
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Forms of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Quali-Smart Holdings Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Forms of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Forms of Acceptance.

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms and conditions of the Offers.

**Yael Capital
Management Limited**

(Incorporated in the British Virgin Islands with limited liability)

Quali-Smart Holdings Limited

滙達富控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1348)

**COMPOSITE DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFERS BY
CINDA INTERNATIONAL CAPITAL LIMITED AND
RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF
Yael Capital Management Limited
TO ACQUIRE ALL THE ISSUED SHARES OF
Quali-Smart Holdings Limited AND
TO CANCEL ALL OUTSTANDING OPTIONS OF
Quali-Smart Holdings Limited (OTHER THAN THOSE
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
Yael Capital Management Limited AND
PARTIES ACTING IN CONCERT WITH IT)**

Joint financial advisers to the Offeror



信達國際
CINDA INTERNATIONAL



RAINBOW CAPITAL (HK) LIMITED
滙博資本有限公司

Financial adviser to the Company



Ignite Capital

Independent Financial Adviser to the Independent Board Committee



瓏盛資本有限公司
Draco Capital Limited

Unless the context otherwise requires, capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from the Joint Financial Advisers containing, among other things, details of the terms of the Offers, is set out on pages 11 to 23 of this Composite Document.

A letter from the Board is set out on pages 24 to 30 of this Composite Document. A letter from the Independent Board Committee is set out on pages 31 to 32 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee, the Independent Shareholders and the Optionholders, is set out on pages 33 to 60 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Forms of Acceptance of the Offers must be received by the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or the company secretary of the Company (as the case may be) by no later than 4:00 p.m. on Thursday, 29 January 2026 (Hong Kong time), (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code).

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Forms of Acceptance to any jurisdiction outside Hong Kong should read the section headed "IMPORTANT NOTICE" in this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders and Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due from such Overseas Shareholder or Overseas Optionholder in respect of such jurisdictions. Overseas Shareholders and Overseas Optionholders are advised to seek professional advice on deciding whether to accept the Offers.

This Composite Document will remain on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.quali-smart.com.hk as long as the Offers remain open.

* for identification purposes only

8 January 2026

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all time and date references contained in this Composite Document and the accompanying Forms of Acceptance refer to Hong Kong time and dates.

Event	Time & Date
	2026
Despatch date of this Composite Document and the accompanying Forms of Acceptance and commencement date of the Offers ^(Note 1)	Thursday, 8 January
Offers open for acceptance ^(Note 1)	Thursday, 8 January
Latest time and date for acceptance of the Offers ^(Notes 2, 3 and 5)	by 4:00 p.m. on Thursday, 29 January
Closing Date ^(Notes 3 and 5)	Thursday, 29 January
Announcement of the results of the Offers (or their extension or revision, if any) on the website of the Stock Exchange ^(Notes 3 and 5)	no later than 7:00 p.m. on Thursday, 29 January
Latest date for posting of remittances in respect of valid acceptances received under the Offers ^(Notes 4 and 5)	Monday, 9 February

Notes:

1. The Offers, which are unconditional in all respects, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date, unless the Offeror decides to revise or extend the Offers in accordance with the Takeovers Code. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed “8. Right of Withdrawal” in Appendix I to this Composite Document.
2. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of HKSCC and HKSCC Operational Procedures.
3. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days after the date of this Composite Document. The latest time and date for acceptance of the Offers is 4:00 p.m. on Thursday, 29 January 2026 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be issued jointly by the Offeror and the Company through the website of the Stock Exchange by no later than 7:00 p.m. on the Closing Date stating whether the Offers have been extended, revised or expired. In the event that the Offeror decides to revise or extend the Offers, all Independent Shareholders and Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms. The revised Offers must be kept open for at least 14 days after the date of the revised offer document(s) and shall not close earlier than the Closing Date.

EXPECTED TIMETABLE

4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares and/or the Options tendered under the Offers will be despatched to the Independent Shareholders and/or the Optionholders accepting the Offers by ordinary post at their own risk as soon as possible, but in any event no later than seven (7) Business Days after the date of receipt of all relevant documents required to render such acceptance complete and valid in accordance with the Takeovers Code.
5. If there is a tropical cyclone warning signal number 8 or above or "Extreme Conditions" or a "black rainstorm warning signal" as issued by the Hong Kong Observatory and/or the Government of Hong Kong (collectively, "**severe weather conditions**") on any of the following deadlines ("**Key Deadline(s)**"): (a) the Closing Date and the latest time for acceptance of the Offers and the submission and publication deadline for a closing announcement under Rule 19.1 of the Takeovers Code; and (b) the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances,
 - (i) in case any severe weather condition is in force in Hong Kong at any local time before 12:00 noon but no longer in force at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will remain on the same Business Day; or
 - (ii) in case any severe weather condition is in force in Hong Kong at any local time at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will be rescheduled to the following Business Day which does not have any of those warnings or conditions in force in Hong Kong at any time at 12:00 noon and/or thereafter or such other day as the Executive may approve in accordance with the Takeovers Code.

Save as mentioned above, if the latest time for acceptance of the Offers do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Independent Shareholders and the Optionholders by way of joint announcement(s) on any change to the expected timetable as soon as practicable.

IMPORTANT NOTICE

NOTICE TO THE OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Overseas Shareholders and Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements and, where necessary, seek legal advice in respect of the Offers.

It is the responsibility of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, legal and/or regulatory requirements and the payment of any issue, transfer, cancellation or other taxes and duties due by such Overseas Shareholders and Overseas Optionholders in respect of the acceptance of the Offers in such jurisdictions.

The Offeror and the parties acting in concert with it, the Company, Cinda International, Rainbow Capital, Ignite Capital, the Independent Financial Adviser, the Registrar, the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders and Overseas Optionholders for any taxes or duties as such persons may be required to pay. Please see the paragraphs headed “Availability of the Offers” in the “Letter from the Joint Financial Advisers” and “9. Overseas Shareholders and Overseas Optionholders” in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meaning:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Benefit Global”	Benefit Global Limited, a company incorporated in the British Virgin Islands which is wholly owned by Mr. Chu Lawrence Sheng Yu
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Cinda International”	Cinda International Capital Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Offeror in respect of the Offers and one of the agents making the Offers for and on behalf of the Offeror
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Closing Date”	Thursday, 29 January 2026, being the closing date of the Offers, which is no less than 21 days after the date of this Composite Document, or if the Offers are extended, any subsequent closing date of the Offers as may be determined by the Offeror and jointly announced by the Offeror and the Company in accordance with the Takeovers Code
“CN Irrevocable Undertaking”	the irrevocable undertaking given by Benefit Global on 12 December 2025, details of which are set out in the paragraph headed “CN Irrevocable Undertaking” in the “Letter from the Joint Financial Advisers” contained in this Composite Document
“Company”	Quali-Smart Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 1348)

DEFINITIONS

“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement, which took place immediately after the entering into of the Sale and Purchase Agreement by the Offeror and the Selling Shareholders on the Completion Date
“Completion Date”	12 December 2025
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Independent Shareholders and the Optionholders in connection with the Offers in compliance with the Takeovers Code containing, among other things, details of the Offers (accompanied by the Forms of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Notes”	the 6% convertible notes with outstanding principal amount of HK\$9,000,000 and conversion price of HK\$0.081 per conversion Share issued by the Company on 16 May 2023 which is currently held by Benefit Global
“Consideration”	the purchase price for the sale and purchase of the Sale Shares under the Sale and Purchase Agreement, being an aggregate of HK\$95,841,144
“Director(s)”	director(s) of the Company
“Encumbrances”	any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind, including retention arrangements or other encumbrances and any agreement to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form(s) of Acceptance”	the WHITE form of acceptance and transfer of the Offer Shares in respect of the Share Offer and the PINK form of acceptance and cancellation of all outstanding Options in respect of the Option Offer

DEFINITIONS

“Get Nice Securities”	Get Nice Securities Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“General Rules of HKSCC”	the terms and conditions regulating the use of HKSCC’s services, as may be amended, supplemented and/or otherwise modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Operational Procedures”	the operational procedures of the HKSCC, containing the practices, procedures and administrative or other requirements relating to the operations and functions of CCASS, as from time to time in force
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Ignite Capital”	Ignite Capital (Asia Pacific) Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Company in respect of the Offers
“Independent Board Committee”	the independent board committee of the Board (comprising all of the four independent non-executive Directors, namely Mr. Leung Po Wing, Bowen Joseph, <i>GBS, JP</i> , Mr. Chan Siu Wing, Raymond, Mr. Wong Wah On, Edward and Ms. Yeung Wai Ling) which has been established to advise the Independent Shareholders and the Optionholders in connection with the Offers and as to the acceptance of the Offers
“Independent Financial Adviser” or “Draco Capital”	Draco Capital Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company, with the approval of the Independent Board Committee, to advise the Independent Board Committee, the Independent Shareholders and the Optionholders in connection with the Offers
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror, Mr. Liu and parties acting in concert with any of them

DEFINITIONS

“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons
“Joint Announcement”	the announcement jointly published by the Offeror and the Company dated 18 December 2025 in relation to, among other things, the Offers pursuant to Rule 3.5 of the Takeovers Code
“Last Trading Day”	12 December 2025, being the last trading day of the Shares on the Stock Exchange immediately prior to the suspension of trading in the Shares pending the publication of the Joint Announcement
“Latest Practicable Date”	5 January 2026, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Madam Li”	Madam Li Man Yee, Stella, one of the Selling Shareholders
“Madam Man”	Madam Man Sin Yan Corinna, one of the Selling Shareholders
“Memorandum of Understanding”	a memorandum of understanding dated 10 October 2025 and entered into between Smart Investor, Benefit Global, Silver Pointer and the Offeror in relation to the acquisition of the Sale Shares (as amended by the supplemental memorandum of understanding dated 9 December 2025 entered into between Smart Investor, Benefit Global, Silver Pointer and the Offeror in relation to the acquisition of the Sale Shares)
“Mr. Poon”	Mr. Poon Pak Ki, Eric, an executive Director, the chairman of the Board and one of the Selling Shareholders
“Mr. Lau”	Mr. Lau Ho Ming, Peter, one of the Selling Shareholders
“Mr. Liu”	Mr. Liu Chong, the sole beneficial owner and sole director of the Offeror
“Mr. Wong”	Mr. Wong Hoi Fan, one of the Selling Shareholders
“Mr. Yau”	Mr. Yau Wing Hay Uri, one of the Selling Shareholders

DEFINITIONS

“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 4 December 2025 (i.e. the date of the announcement published by the Company pursuant to Rule 3.7 of the Takeovers Code), and ending on the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offers in accordance with the Takeovers Code
“Offer Share(s)”	all of the issued Share(s), other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it
“Offeror”	Yael Capital Management Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Liu
“Offers”	the Share Offer and the Option Offer
“Option(s)”	share option(s) granted by the Company pursuant to the Share Option Scheme, whether vested or not
“Optionholder(s)”	the holder(s) of the Options
“Option Offer”	the mandatory unconditional cash offer made by Cinda International and Rainbow Capital for and on behalf of the Offeror in compliance with Rule 13 of the Takeovers Code to cancel all outstanding Options in accordance with the terms and conditions set out in this Composite Document
“Option Offer Price”	the price of HK\$0.0001 per Option at which the Option Offer is made in cash
“Overseas Optionholder(s)”	Optionholder(s) whose address(es), as shown on the register of optionholders of the Company, is/are outside Hong Kong
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PINK Form of Option Offer Acceptance”	the PINK form of acceptance and cancellation of all outstanding Options in respect of the Option Offer
“Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Offeror in respect of the Offers and one of the agents making the Offers for and on behalf of the Offeror

DEFINITIONS

“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Relevant Period”	the period from 4 June 2025, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 12 December 2025 entered into between the Offeror and the Selling Shareholders in relation to the sale and purchase of the Sale Shares
“Sale Shares”	an aggregate of 887,418,000 Shares sold pursuant to the Sale and Purchase Agreement, representing approximately 60.20% of the total number of issued Shares as at the Latest Practicable Date
“Selling Shareholders”	Smart Investor, Mr. Lau, Madam Li, Benefit Global, Mr. Poon (an executive Director and the chairman of the Board), Silver Pointer, Madam Man, Mr. Yau and Mr. Wong who held approximately 32.75%, 0.65%, 0.65%, 7.28%, 0.54%, 11.67%, 0.81%, 2.61% and 3.23%, respectively, of the total number of issued Shares immediately before Completion. Immediately after Completion and as at the Latest Practicable Date, the Selling Shareholders ceased to hold any issued Share. As at the Latest Practicable Date, save for Mr. Poon who holds 7,500,000 outstanding Options with an exercise price of HK\$0.748 each, none of the Selling Shareholders were an Optionholder
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.000025 each in the share capital of the Company
“Share Offer”	the mandatory unconditional cash offer made by Cinda International and Rainbow Capital for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Share Offer Price”	the price of HK\$0.108 per Offer Share at which the Share Offer is made in cash

