived by Ms. Ho Ching on 25 August 2025 by way of a deed of waiver; and (b) loan from a shareholder (i.e. the Vendor) of approximately HK\$7.2 million, which, along with an additional loan of approximately HK\$3.4 million provided by the Vendor subsequent to 31 March 2025 and accrued interests of approximately HK\$0.2 million, was waived by the Vendor together on 25 August 2025 by way of a deed of waiver.

Resulting from the Group's disposal of a subsidiary in FY2024 which has disposed of net liabilities of approximately HK\$23.9 million accordingly, the Group's net deficit decreased from approximately HK\$13.4 million as at 31 March 2023 to approximately HK\$1.7 million as at 31 March 2024. However, as a result of the increases in loan from a shareholder and trade and other payables during the year, the Group's net deficit increased from approximately HK\$1.7 million as at 31 March 2024 to approximately HK\$15.0 million as at 31 March 2025.

(iii) Overall comment

In the past several years, the Group has been pursuing a prudent development strategy while diversifying its business. The Group has strategically shifted its business focus to the operation of information technology systems from the development of such systems. For instance, the Group started diversifying into the business of value-added services such as short messaging services for businesses in the second half of 2022 by cooperating with an information technology company in providing a multimedia short messaging service for businesses. Accordingly, the Group's total revenue has increased from approximately HK\$18.3 million for FY2023 to approximately HK\$39.6 million for FY2025.

Despite such revenue growth, the Group has recorded loss attributable to the Shareholders of approximately HK\$10.1 million and HK\$13.4 million for FY2023 and FY2025, respectively, primarily attributable to the low gross profit margins recorded by the Group, which amounted to approximately 10.0%, 4.7% and 1.9% for the three years ended 31 March 2025, respectively. The Group recorded profit attributable to the Shareholders of approximately HK\$6.6 million for FY2024, mainly due to the recognition of gain on disposal of a subsidiary of approximately HK\$19.3 million. If excluding such one-off gain, the Group would record loss attributable to the Shareholders of approximately HK\$12.7 million for FY2024, indicating the Group's deteriorated financial performance over the past three years.

As disclosed in the 2025 Annual Report, the Group will adhere to its prudent approach to development so that it will be able to conduct business diversification while strengthening its business fundamentals. The Group will focus its resources and efforts on developing businesses in traditional, well-established information technology industries that can generate stable income. For instance, the Group will upgrade and adapt the relevant technologies for voice messaging for marketing or notification, which is another value-added service under the Group's SMS business segment that the Group is preparing to diversify into. The Group expects to sign a contract in the second half of 2025 to provide voice messaging.

Taking into account (a) that the Group had been loss-making for years; and (b) the financial pressure of the Group as evidenced by its net current liabilities and net deficit positions as at 31 March 2023, 2024 and 2025, we consider the Group's prospect to be uncertain in the short term.

The Group had net current liabilities and net liabilities of approximately HK\$2.5 million and HK\$15.0 million respectively as at 31 March 2025. Based on the independent auditor's report of the Company for FY2025, the independent auditor of the Company was of the view that these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Their opinion is not modified in respect of this matter. Please refer to Appendix II to this Composite Document for further details of the material uncertainties relating to going concern.

Given that (i) the Vendor and Ms. Ho Ching have waived the loans of approximately HK\$10.9 million and HK\$4.8 million owed by the Company to them, respectively; and (ii) the Offeror will conduct a detailed review of the business operations and financial position of the Group upon the close of the Offer and consider the provision of shareholder loan to the Group, we are of the view that the Group will be able to finance its working capital, and that such material uncertainties relating to going concern would not have any material implication on the Offer and the Company. Pursuant to Note 3 to Rule 2 of the Takeovers Code, we would like to draw the attention of the Independent Shareholders to the material uncertainties relating to going concern. The Independent Shareholders are advised to take into account the foregoing and consider carefully the Offer. If the Independent Shareholders decide not to accept the Offer, they should be aware of the potential risks associated with the material uncertainties relating to going concern.

2. Industry overview

The Group is principally engaged in the provision of system development services and short messaging services and trading of hardware. With reference to the 2025 Annual Report, the provision of short messaging services is the largest revenue stream of the Group, accounting for approximately 89.3% of the Group's total revenue for FY2025. System development services and sales of hardware accounted for approximately 10.1% and 0.6% of the Group's total revenue for FY2025, respectively.

In recent years, the market size of the Chinese short messaging services market has shown a steady upward trend. According to the Ministry of Industry and Information Technology of the PRC (source: https://www.gov.cn/lianbo/bumen/202501/content_7003010.htm), the number of short messages sent through mobile phones in the PRC increased from approximately 1,506.6 billion in 2019 to approximately 2,016.2 billion in 2024, representing a cumulative annual growth rate ("CAGR") of approximately 6.0% during the period. In particular, the number of short messages sent through mobile phones in the PRC recorded a year-on-year growth rate of approximately 7.9% in 2024, demonstrating the strong demand on short messaging services in the PRC.

The Chinese short messaging services market is expected to further grow with the development in artificial intelligence ("AI") and big data. Such trends can enable AI-generated content and delivery of messages to target audience with precision. There will be even wider application of short messaging services for businesses in sectors such as financial service, e-commerce and logistics. In addition, the significant progress and breakthroughs in AI, has become a key driving force behind industrial upgrading and economic transformation.

According to the Opinions on Deepening the Implementation of the Artificial Intelligence Plus Action (國務院關於深入實施“人工智能+”行動的意見) released by the State Council on 26 August 2025 (source: https://www.gov.cn/zhengce/content/202508/content_7037861.htm), China has stepped up its effort to develop AI which fits in its plan to integrate digital technologies with real economy. The ongoing intelligentisation and digital transformation of the Chinese industries and the shift of focus to high-quality economic development have presented opportunities for information system solution providers who possess expertise in AI services and solutions and robotic process automation, and adopt it in traditional information technology industries such as short messaging services for businesses.

The Group's short messaging services business is mainly about providing its customers with the access to the SMS cloud service platform (the “**SMS Cloud Platform**”) hosted on Alibaba Cloud for sending, transmission and reception of short messages. The Group shall be responsible for the stable operation and maintenance of the SMS Cloud Platform, the stable transmission of text messages data via the SMS Cloud Platform as well as data screening and data protection. With access to the SMS Cloud Platform, the Group's customers can utilise such platform to create, manage and disseminate large volume of short messages in different styles and formats (such as customised news, stock market information, picture and ringtone downloads, interesting stories and jokes, text message chat, replies to enquiries, after-sales service and verification code) to their target end customers. The development of AI can facilitate the generation of high-converting SMS content and the automation tools powered by AI could handle repetitive tasks, such as scheduling messages, segmenting audiences and handle instant support and voice reply on customer enquiries in real time, which can enhance efficiency and save costs of the Group's SMS business.

In respect of system development services business, according to IBISWorld (source: <https://www.ibisworld.com/china/industry/software-development/817/>), the strong demand from downstream software users and the government, along with solid pricing, have supported the Chinese software development industry to increase at a CAGR of approximately 8.5% over the five years through 2025 to approximately US\$675.2 billion. The Chinese government has introduced a series of favourable policies to encourage and support the development of software and information technology service industries. For instance, the 14th Five-Year Development Plan for the Software and Information Technology Services Sector (“十四五”軟件和信息技術服務業發展規劃) released by the Ministry of Industry and Information Technology of the PRC (source: <https://www.gov.cn/zhengce/zhengceku/2021-12/01/5655205/files/a44b507d67c74591ad4f5e55b98c4518.pdf>) has listed out significant goals for the software and information technology services sector, aiming to achieve breakthroughs in core technologies, develop more than one million industrial applications by 2025, foster a competitive edge in software for key industries like finance and construction, and cultivate large-size companies and open source communities with international influence. In view of the government support and technology advancement, the Chinese software development industry is expected to further grow at a CAGR of approximately 6.5% from 2025 to 2030. Given that IBISWorld is an independent global company founded in 1971, providing industry research on thousands of industries worldwide with over 400 employees, we consider its industry research to be reliable.