DEFINITIONS

“Share Option Scheme”	the share option scheme adopted by the Company on 3 January 2013, as amended from time to time
“Shareholder(s)”	holder(s) of the issued Share(s)
“Silver Pointer”	Silver Pointer Limited, a company incorporated in the British Virgin Islands, which is owned as to 100% by Mr. Poon
“Smart Investor”	Smart Investor Holdings Limited, a company incorporated in the British Virgin Islands, which is owned as to approximately 67.4% by Mr. Lau and approximately 32.6% by Madam Li
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“WHITE Form of Share Offer Acceptance”	the WHITE form of acceptance and transfer of the Offer Shares in respect of the Share Offer
“%”	per cent

LETTER FROM THE JOINT FINANCIAL ADVISERS



Suites 5801-04&08, 58/F, Central Plaza,
18 Harbour Road, Wanchai,
Hong Kong



Office No. 710, 7/F, Wing On House,
71 Des Voeux Road Central,
Central, Hong Kong,
Hong Kong

To the Independent Shareholders and the Optionholders

8 January 2026

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
CINDA INTERNATIONAL CAPITAL LIMITED AND
RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF
Yael Capital Management Limited
TO ACQUIRE ALL THE ISSUED SHARES OF
QUALI-SMART HOLDINGS LIMITED AND
TO CANCEL ALL OUTSTANDING OPTIONS OF
QUALI-SMART HOLDINGS LIMITED (OTHER THAN THOSE
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
Yael Capital Management Limited AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement jointly published by the Offeror and the Company dated 18 December 2025 in relation to, among other things, the Sale and Purchase Agreement and the Offers.

On 12 December 2025 (after trading hours), the Offeror (as purchaser) and the Selling Shareholders (as vendors) entered into the Sale and Purchase Agreement, pursuant to which the Selling Shareholders agreed to sell, and the Offeror agreed to acquire, the full legal and beneficial title and interest in the Sale Shares (being an aggregate of 887,418,000 Shares), representing approximately 60.20% of the total issued share capital of the Company as at the Latest Practicable Date, at a total consideration of HK\$95,841,144, which is equivalent to HK\$0.108 per Sale Share. Completion of the Sale and Purchase Agreement took place immediately after the entering into of the Sale and Purchase Agreement by the Offeror and the Selling Shareholders on the Completion Date, being 12 December 2025.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Immediately prior to Completion, none of the Offeror, Mr. Liu, and the parties acting in concert with any of them was interested in any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror, Mr. Liu and the parties acting in concert with any of them are interested in a total of 887,418,000 Shares, representing approximately 60.2% of the entire issued share capital of the Company. In addition, immediately following Completion and as at the Latest Practicable Date, the Company had 20,300,000 outstanding Options with an exercise price of HK\$0.748 each and the Convertible Notes.

Pursuant to Rules 26.1, 13.1 and 13.5 of the Takeovers Code, upon Completion, the Offeror is required to make the mandatory unconditional cash offers (i) to acquire all of the Shares in the issued share capital of the Company (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it); and (ii) to cancel all outstanding Options. Given Benefit Global has given the CN Irrevocable Undertaking, details of which are set out in paragraph headed “CN Irrevocable Undertaking” below, taking into account of which, no comparable offer will be made for the Convertible Notes.

Cinda International and Rainbow Capital are, on behalf of the Offeror, making the Offers in compliance with the Takeovers Code on the terms set out in this Composite Document.

This letter forms part of this Composite Document and sets out, among other things, details of the terms of the Offers, the information of the Offeror and the intention of the Offeror in relation to the Group. Further details of the terms and the procedures of acceptance of the Offers are set out in Appendix I to this Composite Document, and in the accompanying Forms of Acceptance.

The Independent Shareholders and the Optionholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser”, the accompanying Forms of Acceptance and the appendices which form part of this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offers.

THE OFFERS

The Share Offer

Cinda International and Rainbow Capital, for and on behalf of the Offeror and in compliance with the Takeovers Code, are making the Share Offer on the following basis:

For each Offer Share HK\$0.108 in cash

The Share Offer Price of HK\$0.108 per Offer Share under the Share Offer is equal to the price per Sale Share paid by the Offeror for the Sale Shares under the Sale and Purchase Agreement.

LETTER FROM THE JOINT FINANCIAL ADVISERS

The Share Offer is extended to all Shareholders other than the Offeror, Mr. Liu and parties acting in concert with any of them in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and 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 Share Offer is made, being the date of despatch of this Composite Document.

The Share Offer is unconditional in all respects.

The Option Offer

Cinda International and Rainbow Capital, for and on behalf of the Offeror, are making the Option Offer to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options in exchange for cash on the following basis:

In respect of Options with an exercise price of HK\$0.748 each:

For cancellation of each such Option HK\$0.0001 in cash

In accordance with the terms of the Share Option Scheme, Optionholders are entitled to exercise their Options (to the extent not already exercised) to its full extent at any time after the date on which the Offers are declared unconditional and up to the close of the Offers (or any revised offers), after which the Options will lapse automatically (to the extent not exercised).

Pursuant to Rule 13 of the Takeovers Code, the Offeror is making an appropriate cash offer to the Optionholders to cancel their Options. The consideration for the cancellation of each Option would normally be the see-through price which represents the excess of the Share Offer Price per Offer Share and the exercise price of each Option. Given that the exercise price of the Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price is at HK\$0.0001 per Option.

The Option Offer is unconditional in all respects. Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced.

The Offeror confirms that the Share Offer Price and the Option Offer Price are final and will not be increased.

Immediately following Completion and as at the Latest Practicable Date, the Company had (i) 1,474,232,000 Shares in issue, of which 887,418,000 Shares were held by the Offeror and parties acting in concert with it, representing approximately 60.2% of the entire issued share capital of the Company; (ii) 20,300,000 outstanding Options under the Share Option Scheme with an exercise price of HK\$0.748 each; and (iii) the Convertible Notes.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Save as disclosed above, the Company does not have any outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. Save as disclosed above, as at the Latest Practicable Date, the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

The Company confirms that as at the Latest Practicable Date, (i) the Company had not declared any dividend which remained unpaid; and (ii) it did not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offers.

Further details of the terms of the Offers and the procedures for acceptance of the Offers are set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

Comparison of value of the Share Offer Price

The Share Offer Price of HK\$0.108 per Offer Share represents:

- (i) a discount of approximately 14.3% to the closing price of HK\$0.126 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 34.9% to the closing price of HK\$0.166 per Share as quoted on the Stock Exchange on 4 December 2025, being the last trading day prior to the announcement made by the Company pursuant to Rule 3.7 of the Takeovers Code dated 4 December 2025;
- (iii) a discount of approximately 45.5% to the closing price of HK\$0.198 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 41.9% to the average closing price of approximately HK\$0.186 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 39.3% to the average closing price of approximately HK\$0.178 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 28.5% to the average closing price of approximately HK\$0.151 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day; and

LETTER FROM THE JOINT FINANCIAL ADVISERS

- (vii) a premium of approximately 315.4% over the audited consolidated net assets per Share of approximately HK\$0.026 as at 31 March 2025, which was calculated based on the audited consolidated net asset value attributable to owners of the Company of approximately HK\$38,297,000 as at 31 March 2025 (the date on which the latest audited financial results of the Group were made up) and 1,474,232,000 Shares in issue as at the Latest Practicable Date; and
- (viii) a premium of approximately 480.6% over the unaudited consolidated net assets per Share of approximately HK\$0.0186 as at 30 September 2025, which was calculated based on the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$27,455,000 as at 30 September 2025 and 1,474,232,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.201 per Share on 8 December 2025 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.060 per Share on 4 July 2025.

CN Irrevocable Undertaking

As at the Latest Practicable Date, Benefit Global holds the Convertible Notes in the outstanding principal amount of HK\$9,000,000 which is convertible into a maximum of 111,111,111 Shares (at the conversion price of HK\$0.081 per conversion Share).

On 12 December 2025, Benefit Global executed the CN Irrevocable Undertaking in favour of the Offeror, pursuant to which Benefit Global has irrevocably agreed and undertaken to the Offeror that at any time during the period between the date of the CN Irrevocable Undertaking and the end of the offer period of the Offers: (a) it will not, whether directly or indirectly, offer, sell, transfer, pledge, encumber, grant any right over or otherwise dispose of any of the Convertible Notes beneficially owned by it; (b) it will not exercise the conversion right under the terms of the Convertible Notes to subscribe for any conversion Shares; and (c) no offer has to be extended to it in relation to the Convertible Notes; and even if such offer is extended to it, it will not accept the offer in respect of any of the Convertible Notes. The CN Irrevocable Undertaking will be terminated by the end of the offer period of the Offers. Given Benefit Global has given the CN Irrevocable Undertaking, no comparable offer will be made for the Convertible Notes.

Value of the Offers

As at the Latest Practicable Date, the Company had (i) 1,474,232,000 Shares in issue; (ii) 20,300,000 outstanding Options under the Share Option Scheme with an exercise price of HK\$0.748 each; and (iii) the Convertible Notes. Taking into consideration of the Share Offer Price being HK\$0.108 per Offer Share, the price of HK\$0.0001 for cancellation of each outstanding Option and the CN Irrevocable Undertaking, all issued Shares and the outstanding Options of the Company would be valued at HK\$159,219,086.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Upon Completion and as at the Latest Practicable Date, save for the 887,418,000 Shares which the Offeror holds (i) the value of the Share Offer will be approximately HK\$63,375,912 (with 586,814,000 Shares subject to the Share Offer); and (ii) the value of the Option Offer will be approximately HK\$2,030. Therefore, the total cash consideration payable by the Offeror under the Offers would be HK\$63,377,942 in the event that the Offers are accepted in full.

Confirmation of financial resources available for the Offers

The maximum payment obligations payable for the Offers shall be payable in cash. The maximum aggregate amount payable by the Offeror for the Offers would be HK\$63,377,942 based on the Share Offer Price of HK\$0.108 per Offer Share and the price of HK\$0.0001 for cancellation of each outstanding Option.

Cinda International and Rainbow Capital, being the joint financial advisers to the Offeror in respect of the Offers, are satisfied that sufficient financial resources are and will remain available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Offers. The Offeror has sufficient cash funding and intends to finance the consideration payable by the Offeror under the Offers by a guarantee obtained from Get Nice Securities for the sole purpose of satisfying the settlement of the consideration under acceptance of the Offers until the date falling on the seventh (7th) Business Day following the close of the Offers.

Effect of accepting the Offers

Acceptance of the Share Offer by any Shareholder will be deemed to constitute a warranty by such person that all Offer Shares sold by such person under the Share Offer are 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 Share Offer is made, being the date of the despatch of this Composite Document. The Company confirms that as at the Latest Practicable Date, (i) the Company had not declared any dividend which is not paid; and (ii) it did not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offers.

By accepting the Option Offer, the Optionholders will agree to the cancellation of their tendered Options and all rights attached thereto with effect from the date on which the Option Offer is made, being the date of the despatch of this Composite Document. In accordance with the Share Option Scheme, the Options will lapse automatically (to the extent not exercised) upon the close of the Offers.

The Offers are unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Offer Shares and in respect of a minimum number of Options to be cancelled. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code, details of which are set out in the paragraph headed “8. Right of Withdrawal” in Appendix I to this Composite Document.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Taxation advice

Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror and the parties acting in concert with it, the Company, Cinda International, Rainbow Capital, Ignite Capital, the Independent Financial Adviser, and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Hong Kong stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Share Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the Independent Shareholders who accept the Share Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the Option Offer.

Payment

Payment in cash in respect of acceptance of the Share Offer and the Option Offer will be made as soon as possible but in any event no later than seven (7) Business Days after the date on which the duly completed acceptance of the Share Offer and/or the Option Offer (as the case may be) are/is received. Relevant documents evidencing title in respect of such acceptance must be received by or on behalf of the Offeror (or its agent) to render each such acceptance of the Share Offer and/or the Option Offer (as the case may be) complete and valid in accordance with Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a Hong Kong cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Share Offer and an Optionholder who accepts the Option Offer will be rounded up to the nearest Hong Kong cent.