As advised by the management of the Group, the Group's system development and sales of hardware businesses are subject to the requirement of obtaining business licenses only. On the other hand, the Group's SMS business is subject to the regulation of, among others, the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), the Data Security Law of the PRC (《中華人民共和國數據安全法》), the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) and the Regulations on the Administration of Short Message Services (《通信短信息服务管理规定》) and is required to obtain the Business License for Value-added Telecommunications Business (增值電信業務經營許可證), the Telecommunications Network Number Resource Use Certificate (電信網碼號資源使用證書), the business license with business scope containing telecommunications business, value-added telecommunications business, information service business and other related content and the direct cooperation authorisation from the three major telecommunications carriers of China. The Group confirmed its business operations have complied with the aforesaid PRC regulations and it has obtained the aforesaid necessary licenses and certificate for operating the SMS business.

Taking into account (i) the historical strong demand on the short messaging services in the PRC; (ii) the development of AI and big data which are expected to positively impact the Chinese short messaging services market; and (iii) the favourable Chinese government policies to encourage and support the development of software and information technology service industries, we consider the Chinese short messaging services and system development services markets in the coming years to be positive.

Having considered that the Group's revenue from sales of hardware has decreased from approximately HK\$0.9 million for FY2024 to approximately HK\$0.2 million for FY2025 and sales of hardware only accounted for approximately 5.8% and 0.6% of the Group's total revenue for FY2024 and FY2025, respectively, we are of the view that the prospect of hardware trading market in the PRC will not materially impact the Group's business and financial performance.

3. Information on the Offeror and its intention regarding the Group

Details on the information on the Offeror and its intention regarding the Group are set out in the sections headed "Information regarding the Offeror and Offeror Concert Group", "The Offeror's intention on the Company", "Proposed change to the Board composition of the Company" and "Public float and maintaining the listing status of the Company" in the "Letter from BOCOM Securities" in this Composite Document, which are summarised as follows:

(i) Information on the Offeror

The Offeror is a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, it was held as to 51.0% by Mr. Pu Jian, 39.0% by Ms. Chen Zhengfen, and 10.0% by Ms. Zhang Min. The principal activity of the Offeror is investment holding, and the Offeror was established on 12 August 2024 solely for the purpose of holding the Company upon Completion.

Mr. Pu Jian, aged 42, is the sole director of the Offeror. He was the general manager of Chengdu Peak Synergy Enterprise Management Center (Limited Partnership)* (成都巔峰共創企業管理中心(有限合夥)) (“**Chengdu Peak Synergy**”) from 2015 to 2019. He established Sichuan Chengdu Coolxuan Technology Co., Ltd.* (四川城市酷選科技有限公司) (“**Sichuan City Coolxuan**”) in 2019, which is held as to 51% by Mr. Pu and 49% by Sichuan Dianfeng Gongchuang Network Technology Co., Ltd.* (四川巔峰共創網路科技有限公司) (“**Sichuan Dianfeng**”) as at the Latest Practicable Date. Sichuan City Coolxuan is principally engaged in internet-related services such as technical services, technical consulting and internet sales. In particular, it focuses on providing SaaS marketing software to small and medium-sized merchants, which is aimed at assisting the digitalization of merchants’ business by providing ordering, payment processing, marketing and customer data analysis. Sichuan City Coolxuan has been recognized as a National High-Tech Enterprise (國家級高新技術企業) and obtained the National High-Tech Enterprise certification (國家級高新技術企業認證). Mr. Pu was also appointed as a mentor for the School of International Studies at Jincheng College of Sichuan University in 2020. He obtained a certificate in “the rise and impact of digital economy” (數字經濟的崛起和影響) in 2024 from Shandong University (山東大學). Mr. Pu Jian is the spouse of Ms. Zhang Min and the son of Ms. Chen Zhengfen.

Ms. Chen Zhengfen, is the general partner of Chengdu Peak Synergy which was established in 2015 and is principally engaged in providing business services, including business management consulting services, business information consulting and advertising services. She is also the sole shareholder of Sichuan Dianfeng which was established in 2015 and is principally engaged in research and development in network technologies, including but not limited to developing online marketing, payment, and financial systems for merchants. Ms. Chen Zhengfen is the mother of Mr. Pu Jian and the mother-in-law of Ms. Zhang Min.

Ms. Zhang Min, joined Sichuan City Coolxuan in 2019 and became its operations director in December 2024. Ms. Zhang Min is the spouse of Mr. Pu Jian and the daughter-in-law of Ms. Chen Zhengfen.

Mr. Pu Jian, Ms. Chen Zhengfen and Ms. Zhang Min’s knowledge, business background and experience in network technologies, SaaS marketing software and technical services are expected to bring complementary expertise, experiences, resources and customer networks to the Group’s existing business (such as the system development service business) and broaden its customer base, where the Group can leverage their past experience and expertise in developing software systems and SMS business with focus on the data analytics and marketing tools in co-developing the SaaS marketing software business with the Offeror, which may create synergy with and bring new business opportunities for the Group’s existing businesses.

(ii) Intention of the Offeror regarding the Group

(a) Business

As set out in the “Letter from BOCOM Securities” in this Composite Document, it is the intention of the Offeror that the Company will continue to focus on the development of its existing businesses in the system development services, trading of hardware and short messaging service fee. Upon the close of the Offer, the Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating a sustainable business plan and strategy for the Group’s long-term development. Subject to the results of the aforesaid review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company.

Notwithstanding the above, as at the Latest Practicable Date, no investment or business opportunity has been identified by the Offeror nor had the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, nor did the Offeror have any intention to acquire new businesses, downsize the Group’s existing businesses or conduct any fundraising, and, save for the proposed changes to the members of the Board as detailed in the sub-section headed “(b) Board composition” below, the Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. It is the intention of the Offeror that certain key personnel of the Company shall continue his/her employment in the Company for at least 12 months upon Completion.

(b) Board composition

As at the Latest Practicable Date, the Board is made up of three executive Directors, being Mr. Wang, Ms. Ho Ching and Mr. Chen Hua, and three independent non-executive Directors, being Mr. Lau Chor Ki, Mr. Tse Yee Hin, Tony and Mr. Wong Kin Kee.

To minimize any potential disruptions to the business and day-to-day operations of the Group due to the Proposed Transaction contemplated under the Share Purchase Agreement, it is proposed that Mr. Wang will remain as executive Director, and Mr. Tung Tat Chiu, Michael will remain as the company secretary of the Company upon Completion. It is intended that save for Mr. Wang, all other existing Directors will resign from the Company at the earliest time permitted under the Takeovers Code. Nonetheless, the Offeror intends to nominate not less than five Director(s) to the Board with effect from the earliest time permitted under the Takeovers Code. As at the Latest Practicable Date, the Offeror has not reached any final decision as to who will be nominated as new Director(s). Any changes to the members of the Board will be made in compliance with the Takeovers Code and/or the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

(c) Maintenance of the Company's listing status

As stated in “Letter from BOCOM Securities” in this Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange. The director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

4. Offer Price comparison

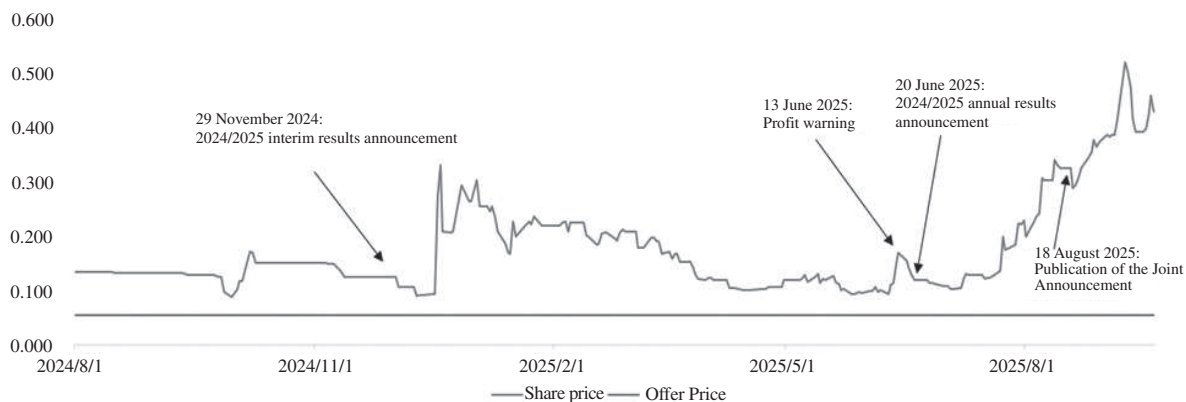
The Offer Price of HK\$0.05714 per Offer Share represents:

- (i) a discount of approximately 87.4% to the closing price of HK\$0.455 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 83.4% to the closing price of HK\$0.345 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 83.6% to the average closing price of approximately HK\$0.349 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 82.2% to the average closing price of approximately HK\$0.321 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 74.1% to the average closing price of approximately HK\$0.221 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day; and
- (vi) a premium of approximately HK\$0.05812 over the audited consolidated net liabilities per Share attributable to owners of the Company of approximately HK\$0.00098 per Share as at 31 March 2025, based on a total of 1,356,250,000 Shares in issue as at the Latest Practicable Date and the audited consolidated net liabilities attributable to owners of the Company of approximately HK\$1,332,000 as at 31 March 2025.

5. Trading performance of the Shares

(i) Historical Share price performance

Set out below is a chart showing the movement of the closing prices of the Shares as quoted on the Stock Exchange from 1 August 2024 to the Latest Practicable Date (the “**Review Period**”). We consider the Review Period is adequate to reflect the general market sentiment and illustrates the general trend and level of movement of the daily closing price of the Shares.



Source: the website of the Stock Exchange

As shown above, the closing prices of the Shares during the Review Period, ranging from HK\$0.093 to HK\$0.550, were above the Offer Price.

The closing price of the Shares fluctuated between HK\$0.093 and HK\$0.182 during the period from 1 August 2024 to 17 December 2024 and surged to HK\$0.350 on 19 December 2024. The Share price then generally trended downwards and closed at HK\$0.099 on 9 June 2025. Since 7 July 2025, the Share price has rebounded sharply and closed at HK\$0.345 on the Last Trading Day. We have made enquiries with the management of the Company and are not aware of any information that caused the surge in the Share price during the periods from 17 to 19 December 2024 and from 7 July 2025 to the Last Trading Day.

Following the publication of the Joint Announcement, the Share price dropped to HK\$0.305 on 19 August 2025 and continued to increase since then. The Share price remained above the Offer Price and closed at HK\$0.455 as at the Latest Practicable Date, to which the Offer Price represents a discount of approximately 87.4%.

Taking into account the discounts represented by the Offer Price to the closing prices of the Shares during the Review Period, we consider that the Offer Price is not fair and reasonable so far as the Independent Shareholders are concerned.

(ii) Liquidity of the Shares

The following table sets out the average daily trading volume of the Shares for each month or period and the percentages of such average daily trading volume to the total number of Shares in issue and held by the public during the Review Period.

| | | | Approximate percentage of average daily trading volume to total number of Shares in issue (Note 2) | Approximate percentage of average daily trading volume to total number of Shares held by the public (Note 3) |
|---|--|---|---|---|
| | Number of trading days (Note 1) | Approximate average daily trading volume | | |
| 2024 | | | | |
| August | 22 | 91 | 0.0000% | 0.0000% |
| September | 19 | 31,684 | 0.0023% | 0.0085% |
| October | 21 | 98,952 | 0.0073% | 0.0267% |
| November | 21 | 5,048 | 0.0004% | 0.0014% |
| December | 20 | 849,490 | 0.0626% | 0.2292% |
| 2025 | | | | |
| January | 19 | 137,895 | 0.0102% | 0.0372% |
| February | 20 | 161,500 | 0.0119% | 0.0436% |
| March | 21 | 191,048 | 0.0141% | 0.0515% |
| April | 19 | 76,316 | 0.0056% | 0.0206% |
| May | 20 | 339,600 | 0.0250% | 0.0916% |
| June | 21 | 354,667 | 0.0262% | 0.0957% |
| July | 22 | 637,545 | 0.0470% | 0.1720% |
| August | 21 | 1,004,857 | 0.0741% | 0.2711% |
| From 1 September to the Latest Practicable Date | 15 | 1,329,467 | 0.0980% | 0.3586% |

Source: the website of the Stock Exchange

Notes:

1. Number of trading days of the Shares represents number of trading days during the month or period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended.
2. Based on the total number of the Shares in issue at the end of each month or period as disclosed in the monthly returns of the Company.
3. Based on the number of Shares held by public Shareholders as calculated by deducting the Shares held by the Vendor and the Director(s) from the total number of the Shares in issue at the end of each month or period.