Dealing and interests in the Company's Securities

Save for the acquisition of the Sale Shares by the Offeror under the Sale and Purchase Agreement, none of the Offeror, Mr. Liu nor the parties acting in concert with any of them has dealt for value in nor owned any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Availability of the Offers

The Offeror intends to make the Share Offer and the Option Offer available to all the Independent Shareholders and the Optionholders, respectively. As the Share Offer and the Option Offer to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions, Independent Shareholders and Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibility, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other taxes due in respect of such jurisdiction.

Any acceptance by the Overseas Shareholders or Overseas Optionholders will be deemed to constitute a representation and warranty from such Overseas Shareholders or Overseas Optionholders to the Offeror that the local laws and requirements have been complied with and such acceptance shall be valid and binding in accordance with all applicable laws. Such Overseas Shareholders and Overseas Optionholders should consult their respective professional advisers if in doubt.

There were no Overseas Shareholders or Overseas Optionholders as at the Latest Practicable Date.

INFORMATION OF THE GROUP

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 14 March 2012. The Group is principally engaged in the manufacture and trading of toy products. Further information on the Group is set out in the paragraph headed “Information of the Group” in the “Letter from the Board” as contained in this Composite Document. Financial Information on the Group is set out in Appendix II to this Composite Document.

INFORMATION OF THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability on 11 June 2018, which is an investment holding company. As at the Latest Practicable Date, the Offeror was wholly and beneficially owned by Mr. Liu who was also the sole director of the Offeror.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Mr. Liu, aged 31, is the sole beneficial owner and sole director of the Offeror. He graduated from Imperial College London with a bachelor's and master's degree in materials science and engineering. Mr. Liu has been the sole shareholder of the Offeror since 2021. Over the past years, Mr. Liu has been mostly involved in investments in companies in Hong Kong and the PRC, from angel investments to pre-IPO investments. The investment focus of Mr. Liu was mainly in companies involved in innovative technologies, such as biotechnology companies, AI companies and agricultural related technology companies.

Mr. Liu is of the view that the Consideration is fair and reasonable, considering the recent market price of the Shares. He also considered that the acquisition of the Shares to be a good opportunity to broaden his investment portfolio. He believed that obtaining control of the Company will enable him to efficiently formulate and implement business plans and strategies for the Group's long-term development in the future. The Consideration for the purchase of the Sale Shares and the consideration for the Offers are funded by Mr. Liu's personal savings and earnings through his investments. No borrowing was made to fund the Consideration or to make the Offers.

The Offeror and its ultimate beneficial owner are Independent Third Parties.

Immediately after Completion and as at the Latest Practicable Date, none of the Offeror, Mr. Liu and the parties acting in concert with any of them is interested in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for the Sale Shares acquired by the Offeror.

THE OFFEROR'S INTENTION ON THE GROUP

Following the close of the Offers, it is the intention of the Offeror that the Group will continue with its existing principal business. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offers and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. As at the Latest Practicable Date, the Offeror did not have any intention, understanding, negotiation, arrangement, and agreements (formal or informal, express or implied) to downsize or dispose of any existing business or assets of the Group.

Nevertheless, following the close of the Offers, the Offeror will conduct a detailed review on the existing principal operations and business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review and having regard to the then market conditions, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth, including opportunities in different sectors (whether within or outside the existing principal business of the Group), such as innovative and emerging technologies including biotechnology, AI and agricultural-related technology and solutions. The Offeror does not rule out the possibility of pursuing other investment or business opportunities as and when they arise if such opportunities are considered to be in the interests of the Group and the Shareholders as a whole. Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the Listing Rules and the Takeovers Code.

LETTER FROM THE JOINT FINANCIAL ADVISERS

As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group.

Save for the proposed change(s) to the composition of the Board as mentioned below, as at the Latest Practicable Date, the Offeror had no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror reserves the right to make any changes that they deem necessary or appropriate to the benefit of the Group.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprises Mr. Poon Pak Ki Eric, Mr. Hau Yiu Por and Ms. Tang Yuen Ching Irene as executive Directors; and Mr. Leung Po Wing Bowen Joseph, *GBS, JP*, Mr. Chan Siu Wing Raymond, Mr. Wong Wah On Edward and Ms. Yeung Wai Ling as independent non-executive Directors.

It is intended that all of the existing Directors, except Mr. Poon Pak Ki Eric, will resign from the Board with effect from a date no earlier than the date of the close of the Offers or at the earliest time permitted under the Takeovers Code and the Listing Rules.

The Offeror intends to nominate new Directors to the Board to facilitate the business operation, management and strategy of the Group with effect from the date immediately after the date on which this Composite Document is posted or such other date as permitted under the Takeovers Code, or such later date as the Offeror considers to be appropriate. It is currently intended that Mr. Liu (the ultimate beneficial owner of the Offeror) will be appointed as a new executive director of the Company. Save for the above, as at the Latest Practicable Date, the Offeror had not reached any final decision as to who will be nominated as new director(s) of the Company. Having considered that (i) Mr. Poon, who has been in charge of the existing principal operations and business of the Group for years, will continue to remain as an executive Director for Company after close of the Offers; and (ii) Mr. Liu has had management experience over the years and has been involved in investment with a focus on innovative technologies, it is expected that (i) the resignation of the existing directors will not have any material impact to the Group's operation; and (ii) the proposed change to the board composition of the Group may bring new business opportunities for, and create synergy with, the Group's existing businesses.

Any changes to the members of the Board will be made in compliance with the Takeovers Code and the Listing Rules. Further announcement(s) (including the biographies of the new Directors) will be made immediately after their appointments.

LETTER FROM THE JOINT FINANCIAL ADVISERS

PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that:

- (a) if, at the close of the offer, the Exchange believes that:
 - a false market exists or may exist in the trading of the Shares; or
 - an orderly market does not exist or may not exist;it will consider exercising its discretion to suspend dealings in the Shares; and
- (b) if, at the close of the offer, the Company has a Significant Public Float Shortfall (as defined in rule 13.32F of the Listing Rules), then:
 - the Stock Exchange will add a designated marker to the stock name of the Shares; and
 - the Stock Exchange will cancel the listing of the Shares if the Company fails to re-comply with rule 13.32B of the Listing Rules for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror has undertaken and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that if, at the close of the Offers, the Company fails to comply with the requirement of rule 13.32B of the Listing Rules, they will take appropriate steps to ensure the Company's compliance with rule 13.32B of the Listing Rules at the earliest possible moment.

Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

LETTER FROM THE JOINT FINANCIAL ADVISERS

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding further terms and conditions of the Offers, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares and Options outstanding after the close of the Offers.

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Independent Shareholders and Optionholders, those Independent Shareholders and/or Optionholders who hold Shares and/or Options as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares and/or Options whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

Attention of the Overseas Shareholders and Overseas Optionholders is drawn to the paragraph headed “9. Overseas Shareholders and Overseas Optionholders” in Appendix I to this Composite Document. All communications, notices, Forms of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and/or Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. None of the Offeror and the parties acting in concert with it, the Company, Cinda International, Rainbow Capital, Ignite Capital, the Independent Financial Adviser, the Registrar or their respective ultimate beneficial owners, directors, officers, agents and associates or any other person involved in the Offers will be responsible for any loss or delay in postage or any other liabilities that may arise as a result thereof or in connection therewith. Further details have been set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance.

LETTER FROM THE JOINT FINANCIAL ADVISERS

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Forms of Acceptance, which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document and the accompanying Forms of Acceptance before deciding whether or not to accept the Offers.

In considering what action to take in connection with the Offers, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,
For and On behalf of
Cinda International Capital Limited
Pun Hung Ming
Executive Director

Yours faithfully,
For and On behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

LETTER FROM THE BOARD

QUALI-SMART HOLDINGS LIMITED

滙達富控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1348)

Executive Directors:

Mr. Poon Pak Ki, Eric (*Chairman*)

Mr. Hau Yiu Por

Ms. Tang Yuen Ching, Irene

Independent non-executive Directors:

Mr. Leung Po Wing, Bowen Joseph *GBS, JP*

Mr. Chan Siu Wing, Raymond

Mr. Wong Wah On, Edward

Ms. Yeung Wai Wing

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business in

Hong Kong:

Workshop C, 19/F.,

TML Tower

3 Hoi Shing Road

Tsuen Wan

Hong Kong

8 January 2026

To the Independent Shareholders and the Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
CINDA INTERNATIONAL CAPITAL LIMITED AND
RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF
Yael Capital Management Limited
TO ACQUIRE ALL THE ISSUED SHARES OF
QUALI-SMART HOLDINGS LIMITED AND
TO CANCEL ALL OUTSTANDING OPTIONS OF
QUALI-SMART HOLDINGS LIMITED (OTHER THAN THOSE
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
Yael Capital Management Limited AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Sale and Purchase Agreement and the Offers.

LETTER FROM THE BOARD

As disclosed in the Joint Announcement, on 12 December 2025 (after trading hours), the Offeror (as purchaser) and the Selling Shareholders (as vendors) entered into the Sale and Purchase Agreement, pursuant to which the Selling Shareholders agreed to sell, and the Offeror agreed to acquire, the full legal and beneficial title and interest in the Sale Shares (being an aggregate of 887,418,000 Shares), representing approximately 60.20% of the total issued share capital of the Company as at the Latest Practicable Date, at a total consideration of HK\$95,841,144, which is equivalent to HK\$0.108 per Sale Share. Completion of the Sale and Purchase Agreement took place immediately after the entering into of the Sale and Purchase Agreement by the Offeror and the Selling Shareholders on the Completion Date, being 12 December 2025.

Immediately prior to Completion, none of the Offeror, Mr. Liu, and the parties acting in concert with any of them was interested in any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror, Mr. Liu and the parties acting in concert with any of them are interested in a total of 887,418,000 Shares, representing approximately 60.2% of the entire issued share capital of the Company. In addition, immediately following Completion and as at the Latest Practicable Date, the Company has 20,300,000 outstanding Options with an exercise price of HK\$0.748 each and the Convertible Notes.

As at the Latest Practicable Date, the Company had (i) 1,474,232,000 Shares in issue; (ii) 20,300,000 outstanding Options with an exercise price of HK\$0.748 each; and (iii) the Convertible Notes. Save as disclosed above, as at the Latest Practicable Date, the Company did not have any outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares or which confer rights to require the issue of Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. Save as disclosed above, as at the Latest Practicable Date, the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue. The Company has no intention to grant any new share options under the Share Option Scheme during the offer period (as defined under the SFO).

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) information relating to the Group and the Offeror; (ii) further details of the Offers; (iii) a letter from the Independent Board Committee containing the Independent Board Committee's recommendation to the Independent Shareholders and the Optionholders in respect of the terms of the Offers and as to acceptance; (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee, the Independent Shareholders and the Optionholders in relation to the Offers; and (v) procedures for acceptance of the Offers.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all of the four independent non-executive Directors, namely Mr. Leung Po Wing, Bowen Joseph, *GBS, JP*, Mr. Chan Siu Wing, Raymond, Mr. Wong Wah On, Edward and Ms. Yeung Wai Ling, has been established pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Shareholders as to whether the Share Offer is, or is not, fair and reasonable and give a recommendation as to acceptance of the Share Offer, and to advise the Optionholders as to whether the Option Offer is, or is not, fair and reasonable and give a recommendation as to acceptance of the Option Offer.

As announced in the Joint Announcement, Draco Capital has been appointed as the independent financial adviser, with the approval of the Independent Board Committee, to advise the Independent Board Committee, the Independent Shareholders and the Optionholders in connection with the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to their acceptance.

The full text of the letter from the Independent Board Committee and the letter from the Independent Financial Adviser are set out in this Composite Document. You are urged to read these letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.

PRINCIPAL TERMS OF THE OFFERS

The Share Offer

Cinda International and Rainbow Capital, for and on behalf of the Offeror and in compliance with the Takeovers Code, are making the Share Offer on the following basis:

For each Offer Share HK\$0.108 in cash

The Share Offer Price of HK\$0.108 per Offer Share under the Share Offer is equal to the price per Sale Share paid by the Offeror for the Sale Shares under the Sale and Purchase Agreement.

The Share Offer is extended to all Shareholders other than the Offeror, Mr. Liu and parties acting in concert with any of them in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer will be fully paid and 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 Share Offer is made, being the date of despatch of this Composite Document. The Company confirms that as at the Latest Practicable Date, (i) the Company had not declared any dividend which is not paid; and (ii) it did not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offers.

The Share Offer is unconditional in all respects.

LETTER FROM THE BOARD

The Option Offer

Cinda International and Rainbow Capital, for and on behalf of the Offeror, are making the Option Offer to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options in exchange for cash on the following basis:

In respect of Options with an exercise price of HK\$0.748 each:

For cancellation of each such Option HK\$0.0001 in cash

In accordance with the terms of the Share Option Scheme, Optionholders are entitled to exercise their Options (to the extent not already exercised) to its full extent at any time after the date on which the Offers are declared unconditional and up to the close of the Offers (or any revised offers), after which the Options will lapse automatically (to the extent not exercised).

Pursuant to Rule 13 of the Takeovers Code, the Offeror is making an appropriate cash offer to the Optionholders to cancel their Options. The consideration for the cancellation of each Option would normally be the see-through price which represents the excess of the Share Offer Price per Offer Share and the exercise price of each Option. Given that the exercise price of the Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be at HK\$0.0001 per Option.

The Option Offer is unconditional in all respects. Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced.

Further details of the Offers including, among other things, its extension to the Overseas Shareholders and Overseas Optionholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in the “Letter from the Joint Financial Advisers” in this Composite Document, Appendix I to this Composite Document and the accompanying Forms of Acceptance.

INFORMATION OF THE GROUP

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 14 March 2012 whose Shares have been listed on the Main Board of the Stock Exchange since 23 January 2013. The principal activities of the Company is investment holding and the provision of management services to subsidiaries and the Group is principally engaged in the manufacture and trading of toy products.

Your attention is drawn to Appendix II and Appendix III to this Composite Document which contain financial and general information of the Group, respectively, as required under the Takeovers Code.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately following Completion and as at the Latest Practicable Date:

Shareholders	Immediately before Completion		Immediately following Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>
The Offeror, Mr. Liu and parties acting in concert with any of them				
– The Offeror ^(Note 1)	–	–	887,418,000	60.20
Subtotal	–	–	887,418,000	60.20
Other Selling Shareholders				
– Smart Investor ^(Note 2)	482,864,000	32.75	–	–
– Mr. Lau	9,600,000	0.65	–	–
– Madam Li	9,600,000	0.65	–	–
– Benefit Global ^(Note 3)	107,352,000	7.28	–	–
– Mr. Poon	7,896,000	0.54	–	–
– Silver Pointer ^(Note 4)	172,006,000	11.67	–	–
– Madam Man	12,000,000	0.81	–	–
– Mr. Yau	38,424,000	2.61	–	–
– Mr. Wong	47,676,000	3.23	–	–
Other Director(s)				
– Mr. Hau Yiu Por	2,340,000	0.16	2,340,000	0.16
Public Shareholders	<u>584,474,000</u>	<u>39.65</u>	<u>584,474,000</u>	<u>39.65</u>
Total	<u>1,474,232,000</u>	<u>100.00</u>	<u>1,474,232,000</u>	<u>100.00</u>

Notes:

- The Offeror is beneficially wholly owned by Mr. Liu.
- Smart Investor is a company incorporated in the British Virgin Islands and is owned as to approximately 67.4% by Mr. Lau and approximately 32.6% by Madam Li.
- Benefit Global is a company incorporated in the British Virgin Islands. It is wholly owned by Mr. Chu Sheng Yu, Lawrence.
- Silver Pointer is a company incorporated in the British Virgin Islands and is owned as to 100% by Mr. Poon.

LETTER FROM THE BOARD

INFORMATION ON THE OFFEROR

Your attention is drawn to the paragraph headed “Information of the Offeror” in “Letter from the Joint Financial Advisers” in this Composite Document and Appendix IV to this Composite Document.

THE OFFEROR’S INTENTION ON THE GROUP

Your attention is drawn to the paragraph headed “The Offeror’s Intention on the Group” in “Letter from the Joint Financial Advisers” in this Composite Document.

The Board is aware of the Offeror’s intention in relation to the Group and its employees and is willing to render reasonable co-operation with the Offeror and continue to act in the best interests of the Company and the Shareholders as a whole.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprises Mr. Poon Pak Ki Eric, Mr. Hau Yiu Por and Ms. Tang Yuen Ching Irene as executive Directors; and Mr. Leung Po Wing Bowen Joseph, *GBS, JP*, Mr. Chan Siu Wing Raymond, Mr. Wong Wah On Edward and Ms. Yeung Wai Ling as independent non-executive Directors.

It is intended that all of the existing Directors, except Mr. Poon Pak Ki Eric, will resign from the Board with effect from a date no earlier than the date of the close of the Offers or at the earliest time permitted under the Takeovers Code and the Listing Rules.

The Offeror intends to nominate new Directors to the Board to facilitate the business operation, management and strategy of the Group with effect from the date immediately after the date on which this Composite Document is posted or such other date as permitted under the Takeovers Code, or such later date as the Offeror considers to be appropriate. It is currently intended that Mr. Liu (the ultimate beneficial owner of the Offeror) will be appointed as a new executive director of the Company. Save for the above, as at the Latest Practicable Date, the Offeror had not reached any final decision as to who will be nominated as new director(s) of the Company. Having considered that (i) Mr. Poon, who has been in charge of the existing principal operations and business of the Group for years, will continue to remain as an executive Director for Company after close of the Offers; and (ii) Mr. Liu has had management experience over the years and has been involved in investment with a focus on innovative technologies, it is expected that (i) the resignation of the existing directors will not have any material impact to the Group’s operation; and (ii) the proposed change to the board composition of the Group may bring new business opportunities for, and create synergy with, the Group’s existing businesses.

Any changes to the members of the Board will be made in compliance with the Takeovers Code and the Listing Rules. Further announcement(s) (including the biographies of the new Directors) will be made immediately after their appointments.

LETTER FROM THE BOARD

PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that:

- (a) if, at the close of the offer, the Exchange believes that:
 - a false market exists or may exist in the trading of the Shares; or
 - an orderly market does not exist or may not exist;it will consider exercising its discretion to suspend dealings in the Shares; and
- (b) if, at the close of the offer, the Company has a Significant Public Float Shortfall (as defined in rule 13.32F of the Listing Rules), then:
 - the Stock Exchange will add a designated marker to the stock name of the Shares; and
 - the Stock Exchange will cancel the listing of the Shares if the Company fails to re-comply with rule 13.32B of the Listing Rules for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror has undertaken and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that if, at the close of the Offers, the Company fails to comply with the requirement of rule 13.32B of the Listing Rules, they will take appropriate steps to ensure the Company's compliance with rule 13.32B of the Listing Rules at the earliest possible moment.

Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

RECOMMENDATION

Your attention is drawn to the sections headed "Letter from the Independent Board Committee" and "Letter from the Independent Financial Adviser" in this Composite Document, which contain, among other things, their advice in relation to the Offers and the principal factors considered by them in arriving at their recommendation. You are urged to read these letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I titled "Further Terms and Procedures of Acceptance of the Offers" to this Composite Document and the accompanying Forms of Acceptance for further details in respect of the procedures for acceptance of the Offers.

In considering what action to take in connection with the Offers, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,
By order of the Board of
Quali-Smart Holdings Limited
Poon Pak Ki Eric
Chairman and Executive Director

QUALI-SMART HOLDINGS LIMITED

滙達富控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1348)

8 January 2026

To the Independent Shareholders and the Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
CINDA INTERNATIONAL CAPITAL LIMITED AND
RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF
Yael Capital Management Limited
TO ACQUIRE ALL THE ISSUED SHARES OF
QUALI-SMART HOLDINGS LIMITED AND
TO CANCEL ALL OUTSTANDING OPTIONS OF
QUALI-SMART HOLDINGS LIMITED (OTHER THAN THOSE
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
Yael Capital Management Limited AND
PARTIES ACTING IN CONCERT WITH IT)**

We refer to this Composite Document dated 8 January 2026 jointly issued by the Offeror and the Company of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in this Composite Document.

We have been appointed by the Board to constitute the Independent Board Committee to consider the terms of the Share Offer and the Option Offer and to make a recommendation to the Independent Shareholders and the Optionholders as to whether, in our opinion, the Share Offer and the Option Offer are, or are not, fair and reasonable and to make recommendation as to acceptance thereof. We have declared that we are independent and have no direct or indirect interests in the Share Offer and the Option Offer other than as holders of Options (as the case may be), and therefore are able to consider the terms of the Share Offer and the Option Offer and to make recommendations to the Independent Shareholders and the Optionholders.

Draco Capital Limited has been appointed as the Independent Financial Adviser, with our approval, to advise us in respect of whether the Share Offer and the Option Offer are, or are not, fair and reasonable and to make recommendations in respect of the acceptance of the Share Offer and the Option Offer. Details of its advice and recommendations, together with the principal factors and reasons which it has considered before arriving at such recommendations, are set out in the section headed “Letter from the Independent Financial Adviser” in this Composite Document.

We also wish to draw your attention to the sections headed “Letter from the Joint Financial Advisers” and the “Letter from the Board” in this Composite Document as well as the additional information set out in the appendices to this Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Share Offer and the Option Offer, taking into account the information contained in this Composite Document and the advice from the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the section headed “Letter from the Independent Financial Adviser”, we concur with the view of the Independent Financial Adviser and consider that (i) the Share Offer is fair and reasonable as far as the Independent Shareholders are concerned; and (ii) the Option Offer is fair and reasonable as far as the Optionholders are concerned. Accordingly, we recommend (i) the Independent Shareholders to accept the Share Offer; and (ii) the Optionholders to accept the Option Offer.

However, the Independent Shareholders and the Optionholders who wish to realise their investments in the Company are reminded to monitor the trading price and liquidity of the Shares during the Offer Period and should, having regard to their own circumstances, consider selling their Shares in the open market or exercising the Options instead of accepting the Share Offer or the Option Offer, respectively, if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Share Offer and the Option Offer.

Notwithstanding our recommendation, the Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” on pages 33 to 60 of the Composite Document. In any case, the Independent Shareholders and the Optionholders are strongly advised that the decision to realise or to hold their investments is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders and the Optionholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders and the Optionholders who wish to accept the Share Offer and the Option Offer, respectively, are recommended to read carefully the procedures for accepting the Share Offer and the Option Offer as detailed in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

Yours faithfully,

For and on behalf of

**Independent Board Committee of
Quali-Smart Holdings Limited**

**Mr. Leung Po Wing,
Bowen Joseph GBS, JP**
*Independent
non-executive Director*

**Mr. Chan Siu Wing,
Raymond**
*Independent
non-executive Director*

**Mr. Wong Wah On,
Edward**
*Independent
non-executive Director*

Ms. Yeung Wai Wing
*Independent
non-executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Draco Capital Limited setting out their advice to the Independent Board Committee, which has been prepared for the purpose of inclusion in this composite document.



4/F Connaught Harbourfront House
35 Connaught Road West,
Sheung Wan, Hong Kong

8 January 2026

*To the Independent Board Committee of
Quali-Smart Holdings Limited*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
CINDA INTERNATIONAL CAPITAL LIMITED AND
RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF
Yael Capital Management Limited
TO ACQUIRE ALL THE ISSUED SHARES OF
QUALI-SMART HOLDINGS LIMITED AND
TO CANCEL ALL OUTSTANDING OPTIONS OF
QUALI-SMART HOLDINGS LIMITED (OTHER THAN THOSE
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY
Yael Capital Management Limited AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Offers, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the composite offer and response document jointly issued and despatched by the Offeror and the Company dated 8 January 2026 (the “**Composite Document**”), of which this letter forms part. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement jointly published by the Offeror and the Company dated 18 December 2025 in relation to, among other things, the Sale and Purchase Agreement and the Offers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 12 December 2025 (after trading hours), the Offeror (as purchaser) and the Selling Shareholders (as vendors) entered into the Sale and Purchase Agreement, pursuant to which the Selling Shareholders agreed to sell, and the Offeror agreed to acquire, the full legal and beneficial title and interest in the Sale Shares (being an aggregate of 887,418,000 Shares), representing approximately 60.20% of the total issued share capital of the Company as at the Latest Practicable Date, at a total consideration of HK\$95,841,144, which is equivalent to HK\$0.108 per Sale Share. Completion of the Sale and Purchase Agreement took place immediately after the entering into of the Sale and Purchase Agreement by the Offeror and the Selling Shareholders on the Completion Date, being 12 December 2025.

Immediately prior to Completion, none of the Offeror, Mr. Liu, and the parties acting in concert with any of them was interested in any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror, Mr. Liu and the parties acting in concert with any of them are interested in a total of 887,418,000 Shares, representing approximately 60.2% of the entire issued share capital of the Company. In addition, immediately following Completion and as at the Latest Practicable Date, the Company had 20,300,000 outstanding Options with an exercise price of HK\$0.748 each and the Convertible Notes.

Pursuant to Rules 26.1, 13.1 and 13.5 of the Takeovers Code, upon Completion, the Offeror is required to make the mandatory unconditional cash offers (i) to acquire all of the Shares in the issued share capital of the Company (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it); and (ii) to cancel all outstanding Options. Given Benefit Global has given the CN Irrevocable Undertaking, details of which are set out in paragraph headed “CN Irrevocable Undertaking” in the “LETTER FROM THE JOINT FINANCIAL ADVISERS”, taking into account of which, no comparable offer will be made for the Convertible Notes.