As illustrated in the table above, the trading of the Shares was generally inactive during the Review Period. The average daily trading volume for the respective months during the Review Period ranged from approximately 91 Shares in August 2024 to approximately 1,329,467 Shares in the period from 1 September 2025 to the Latest Practicable Date, representing approximately 0.0000% to 0.0980% of the total number of the Shares in issue and approximately 0.0000% to 0.3586% of the total number of the Shares held by the public, respectively.

Given the historical thin liquidity of the Shares, it may be difficult for the Independent Shareholders to dispose of a significant number of the Shares on the market in a short period of time without exerting downward pressure on the Share price. The Independent Shareholders are recommended to closely monitor the Share price and trading volume of the Shares during the Offer Period. If the Independent Shareholders wish to dispose of a significant number of the Shares, which may cause the Share price to fall and result in the sale proceeds being lower than the proceeds receivable from the Offer, they should consider accepting the Offer.

6. Comparable analysis

The Group is principally engaged in the provision of short messaging service in the PRC. In evaluating the fairness and reasonableness of the Offer Price, we have searched comparable companies on Bloomberg based on the following selection criteria: (i) companies are listed on the Stock Exchange; and (ii) companies are principally engaged in the provision of short messaging service in the PRC, accounting for over 50% of their revenue, which is comparable to that of the Group for FY2025. Based on the aforesaid criteria, we only identified one comparable company, namely Beijing Xunzhong Communication Technology Co., Ltd. (2597.HK). Due to the insufficient sample size, we have widened our selection criteria to include companies listed on other stock exchanges and identified an exhaustive list of five comparable companies (“**Comparable Companies**”).

Price-to-earnings (“**P/E(s)**”), price-to-book (“**P/B(s)**”) and price-to-sale (“**P/S(s)**”) are the three most commonly used benchmarks in valuing a company. Given that (i) the Group was loss making for FY2025; and (ii) the Group recorded net liabilities position as at 31 March 2025, we have adopted P/S in valuing the Group. Based on (i) the Offer Price of HK\$0.05714 per Offer Share; (ii) 1,356,250,000 Shares in issue as at the Latest Practicable Date; and (iii) the Group’s revenue of approximately HK\$39.6 million, the P/S implied by the Offer Price is approximately 2.0 times (the “**Implied P/S**”).

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

| Company name (stock code) | Principal activities | Market capitalisation on the Last Trading Day (HK\$ million) | P/S on the Last Trading Day (times) |
|---|--|---|--|
| Montnets Cloud Technology Group Co., Ltd (002123.CH) | Provision of cloud communication services in the PRC. The group's cloud communication services include providing enterprises with platform-as-a-service communication capabilities, including short messages, fifth-generation mobile networks messages, voice, etc. | 13,330 | 2.8 |
| Wutong Holding Group Co., Ltd (300292.CH) | Provision of enterprise mobile information services in the PRC. The group provides one-stop solutions for mobile information services. | 7,526 | 1.6 |
| Beijing Waluer Information Technology Co., Ltd. (301380.CH) | Provision of mobile internet application technology and information services in the PRC. The group's products include domestic and international short messaging services, 5G messages, video messages, AI voice robot outbound calls, privacy numbers and one-click login, etc. | 4,349 | 4.0 |
| Wuxi Online Offline Communication Information Technology Co., Ltd. (300959.CH) | Provision of mobile information services and digital marketing services in the PRC. The group provides comprehensive enterprise short messaging services. | 4,206 | 3.4 |
| Beijing Xunzhong Communication Technology Co., Ltd. (2597.HK) | Provision of cloud-based communication service in the PRC. The group's cloud-based communication platform enables customers to access messaging services for sending text and rich communication services messages. | 1,633 | 1.6 |
| | | Maximum | 4.0 |
| | | Minimum | 1.6 |
| | | Average | 2.7 |
| | | Median | 2.8 |
| The Company | | 467.9 | 2.0 (Note 1) |

Source: Bloomberg and financial reports of the Comparable Companies

Note:

1. Being the Implied P/S.

As shown in the table above, the P/S of the Comparable Companies ranged from approximately 1.6 times to approximately 4.0 times, with an average and median of approximately 2.7 times and 2.8 times respectively. The Implied P/S of 2.0 times is within the range of the P/S of the Comparable Companies and is lower than the average and median P/S of the Comparable Companies.