Cinda International and Rainbow Capital are, on behalf of the Offeror, making the Offers in compliance with the Takeovers Code on the terms set out in this Composite Document.

THE OFFERS

The Share Offer

Cinda International and Rainbow Capital, for and on behalf of the Offeror and in compliance with the Takeovers Code, are making the Share Offer on the following basis:

For each Offer Share HK\$0.108 in cash

The Share Offer Price of HK\$0.108 per Offer Share under the Share Offer is equal to the price per Sale Share paid by the Offeror for the Sale Shares under the Sale and Purchase Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Share Offer is extended to all Shareholders other than the Offeror, Mr. Liu and parties acting in concert with any of them in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and 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 Share Offer is made, being the date of despatch of this Composite Document.

The Share Offer is unconditional in all respects.

The Option Offer

Cinda International and Rainbow Capital, for and on behalf of the Offeror, are making the Option Offer to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options in exchange for cash on the following basis:

In respect of Options with an exercise price of HK\$0.748 each:

For cancellation of each such Option HK\$0.0001 in cash

In accordance with the terms of the Share Option Scheme, Optionholders are entitled to exercise their Options (to the extent not already exercised) to its full extent at any time after the date on which the Offers are declared unconditional and up to the close of the Offers (or any revised offers), after which the Options will lapse automatically (to the extent not exercised).

Pursuant to Rule 13 of the Takeovers Code, the Offeror is making an appropriate cash offer to the Optionholders to cancel their Options. The consideration for the cancellation of each Option would normally be the see-through price which represents the excess of the Share Offer Price per Offer Share and the exercise price of each Option. Given that the exercise price of the Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price is at HK\$0.0001 per Option.

The Option Offer is unconditional in all respects. Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced.

The Offeror confirms that the Share Offer Price and the Option Offer Price are final and will not be increased.

CN Irrevocable Undertaking

As at the Latest Practicable Date, Benefit Global holds the Convertible Notes in the outstanding principal amount of HK\$9,000,000 which is convertible into a maximum of 111,111,111 Shares (at the conversion price of HK\$0.081 per conversion Share).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 12 December 2025, Benefit Global executed the CN Irrevocable Undertaking in favour of the Offeror, pursuant to which Benefit Global has irrevocably agreed and undertaken to the Offeror that at any time during the period between the date of the CN Irrevocable Undertaking and the end of the offer period of the Offers: (a) it will not, whether directly or indirectly, offer, sell, transfer, pledge, encumber, grant any right over or otherwise dispose of any of the Convertible Notes beneficially owned by it; (b) it will not exercise the conversion right under the terms of the Convertible Notes to subscribe for any conversion Shares; and (c) no offer has to be extended to it in relation to the Convertible Notes; and even if such offer is extended to it, it will not accept the offer in respect of any of the Convertible Notes. The CN Irrevocable Undertaking will be terminated by the end of the offer period of the Offers. Given Benefit Global has given the CN Irrevocable Undertaking, no comparable offer will be made for the Convertible Notes.

Immediately following Completion and as at the Latest Practicable Date, the Company had (i) 1,474,232,000 Shares in issue, of which 887,418,000 Shares were held by the Offeror and parties acting in concert with it, representing approximately 60.2% of the entire issued share capital of the Company; (ii) 20,300,000 outstanding Options under the Share Option Scheme with an exercise price of HK\$0.748 each; and (iii) the Convertible Notes.

Save as disclosed above, the Company does not have any outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. Save as disclosed above, as at the Latest Practicable Date, the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

The Company confirms that as at the Latest Practicable Date, (i) the Company had not declared any dividend which remained unpaid; and (ii) it did not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offers.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive directors of the Company (i.e. Mr. Leung Po Wing, Bowen Joseph, GBS, JP, Mr. Chan Siu Wing, Raymond, Mr. Wong Wah On, Edward and Ms. Yeung Wai Ling) has been established to advise the Independent Shareholders and the Optionholders in connection with the Offers and as to the acceptance of the Offers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

During the past two years immediately preceding the commencement of the Offer Period, save for this appointment as the Independent Financial Adviser in respect of the Offers, there were no other engagements between the Group, the Offeror and parties acting in concert with it or the Selling Shareholders and Draco Capital Limited. Apart from normal professional fees for our services to the Company in connection the aforesaid appointment, no other arrangement exists whereby we have received/will receive any fees and/or benefits from the Group, the Offeror and parties acting in concert with it or the Selling Shareholders or any other parties that could reasonably be regarded as relevant to our independence. Save for this appointment as the Independent Financial Adviser in respect of the Offers and normal professional fees for our services to the Company in connection the aforesaid appointment, there is no other relationships or interests between (a) Draco Capital; and (b) the Group, the Offeror, the Selling Shareholders, and their respective controlling shareholders, subsidiaries and associates, nor is Draco Capital associated with the Group, the Offeror, the Selling Shareholders, and their respective substantial shareholders and any party acting, or presumed to be acting, in concert with any of them. Accordingly, we consider that we are independent pursuant to Rule 2 of the Takeovers Code and Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to give independent advices on the Offers.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, the Independent Shareholders and the Optionholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have no reason to believe that any information or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Composite Document, which have been provided by the Company, the Directors, the sole director of the Offeror and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to Latest Practicable Date. Should there be any material changes to the information, representations and opinions contained or referred to in the Composite Document, which have been provided by the Company, the Directors, the sole director of the Offeror and the Management and our opinions and/or recommendation after the despatch of the Composite Document and throughout the Offer Period, the Independent Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

The sole director of the Offeror accepts full responsibility for the accuracy of information contained in the Composite Document (other than the information relating to the Selling Shareholders and the Group) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

Our review and analysis were based upon, among other things, the information provided by the Company including the Joint Announcement and the Composite Document, trading performance of the Shares on the Stock Exchange, the annual report of the Company for the financial years ended 31 March 2025 (“**2025 Annual Report**”), and the interim results announcement of the Company for the six months ended 30 September 2025 (“**2025 Interim Results**”), respectively.

We consider that we have reviewed sufficient information, including relevant information and documents provided by the Company, the Directors and the Management and the information published by the Company, to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our opinions and advice. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the Management, nor have we conducted an independent in-depth investigation into the business and affairs, financial condition and future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our advice in respect of the Offers, we have taken into consideration the following principal factors and reasons:

1 BACKGROUND INFORMATION OF THE COMPANY

1.1 INFORMATION OF THE COMPANY AND THE GROUP

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 14 March 2012 whose Shares have been listed on the Main Board of the Stock Exchange since 23 January 2013. The principal activities of the Company is investment holding and the provision of management services to subsidiaries and the Group is principally engaged in the manufacture and trading of toy products.

1.2 FINANCIAL PERFORMANCE ON THE GROUP

FY2025 vs FY2024

With reference to the 2025 Annual Report, for the year ended 31 March 2025 (“**FY2025**”), the Group’s core business remained as manufacture of toys operated under Qualiman Industrial Company Limited (the “**Toys Division**”) and provision of financial services operated under Crosby Asia Limited (the “**Financial Services Division**”) up to 31 August 2025 and under the Company afterwards respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Toys Division

The Toys Division's revenue for FY2025 amounted to approximately HK\$52.1 million, representing a decrease of about 68.7% over that for the year ended 31 March 2024 ("FY2024") of approximately HK\$166.4 million. Such drop in revenue was due to a decrease in sales to certain top 5 customers of the Toys Division. Segment profit for this division decreased by approximately HK\$1.1 million or 75.3% to approximately HK\$0.4 million for FY2025 from approximately HK\$1.4 million for FY2024. Such decrease in segment profit was mainly due to a decrease in orders placed by certain major customers from markets located in North America and Western Europe.

Revenue from North America decreased by approximately HK\$61.0 million or 59.4% from HK\$102.7 million for FY2024 to approximately HK\$41.7 million for FY2025, while revenue from Western Europe decreased by approximately HK\$22.1 million or 78.7% from HK\$28.2 million for FY2024 to approximately HK\$6.0 million for FY2025. Sales to customers in Central America, Caribbean and Mexico decreased by approximately HK\$12.3 million or 91.4% from approximately HK\$13.5 million for FY2024 to approximately HK\$1.2 million for FY2025. The decrease in revenues from North, Central America region and that of Western Europe was mainly affected by the ongoing gloomy outlook on the U.S. economy and the Western Europe as perceived by the market since its interest rate surge policy, affecting the Group's customers to continue to adopt more prudent and cautious approach in placing orders with the Group during FY2025.

The Financial Services Division

Revenue for the Financial Services Division for FY2025 amounted to approximately HK\$19.9 million, which increased by about 83.4% comparing with approximately HK\$10.8 million for FY2024. This was mainly attributable to an increase in investment advisory fee income of approximately HK\$4.9 million or 109% during FY2025.

Overall, the Financial Services Division recorded a segment loss of approximately HK\$10.4 million for FY2025 comparing to approximately HK\$67.1 million for FY2024, representing a decrease of approximately HK\$56.6 million or 84.5%. Such decrease was mainly attributable to the absence of impairment loss of goodwill and intangible assets of approximately HK\$45.5 million and HK\$0.6 million respectively, in relation to the Financial Services Division in FY2025.

Overall Group Financial Performance

The Group's revenue for FY2025 amounted to approximately HK\$71.9 million, which represents a decrease of HK\$105.3 million or about 59.4% from that of FY2024 of approximately HK\$177.3 million. The decrease in total revenue for FY2025 was mainly attributable to the decrease in revenues from the Toys Division of approximately HK\$114.4 million or 68.7%, arising from the decrease in sales to certain of its top 5 customers offset by the increase in revenues from the Financial Services Division of about HK\$9.0 million or 83.4% over FY2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The gross margin of the Toys Division decreased from approximately 10.3% for FY2024 to approximately 7.0% for FY2025. The gross profit of the Toys Division for FY2025 was approximately HK\$3.6 million, which decreased by about HK\$13.6 million or 78.9% when compared with FY2024. Such decreased was mainly attributable to the decrease in sales to top 5 customers during FY2025 from the Toys Division.

The Group's net loss for FY2025 amounted to approximately HK\$17.9 million, as compared to a net loss of approximately HK\$74.0 million for FY2024, representing a decrease by approximately HK\$56.1 million or 75.8%. Such decrease in net loss was mainly due to:

- an increase in revenue from the Financial Services Division of approximately HK\$9.0 million in FY2025;
- the absence of impairment loss on goodwill of approximately HK\$45.5 million for the Financial Services Division in FY2025;
- a decrease in selling expenses of about HK\$2.3 million from the Toys Division as a result of decreased sales in FY2025;
- an increase in other income, gains and losses of about HK\$12.8 million as a result of an increase in office facilities service income of approximately of HK\$4.6 million for FY2025; an increase in gain on disposal of property, plant and equipment of approximately of HK\$3.1 million for FY2025; an increase in gain on waived sub-placing commission of approximately of HK\$4.0 million for FY2025; and an increase in interest income from bank deposits of approximately of HK\$1.1 million for FY2025;
- a decrease in the effective interest expense on the convertible notes issued by the Company by approximately HK\$0.8 million for FY2025 from approximately HK\$2.5 million in FY2024 to about HK\$1.7 million in FY2025;
- an increase in administrative expenses of about HK\$3.5 million as a result of (i) a decrease in operating leases expenses and lease amortisation of about approximately HK\$1.5 million for office rental of the Group; (ii) decrease in depreciation expenses of property, plant and equipment of about approximately HK\$0.6 million in FY2025; (iii) decrease in Legal & professional fee of about approximately HK\$0.6 million in FY2025; and (iv) a decrease in consultancy expenses by approximately HK\$1.0 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

which was partially offset by:

- a decrease in gross profit of the Toys Division of approximately HK\$13.6 million in FY2025;
- a decrease in impairment losses recognised on trade receivables of the Financial Service Division of approximately HK\$4.5 million in FY2025;

For FY2025, the Group mainly financed its working capital by internal resources. As at 31 March 2025, cash and cash equivalents amounted to approximately HK\$25.6 million (31 March 2024: HK\$57.5 million). The decrease in cash and cash equivalents of approximately HK\$31.9 million as at 31 March 2025 was mainly due to the placing of time deposit with banks of the Group for approximately HK\$58.5 million (31 March 2024: HK\$20.5 million) during FY2025. As at 31 March 2025 and 31 March 2024, there was nil interest-bearing bank borrowings. The debt to equity ratio of the Group, calculated as the ratio of the closing debt balance divided by the closing total equity as at 31 March 2025, was approximately 100% (31 March 2024: 66.1%) which was due to a decrease in closing total equity. As at 31 March 2025, the current ratio of the Group, as calculated by total current assets over total current liabilities, was approximately 1.8 (31 March 2024: 2.1).

Interim 2025 vs Interim 2024

With reference to the 2025 Interim Results, for the six months ended 30 September 2025 (the “**Interim 2025**”), the Group’s revenue for Interim 2025 was approximately HK\$27.8 million for which the Toys Division and the Financial Services Division contributed approximately HK\$22.5 million and HK\$5.3 million respectively, representing an overall decrease of approximately HK\$30.5 million or 52.3% as compared to the Group’s revenue of approximately HK\$58.3 million for the six months ended 30 September 2024 (the “**Interim 2024**”).

Decrease in the Group’s revenue for Interim 2025 of approximately HK\$30.5 million was mainly attributable to a decrease in revenue of the Toys Division of approximately HK\$25.3 million and a decrease in revenue from the Financial Services Division of approximately HK\$5.2 million, representing a decrease of approximately 52.9% and a decrease of approximately 49.5%, respectively, on a period-on-period basis.

Decrease in revenue of the Toys Division was mainly attributable to the decrease in orders placed by certain major customers.

Revenue for the Financial Services Division for Interim 2025 was approximately HK\$5.3 million comparing to that of HK\$10.5 million in Interim 2024, representing a decrease of about 49.5% over Interim 2024, mainly attributable to the decrease in investment advisory income of approximately HK\$2.5 million, referral fee income of approximately HK\$1.3 million and brokerage commission of approximately HK\$0.4 million during Interim 2025.

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The gross profit of the Toys Division for Interim 2025 was approximately HK\$2.5 million, which decreased about HK\$2.5 million or 50.5% when compared with Interim 2024. Such decrease was mainly due to the decrease in sales to the major customers during Interim 2025 from the Toys Division.

Net loss of the Group amounts approximately HK\$10.9 million for Interim 2025, representing comparatively the same on a period-on-period basis. Of which, it was mainly attributable to:

- a decrease in revenue of Financial Services Division approximately HK\$5.2 million;
- a decrease in gross profit of approximately HK\$2.5 million attributable to the decrease in revenue of the Toys Division for Interim 2025;
- a decrease in other income, gains and losses of about HK\$3.7 million as a result of decrease in office facilities service income of the Financial Services Division of approximately HK\$3.0 million and an increase in loss on disposal of subsidiaries of approximately HK\$0.6 million during Interim 2025;
- a decrease in selling expenses of approximately HK\$0.4 million for Interim 2025;
- a decrease in administrative expenses of about HK\$10.1 million as a result of (i) a decrease in expenses related to staff cost to approximately HK\$8.4 million; (ii) decrease in depreciation expenses of property, plant and equipment of approximately HK\$0.6 million; and (iii) decrease in depreciation expenses of right-of-use assets of approximately HK\$0.3 million; and
- a decrease in finance costs of approximately HK\$0.2 million for Interim 2025 attributable to the decrease in the interest of the promissory note issued by the Company.

For Interim 2025, the Group mainly financed its working capital by internal resources. As at 30 September 2025, cash and cash equivalents of the Group amounted to approximately HK\$20.7 million (31 March 2025: HK\$25.6 million), representing a decrease in cash and cash equivalents of about HK\$4.9 million for Interim 2025. There was no interest-bearing bank borrowings due as at 30 September 2025 (31 March 2025: nil). The debt to equity ratio of the Group, calculated as the ratio of the closing debt balance divided by the closing total equity of the period/year, decreased to approximately 87.4% (31 March 2025: 100%) as a result of the decrease in early redemptions of the promissory notes in June 2025. As at 30 September 2025, all available banking facilities were subject to floating interest rates. The current ratio of the Group, as calculated by total current assets over total current liabilities, was approximately 2.7 (31 March 2025: 1.8).

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Prospects

Attributable to the market condition over the past years and taking into consideration of the business outlook of the financial services business and hence the absence of expected synergy from the acquisition of Ballas Group Limited in mid 2022, namely, to strengthen the Financial Services Division to provide more comprehensive financial services to the Group's issuer clients and continue to maintain its competitiveness under the new regulatory environment arising from the consultation conclusions on the proposed code of conduct of bookbuilding and placing activities in the equity capital and debt capital markets, on 2 May 2025, the Group has entered into sale and purchase agreement to dispose its wholly-owned subsidiary, Ballas Group Limited and its wholly-owned subsidiary, Ballas Capital Limited, ("**Ballas Group**") a licensed corporation carrying type 1 and type 6 regulated activities under the Securities Futures Ordinance ("**SFO**") (under Chapter 571 of Hong Kong Law). The disposal of Ballas Group was completed on 3 July 2025. Such disposal did not constitute a notifiable transaction of the Company under the Listing Rule.

Furthermore, the Group considered that it would be beneficial to dispose another core operating entity of this division, Crosby Securities Limited ("**CSL**"), a wholly-owned subsidiary of the Company, a licensed corporation carrying type 1, type 4, type 6 and type 9 regulated activities under the SFO of this division by disposing the entire equity interest of Crosby Asia Limited, the immediate holding company of CSL, in order to alleviate the financial burden and improve the liquidity and capital usage efficiency of the Company. Details of this disposal can be referred to the announcement of the Company dated 6 June 2025 (the "**CSL Announcement**"). As per the CSL Announcement, the Company, as vendor, entered into a sale and purchase agreement for the disposal of the entire equity interest in Crosby Asia Limited, a wholly-owned subsidiary of the Company, together with its entire equity interest in Crosby Securities Limited, a wholly-owned subsidiary operated under the Financial Services Division to Emperor Capital Investment Holdings Limited, an independent third party (the "**CAL Disposal**"). On 31 August 2025, the Company has completed the CAL Disposal.

Following the completion of the CAL Disposal, the Company continues to operate its financial services business by its wholly-owned subsidiary CAM Wealth Management Company Limited (formerly Crosby Asset Management (Hong Kong) Limited) ("**CAM**"), a licensed corporation carrying type 4 and type 9 regulated activities on the condition that it does not hold clients assets under the SFO.

In order to more efficiently deploy the financial resources of the Company, on 15 October 2025, the Company has further entered the CAM Disposal in view of its limited potential to contribute to the growth of the Group. On 15 October 2025, the Company as vendor, entered into a sale and purchase agreement for the disposal of the entire equity interest in CAM ("**CAM SPA**"), (the "**CAM Disposal**"). Completion of the CAM Disposal took place on 4 December 2025. The CAM Disposal did not constitute a notifiable transaction of the Company under the Listing Rules.

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Meanwhile, the Company is still carefully assessing other business opportunities in strengthening the profitability and value of the Group as a whole.

Our view

In our opinion, the financial performance of the Group reflects significant ongoing challenges, particularly in its core Toys Division, which has experienced substantial revenue contraction and margin pressure amid weak demand in key export markets. While the Financial Services Division showed revenue growth, it remains loss-making, and the overall improvement in the Group's net loss position in FY2025 is principally attributable to non-recurring factors (absence of large impairments) rather than sustainable operational recovery. With reference to the 2025 Interim Results, The financial performance of the Group indicates no material turnaround for Interim 2025, with continuing revenue decline and persistent losses. As such, we are of the view that the Group's financial performance in recent periods has been unsatisfactory.

1.3 BUSINESS OVERVIEW OF THE GROUP

Based on our discussion with the Management, FY2025 presented a complex operating environment for our Toys Division by mainly serving overseas markets. On the back of the ongoing geopolitical tensions between the U.S. and China which has continued to negatively impact the Toys Division since 31 March 2024. The recent trade war between the U.S. and China exacerbated the already uncertain outlook of China as the world supply market that substantially disrupted the business of the Group's Toys Division. Given the intense global competition, and evolving customer demands squeezed margins and forced accelerated adaptation. Global economic uncertainties in terms of high inflation, rising interest rates (especially in the U.S. or E.U.), and lingering recessionary fears impacted discretionary consumer spending on toys. Customers became more cautious with orders and inventory management. Besides, the ongoing conflicts of the U.S.-China trade tensions continued to create uncertainty and logistical cost pressures. Inevitably, diversification away from sole reliance on Southern China manufacturing accelerated also imposed significant impact to the production base of the Toys Division. Additionally, ESG demands from major customers became non-negotiable with focus on recycled materials, reduced packaging, carbon footprint tracking, and ethical sourcing was also intensified. Alongside with the inventory correctional practice, many retailers entered FY2025 by carrying higher inventory levels from previous years, leading to more conservative ordering patterns early in FY2025.

Meanwhile, the persistent pressure from the customers to absorb rising costs (labor, compliance, materials like recycled plastics, logistics) made the profit margin protection extremely difficult. Negotiations were protracted and often resulted in lower net margins. Rising costs in terms of production labor in the PRC region with the continued wage inflation in Guangdong area, the volatility in plastics and resins eased somewhat but remained a factor. Also, the costs for certified sustainable/recycled materials remained significantly higher. In terms of transportation, ocean freight rates stabilized below pandemic peaks but remained above pre-pandemic levels.

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On the other hand, the Management expresses that revenues from the Group's Financial Services Division have shown moderate growth since March 2024, as the turnover and activities of the overall capital markets improved. However, given the persistent low capital level of the Financial Services Division, its business is subject to a number of caveats. Firstly, the quality of revenues is highly correlated to both the activities and buoyancy of the markets, due largely to its dependency on commissions-based revenue source. Low or insufficient working capital limited the Financial Service Division to diversify its revenue sources. Secondly, a sale side and especially a transactional dependency platform runs a relatively high volume and low margin business model and a relatively high operational cost, which continue to drain the working capital of the Group.

Despite of the improved sentiment for Interim 2025, the Financial Services Division still faced with strong challenges in maintaining a break-even status with reference to existing capital base, its business development potential and its consecutive losses incurred over the past years. Revenue for Interim 2025 still mainly generated from limited capital based business, namely investment advisory services.

We have further research relevant factors affecting the business outlook of the Group. Regarding the Group's Toys Division, we note that ongoing U.S.-China trade tensions and elevated tariffs on Chinese imports have further exacerbated challenges for export-oriented manufacturers. In 2025, U.S. tariffs on certain toy categories from China surged significantly, contributing to reduced orders, supply chain disruptions, and cautious buying behavior among U.S. and European retailers (Bloomberg, "Trump Tariffs and Toy Imports from China", published 27 November 2025, <https://www.bloomberg.com/news/newsletters/2025-11-27/trump-tariffs-and-toy-imports-from-china>; Reuters, "For Chinese toymakers, trade thaw brings stability but doubts linger", published 31 October 2025, <https://www.reuters.com/business/retail-consumer/chinese-toymakers-trade-thaw-brings-stability-doubts-linger-2025-10-31/>). These factors have led to declining exports and prompted some customers to diversify sourcing away from China, resulting in order reductions for the Group's Toys Division.

Regarding the Financial Services Division, this segment operates in Hong Kong's highly competitive wealth and asset management market, which has seen strong growth in assets under management but faces mounting pressures leading to industry consolidation and challenges for smaller firms. Rising technology costs, fintech disruption from robo-advisers and digital platforms, and intense rivalry with regional hubs like Singapore— offering more streamlined frameworks and certainty— have driven merger activity and margin compression, with smaller players struggling to achieve scale for AI and operational investments (KPMG China, "Hong Kong Asset Management and Private Equity Outlook", July 2025, <https://assets.kpmg.com/content/dam/kpmg/cn/pdf/en/2025/07/hong-kong-asset-management-and-private-equity-outlook.pdf>; KPMG China, "Hong Kong Private Wealth Management Report 2025", November 2025, <https://assets.kpmg.com/content/dam/kpmg/cn/pdf/en/2025/11/hong-kong-private-wealth-management-report-2025.pdf>). This saturated environment, characterised by a large number of licensed entities and evolving client preferences toward digital and alternative offerings, adds to performance variability for niche operators like the Group's division.

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Based on our further discussion with the Management, under the current backdrop for the toys original equipment manufacturer business, it is crucial to navigate margin pressures and strategically adapt to the evolving global toy market to sustain growth. Namely, investing in developing proprietary intellectual property or innovative product lines is likely to improve margins and hence moving beyond the status with low-margin manufacturing. Besides, to align production with high-growth demand for educational, sustainable, and tech-integrated toys would also be helpful for the business development of the Toys Division. Meanwhile, the persistent pressure from digital entertainment imposes intense competition to the traditional toys industry. In terms of the enhancing safety and environmental concern, the stricter global safety standards increase compliance costs as well. Accordingly, the Company will further assess the appropriate strategy for the Toys Division for its further business positioning and investment. Based on the above, we consider that both the Toys Division and the Financial Services Division face uncertainties driven by external factors and we are of the opinion that the business performance of the Group will remain subject to fluctuations and uncertainty.