Independent Shareholders should note that each of the Comparable Companies recorded net profits and net assets in the latest financial year, and that their market capitalisations were higher than that of the Company. The stock exchanges on which companies are listed may also affect their valuations, making them not comparable. As set out in the table above, save for Beijing Xunzhong Communication Technology Co., Ltd., other Comparable Companies are listed on Shenzhen Stock Exchange. According to the statistics of the Stock Exchange (www.hkex.com.hk/Mutual-Market/Stock-Connect/Statistics/Hong-Kong-and-Mainland-Market-Highlights), on the Last Trading Day, companies listed on the Main Board of the Stock Exchange had an average P/E ratio of approximately 14.81 times while companies listed on Shenzhen Stock Exchange had an average P/E ratio of approximately 29.07 times. Despite having similar businesses, the Company and the Comparable Companies may not be comparable in term of stock exchange on which they are listed, market capitalisation, assets size and financial performance. Therefore, the above comparable analysis is for Independent Shareholders' reference only and the Independent Shareholders are suggested to place more emphasis on our other analysis in this letter.

RECOMMENDATION

We consider that the Offer, including the Offer Price of HK\$0.05714 per Offer Share, is not fair and reasonable so far as the Independent Shareholders are concerned after taking into account the above principal factors and reasons as a whole, in particular:

- (i) The closing prices of the Shares during the Review Period, ranging from HK\$0.093 to HK\$0.550, were above the Offer Price. The Share price closed at HK\$0.455 as at the Latest Practicable Date, to which the Offer Price represents a discount of approximately 87.4%;
- (ii) The market size of the Chinese short messaging services market has shown a steady upward trend. The development of AI and big data are expected to positively impact the Chinese short messaging services market. In addition, the Chinese government has introduced a series of favourable policies to encourage and support the development of software and information technology service industries;
- (iii) Mr. Pu Jian, Ms. Chen Zhengfen and Ms. Zhang Min's knowledge, business background and experience in network technologies, SaaS marketing software and technical services are expected to bring complementary expertise, experiences, resources and customer networks to the Group's existing business (such as the system development service business) and broaden its customer base, where the Group can leverage their past experience and expertise in developing software systems and SMS business with focus on the data analytics and marketing tools in

co-developing the SaaS marketing software business with the Offeror, which may create synergy with and bring new business opportunities for the Group's existing businesses; and

- (iv) Given that (a) the Vendor and Ms. Ho Ching have waived the loans of approximately HK\$10.9 million and HK\$4.8 million owed by the Company to them, respectively; and (b) the Offeror will conduct a detailed review of the business operations and financial position of the Group upon the close of the Offer and consider the provision of shareholder loan to the Group, we are of the view that the Group will be able to finance its working capital, and that such material uncertainties relating to going concern as stated in the independent auditor's report of the Company for FY2025 would not have any material implication on the Offer and the Company.

We consider that the Group's businesses have a positive outlook in the coming years taking into account the factors (ii), (iii) and (iv) mentioned above and therefore the Independent Shareholders should not sell their Shares at the Offer Price which is significantly below the market price. Accordingly, we recommend the Independent Board Committee to advise, and we ourselves advise, the Independent Shareholders to not accept the Offer.

Given the historical thin liquidity of the Shares, the Independent Shareholders are recommended to closely monitor the Share price and trading volume of the Shares during the Offer Period. If the Independent shareholders wish to dispose of a significant number of the Shares, which may cause the Share price to fall and result in the sale proceeds being lower than the proceeds receivable from the Offer, they should consider accepting the Offer.

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



Larry Choi
Managing Director

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