2 INFORMATION ON THE OFFEROR AND THE INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

2.1 INFORMATION OF THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability on 11 June 2018, which is an investment holding company. As at the Latest Practicable Date, the Offeror was wholly and beneficially owned by Mr. Liu who was also the sole director of the Offeror.

Mr. Liu, aged 31, is the sole beneficial owner and sole director of the Offeror. He graduated from Imperial College London with a bachelor's and master's degree in materials science and engineering. Mr. Liu has been the sole shareholder of the Offeror since 2021. Over the past years, Mr. Liu has been mostly involved in investments in companies in Hong Kong and the PRC, from angel investments to pre-IPO investments. The investment focus of Mr. Liu was mainly in companies involved in innovative technologies, such as biotechnology companies, AI companies and agricultural related technology companies.

Mr. Liu is of the view that the Consideration is fair and reasonable, considering the recent market price of the Shares. He also considered that the acquisition of the Shares to be a good opportunity to broaden his investment portfolio. He believed that obtaining control of the Company will enable him to efficiently formulate and implement business plans and strategies for the Group's long-term development in the future. The Consideration for the purchase of the Sale Shares and the consideration for the Offers are funded by Mr. Liu's personal savings and earnings through his investments. No borrowing was made to fund the Consideration or to make the Offers.

The Offeror and Mr. Liu are Independent Third Parties.

Immediately after Completion and as at the date of this joint announcement, none of the Offeror, Mr. Liu and the parties acting in concert with any of them is interested in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for the Sale Shares acquired by the Offeror.

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2.2 THE OFFEROR'S INTENTION ON THE GROUP

Following the close of the Offers, it is the intention of the Offeror that the Group will continue with its existing principal business. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offers and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. As at the Latest Practicable Date, the Offeror did not have any intention, understanding, negotiation, arrangement, and agreements (formal or informal, express or implied) to downsize or dispose of any existing business or assets of the Group.

Nevertheless, following the close of the Offers, the Offeror will conduct a detailed review on the existing principal operations and business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review and having regard to the then market conditions, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth, including opportunities in different sectors (whether within or outside the existing principal business of the Group), such as innovative and emerging technologies including biotechnology, AI and agricultural-related technology and solutions. The Offeror does not rule out the possibility of pursuing other investment or business opportunities as and when they arise if such opportunities are considered to be in the interests of the Group and the Shareholders as a whole. Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the Listing Rules and the Takeovers Code.

As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group.

Save for the proposed change(s) to the composition of the Board as mentioned in the section headed "PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY" in the "LETTER FROM THE JOINT FINANCIAL ADVISERS" of this composite Document, as at the Latest Practicable Date, the Offeror had no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror reserves the right to make any changes that they deem necessary or appropriate to the benefit of the Group.

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2.3 PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that:

(a) if, at the close of the offer, the Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- an orderly market does not exist or may not exist;

it will consider exercising its discretion to suspend dealings in the Shares; and

(b) if, at the close of the offer, the Company has a Significant Public Float Shortfall (as defined in rule 13.32F of the Listing Rules), then:

- the Stock Exchange will add a designated marker to the stock name of the Shares; and
- the Stock Exchange will cancel the listing of the Shares if the Company fails to re-comply with rule 13.32B of the Listing Rules for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

As stated in the section headed “PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY” in the “LETTER FROM THE JOINT FINANCIAL ADVISERS” of this composite Document, the Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror has undertaken and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that if, at the close of the Offers, the Company fails to comply with the requirement of rule 13.32B of the Listing Rules, they will take appropriate steps to ensure the Company’s compliance with rule 13.32B of the Listing Rules at the earliest possible moment.

Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

2.4 OUR VIEW

Based on the aforesaid information, we note that Mr. Liu, the ultimate beneficial owner and sole director of the Offeror, has a background in materials science and engineering and has primarily been engaged in investments in innovative technology sectors (including biotechnology, artificial intelligence and agricultural technology companies) in Hong Kong and the PRC. It is uncertain whether Mr. Liu’s experience and network in these technology-focused investment areas are directly relevant to or can materially contribute to the Group’s current principal businesses, which are centred on traditional toy manufacturing and the provision of financial services.

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Notwithstanding the above, having considered that:

- (i) it is the intention of the Offeror that the Group will continue with its existing principal business, the Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after the close of the Offers and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business, and as at the Latest Practicable Date, the Offeror did not have any intention, understanding, negotiation, arrangement or agreement (formal or informal, express or implied) to downsize or dispose of any existing business or assets of the Group;
- (ii) Mr. Poon, who has been in charge of the existing principal operations and business of the Group for years, will continue to remain as an executive Director for Company after close of the Offers;
- (iii) Mr. Liu has had management experience over the years and has been involved in investment with a focus on innovative technologies;
- (iv) save for the proposed change(s) to the composition of the Board, as at the Latest Practicable Date, the Offeror had no plan to terminate the employment of any other employees or other personnel of the Group; and
- (v) as at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group,

we concur with the view of the Offeror and the Company that (i) the resignation of the existing directors will not have any material impact to the Group's operation; (ii) the proposed change to the board composition of the Group may bring new business opportunities for, and create synergy with, the Group's existing businesses; and (iii) the Offers are not expected to result in any material change to the existing business or financial performance of the Group in the near term.

3 PRINCIPAL TERMS OF THE SHARE OFFER

3.1 COMPARISON OF THE MARKET PRICES OF THE SHARES

The Share Offer Price of HK\$0.108 per Offer Share represents:

- (i) a discount of approximately 14.3% to the closing price of HK\$0.126 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

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- (ii) a discount of approximately 34.9% to the closing price of HK\$0.166 per Share as quoted on the Stock Exchange on 4 December 2025, being the last trading day prior to the announcement made by the Company pursuant to Rule 3.7 of the Takeovers Code dated 4 December 2025;
- (iii) a discount of approximately 45.5% to the closing price of HK\$0.198 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 41.9% to the average closing price of approximately HK\$0.186 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 39.3% to the average closing price of approximately HK\$0.178 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 28.5% to the average closing price of approximately HK\$0.151 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 315.4% over the audited consolidated net assets per Share of approximately HK\$0.026 as at 31 March 2025, which was calculated based on the audited consolidated net asset value attributable to owners of the Company of approximately HK\$38,297,000 as at 31 March 2025 (the date on which the latest audited financial results of the Group were made up) and 1,474,232,000 Shares in issue as at the Latest Practicable Date; and
- (viii) a premium of approximately 480.6% over the unaudited consolidated net assets per Share of approximately HK\$0.0186 as at 30 September 2025, which was calculated based on the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$27,455,000 as at 30 September 2025 and 1,474,232,000 Shares in issue as at the Latest Practicable Date.

3.2 HISTORICAL TRADING LIQUIDITY OF THE SHARES

The following table sets out the historical trading liquidity of the Shares during the period from 2 December 2024, being the first trading day of the twelve months prior to the Last Trading Day (i.e. 4 December 2025), to the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period can reflect the latest market conditions and the recent price performance and trading volume of the Shares for conducting an analysis against the Share Offer Price. Accordingly, we consider the Review Period adopted is fair and reasonable.

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Months	Total trading volume of Shares for the months/ period	Number of trading days	Average daily trading volume (Note 1)	Percentage of average daily trading volume to total number of issued Shares (Note 2)	Percentage of average daily trading volume to total number of Shares held by public Shareholders (Note 3)
2024					
December	4,662,000	20	233,100	0.0158%	0.0399%
2025					
January	17,464,000	19	919,158	0.0623%	0.1573%
February	53,264,000	20	2,663,200	0.1806%	0.4557%
March	36,652,000	21	1,745,333	0.1184%	0.2986%
April	8,276,000	19	435,579	0.0295%	0.0745%
May	8,358,000	21	417,900	0.0283%	0.0715%
June	21,620,000	21	1,029,524	0.0698%	0.1761%
July	6,534,000	22	297,000	0.0201%	0.0508%
August	121,038,000	21	5,763,714	0.3910%	0.9861%
September	66,016,000	22	3,000,727	0.2035%	0.5134%
October	11,106,000	20	555,300	0.0377%	0.0950%
November	8,688,000	20	434,400	0.0295%	0.0743%
December (excluding the Shares trading suspension period from 15 December 2025 to 18 December 2025 (both days inclusive))	217,826,000	17	12,813,294	0.8692%	2.1923%
2026					
January (up to Latest Practicable Date)	6,314,000	2	3,157,000	0.2141%	0.5401%
			Minimum	0.0158%	0.0399%
			Maximum	0.8692%	2.1923%
			Average	0.1621%	0.4090%

Source: The Stock Exchange

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Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
2. It is calculated by dividing the average daily trading volume for the month/period by the total number of issued Shares at the end of each month/period.
3. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares held by the public Shareholders as at the Latest Practicable Date, i.e. 584,474,000.

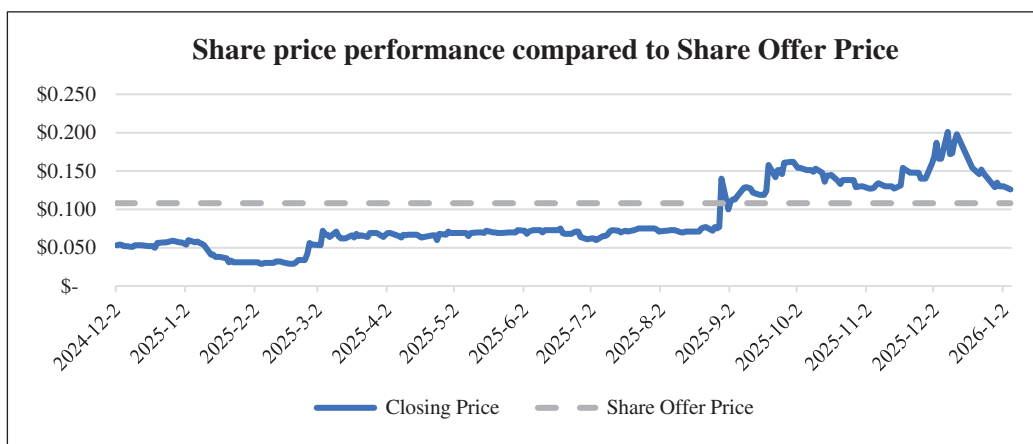
As illustrated above, during the Review Period, the average daily trading volume of the Shares was ranging from 0.0158% to 0.8692% for the total number of issued Shares and from 0.0399% to 2.1923% for the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date. For the whole Review Period, the average of the average daily trading volume of the Shares was around 0.1621% of total number of issued Shares, 0.4090% for the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date and we therefore consider the trading liquidity of the Shares is relatively low when compared to the total number of issued Shares and the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date.

We note that there was an increase in daily trading volume of the Shares since 1 December 2025 that resulted in higher average daily trading volume of the Shares in December 2025. We have enquired into the Directors regarding the possible reasons for such increase in the Average Volume, and as confirmed by the Directors, save for the Offers, the Directors were not aware of any happening which might have affected the average daily trading volume of the Shares in December 2025. Excluding the average daily trading volume of the Shares in December 2025, during the Review Period, the average daily trading volume of the Shares was ranging from 0.0158% to 0.3910% for the total number of issued Shares and from 0.0399% to 0.9861% for the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date.

Given the low historical trading volume of the Shares as stated above, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Offer Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price. Accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Offer Shareholders can receive by the disposal of their Shares in the open market. We consider that the Share Offer provide opportunities for the Offer Shareholders to realise all of their investments in the Company at a fixed price.

3.3 HISTORICAL PRICE PERFORMANCE OF THE SHARES

The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:



Source: The Stock Exchange

As shown in the chart above, during the Review Period, the daily closing prices of the Shares ranged from HK\$0.029 per Share (the “**Lowest Closing Price**”) recorded on 4, 5, 17, 18 and 19 February 2025 to HK\$0.201 per Share (the “**Highest Closing Price**”) recorded on 8 December 2025, with the average closing price of the Shares amounted to approximately HK\$0.086 per Share (the “**Average Closing Price**”). Trading of the Shares was suspended from 15 December 2025 to 18 December 2025 (both days inclusive) pending the publication of the Joint Announcement.

As shown in the chart above, we note that the closing prices of the Shares show a relatively upward trend with fluctuation during the Review Period. We have further reviewed the publication of the Company during the Review Period and noted that:

- (i) The Company published its interim report 2024/2025 for the six months ended 30 September 2024 on 29 December 2024;
- (ii) The Company published the CSL Announcement on 6 June 2025;
- (iii) The Company published its annual results announcement for the year ended 31 March 2025 on 30 June 2025;
- (iv) As announced by the Company on 31 August 2025, the Company has completed the CAL Disposal;

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- (v) The Company published its interim results announcement of the Company for the six months ended 30 September 2025 on 27 November 2025;
- (vi) The Company published an announcement in relation to the possible Offers pursuant to Rule 3.7 of the Takeovers Code on 4 December 2025; and
- (vii) The Company published the Joint Announcement on 18 December 2025.

We have further discussed with the Company on the increasing and decreasing trends of the Share price and were advised that the management did not identify any specific reasons for the fluctuation of the closing prices of the Shares.

Based on the above, we consider the market price of the Shares to be volatile, and it is uncertain whether the closing price of the Shares will continue to remain at a high level compared to the Share Offer Price.

3.4 COMPARABLE ANALYSIS

To assess the fairness and reasonableness of the Share Offer Price, it is a general practice to make reference to other comparable companies. We have considered the price-to-earnings ratio (“**PER**”) and price-to-book ratio (“**PBR**”) which are the most commonly used benchmarks in valuing a company as the data for calculating the ratios can be obtained fairly and directly from publicly available information and reflect the value of the companies determined by the open market.

However, since the Group recorded a net loss for FY2025, an analysis of the Group’s PER is negative and would not provide a meaningful reference and is not applicable. As an alternative proxy for an earnings-based valuation metric in circumstances where companies are loss-making, we have also considered the price-to-sales ratio (“**PSR**”), which measures market valuation relative to revenue generation and is frequently adopted for companies with temporary or ongoing profitability challenges but continued sales activity.

Taking this into account, we adopted the PBR together with the PSR as reference metrics for our analysis, as both are commonly used in valuing loss-making companies or those with fluctuating earnings.

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In these circumstances, (i) the PBR provides an indication of how the market values the net asset base of companies operating under similar business models; and (ii) the PSR provides an indication of how the market values revenue streams of companies operating under similar business models. Accordingly, the PBR and PSR provide context-based reference for understanding the broader valuation environment in which the Share Offer is being made and represent relevant and meaningful reference metric currently available given the Company's financial profile and business characteristics.

For the purpose of our analysis in assessing the PBR and the PSR of the Group under the Offers, we have taken into consideration the implied market capitalisation or the total value of the Group under the Offers of approximately HK\$159.2 million (the “**Implied Market Capitalisation**”), which is derived from multiplying the Share Offer Price of HK\$0.108 per Share by the total number of issued Shares of 1,474,232,000 as at the Last Trading Day. In determining the implied PBR under the Offers (the “**Implied PBR**”), we have divided the Implied Market Capitalisation by the unaudited total equity attributable to owners of the Company of approximately HK\$27.4 million as at 30 September 2025. On this basis, the Implied PBR is approximately 5.80 times. In determining the implied PSR under the Offers (the “**Implied PSR**”), we have divided the Implied Market Capitalisation by the audited annual revenue of the Group of approximately HK\$71.9 million for FY2025. On this basis, the Implied PSR is approximately 2.21 times.

Accordingly, we conducted a review to identify listed companies that are broadly similar to the Group. Specifically, we focused on companies that (i) are currently listed on the Main Board of the Stock Exchange; (ii) are principally engaged in toy-related businesses (including both manufacturing and trading or distribution-oriented activities), given that the Group's Financial Services Division is being substantially disposed of as at the date of the Sale and Purchase Agreement, such that the Toys Division will remain as the core business of the Group upon such disposal; (iii) derive more than 50% of their audited annual audited revenue from the toy-related business segment to ensure the comparability is based on companies where toys constitute the primary revenue driver; and (iv) had a market capitalisation of below HK\$300 million, being broadly comparable to the Company's market capitalisation of approximately HK\$292 million as at the Last Trading Day. We have selected these criteria to ensure the comparables are relevant in terms of market presence, business focus and scale, while broadening the selection to encompass the diverse operational models within the toy industry, thereby providing a more comprehensive benchmark for the Group's valuation in the Offers.

For consistency and reliability, (i) the market capitalisation of the comparable companies are calculated based on their respective shares price and issued shares as at the Last Trading Date; (ii) the PBR calculations for the Group and the comparable companies are based on their latest amount of total equity being announced in their financial statement; and (iii) the PSR calculations for the Group and comparable companies are based on their latest annual audited revenue figures.

Based on our exhaustive search, we are able to identify 6 companies listed on the Stock Exchange that met all of the above criteria (the “**Market Comparables**”). Shareholders should note that the businesses, the market capitalisation, operations and prospects of the Group are not

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exactly the same as the Market Comparables. Due to differing operational styles among the Market Comparables, the Company and the Market Comparables may exhibit different asset profiles. Manufacturing-focused companies typically maintain asset-intensive structures with significant capital investments in production facilities, moulds and equipment, whereas trading or distribution-oriented companies generally adopt lighter asset profiles focused on inventory turnover and supply chain efficiency rather than heavy fixed asset ownership. These structural differences may influence the respective PBR and PSR levels. As such, the Market Comparables analysis is provided for illustrative and reference purposes only and should not be construed as a definitive or absolute valuation of the Company or as implying any specific value for the Shares or the Share Offer Price. Independent Shareholders are advised to consider this comparison as one of several references when evaluating the fairness and reasonableness of the Share Offer Price, alongside other factors such as the Group's financial performance, historical Share price and liquidity, and the unconditional cash nature of the Offers.

Set out below are the PBRs of the Market Comparables based on their respective market capitalization as at the Last Trading Date and their respective latest published financial information:

Stock Code	Company Name	Principal Activities	PBR as	PSR as
			at the Last Trading Date	at the Last Trading Date
180.HK	Kader Holdings Co Ltd	The principal activities of its subsidiaries are the manufacture and trading of plastic, electronic and stuffed toys and model trains, property investment, and investment holding.	0.10	0.55
381.HK	AOM International Group Co Ltd	The company and its subsidiaries are principally engaged in (i) the manufacturing and trading of toys and gifts items, (ii) development, processing and manufacturing of Chinese herbs products, (iii) the investment in various businesses including fruit plantation, leisure and culture and (iv) trading of wine.	0.52	0.54

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Stock Code	Company Name	Principal Activities	PBR as at the Last Trading Date	PSR as at the Last Trading Date
765.HK	Perfectech International Holdings Ltd	The company, together with its subsidiaries, principally engages in the manufacture and sale of novelties, decorations and toy products.	3.90	1.10
1792.HK	CMON Limited	The group is principally engaged in design, development and sales of board games, miniature war games and other hobby products.	0.99	0.25
3830.HK	Kiddieland International Ltd	The Company is principally engaged in the manufacture and distribution of plastic toy products and laboratory equipment.	2.80	0.31
6918.HK	Kidztech Holdings Ltd	The group is principally engaged in the design, development, manufacture and sale of high-quality smart toy vehicles, smart interactive toys and traditional toys.	0.40	0.51
Maximum			3.90	1.10
Minimum			0.10	0.25
Average			1.45	0.54
Median			0.76	0.52

It is noted from the above table that the PBR of the Market Comparables ranged from approximately 0.10 times to approximately 3.90 times, with an average and median of approximately 1.45 times and 0.76 times, respectively. Accordingly, the Implied PBR of the Offer of approximately 5.80 times is well above all the PBRs of the Market Comparables.

It is noted from the above table that the PSR of the Market Comparables ranged from approximately 0.25 times to approximately 1.10 times, with an average and median of approximately 0.54 times and 0.52 times, respectively. Accordingly, the Implied PSR of the Offer of approximately 2.21 times is well above all the PSRs of the Market Comparables.

As such, we consider that the Share Offer Price is attractive from both the perspective of PBRs and PSRs analysis.

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3.5 OUR VIEW ON THE SHARE OFFER

Having considered that:

- (i) the Company recorded net loss for FY2024, FY2025 and Interim 2025;
- (ii) there are uncertainties regarding the Group's Toys Division due to escalating US-China trade tension;
- (iii) the Group has substantially disposal of the operating subsidiaries of the Group's Financial Services Division in the second half of the year 2025;
- (iv) the relatively low liquidity of Shares during the Review Period as discussed above;
- (v) the Share Offer Price (i.e. HK\$0.108) represented premium of approximately 25.6% over the Average Closing Price (i.e. HK\$0.086) during the Review Period;
- (vi) the Share Offer Price is attractive from both the perspective of PBRs and PSRs analysis; and
- (vii) it is uncertain whether the closing price of the Shares will continue to remain at high level compared to the Share Offer Price,

we are of the view that the Share Offer is fair and reasonable so far as the Independent Shareholders are concerned.

Nevertheless, we would like to remind the Independent Shareholders that although the Share Offer Price is below the recent closing prices of the Shares on the Stock Exchange, there is no guarantee that the recent trading prices of the Shares on the Stock Exchange will sustain and be higher than the Share Offer Price during and after the Offer Period. The Independent Shareholders, in particular those who may wish to realise their investments in the Shares, are thus reminded to closely monitor the market price of the Shares during the Offer Period.

4 PRINCIPAL TERMS OF THE OPTION OFFER

Cinda International and Rainbow Capital, for and on behalf of the Offeror, are making the Option Offer to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options in exchange for cash on the following basis:

In respect of Options with an exercise price of HK\$0.748 each:

For cancellation of each such Option HK\$0.0001 in cash

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Immediately following Completion and as at the Latest Practicable Date, the Company had 20,300,000 outstanding Options under the Share Option Scheme with an exercise price of HK\$0.748 each. Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the “see-through” values of the outstanding Options would be the difference between the exercise prices of the Options and the Share Offer Price. As the exercise prices of the outstanding Options (i.e. HK\$0.748) are above the Share Offer Price (i.e. HK\$0.108), the outstanding Options are out-of-money with zero “see-through” value. Accordingly, the Option Offer Price for each outstanding Option is at a nominal value of HK\$0.0001 under the Option Offer as mentioned in the “LETTER FROM THE JOINT FINANCIAL ADVISERS” in the Composite Document. Given that the “see-through” value of the outstanding Options is zero, we consider that the Option Offer Price of HK\$0.0001 offered to the Optionholders is fair and reasonable so far as the Optionholders are concerned.

Pursuant to the terms of the Share Option Scheme, in the event of a general offer being made to all Shareholders and such offer becomes or is declared unconditional during the exercise period of the Share Options, the Optionholders shall be entitled to exercise the Share Options (to the extent not already exercised) at any time thereafter and up to the close of such offer, after which such Share Options will automatically lapse. The Offers, when made upon the despatch of the Composite Document, will be unconditional in all respects. Accordingly, any Share Options which are not exercised prior to the Closing Date, will lapse. If any Share Option is exercised within such time period in accordance with the terms of the Share Option Scheme, any Shares issued prior to the Closing Date as a result of such exercise will be subject to the Share Offer.

All Optionholders are reminded that pursuant to the terms of the Share Option Scheme, if any Share Option is not exercised on or before the Closing Date, the Share Options will automatically lapse.

The Optionholders, in particular those who intend to accept the Option Offer, are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, especially that the disposal of large blocks of Shares in the open market may trigger price slump of the Shares as a result of the thin trading of the Shares. The Optionholders shall, having regard to their own circumstances, consider exercising the outstanding Options and selling the Shares (as the case may be) in the open market, instead of accepting the Option Offer, if the net proceeds from the ultimate sale of such Shares would be higher than that receivable under the Option Offer.

RECOMMENDATION

Taking into consideration the aforementioned principal factors and reasons, in particular:

- (i) the financial performance of the Company has been unsatisfactory in recent financial years/ periods;
- (ii) there are uncertainties regarding the Group’s Toys Division due to escalating US-China trade tension;
- (iii) the Group has substantially disposal of the operating subsidiaries of the Group’s Financial Services Division in the second half of the year 2025;

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- (iv) the relatively low liquidity of Shares during the Review Period as discussed above;
- (v) the Share Offer Price (i.e. HK\$0.108) represented premium of approximately 25.6% over the Average Closing Price (i.e. HK\$0.086) during the Review Period;
- (vi) the Share Offer Price is attractive from both the perspective of PBRs and PSRs analysis;
- (vii) it is uncertain whether the closing price of the Shares will continue to remain at high level compared to the Share Offer Price; and
- (viii) the outstanding Options are out-of-money with zero “see-through” value while the Option Offer Price for each outstanding Option is at a nominal value of HK\$0.0001 under the Option Offer,

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

The Independent Shareholders and the Optionholders, in particular those who intend to accept the Offers, are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, especially that the disposal of large blocks of Shares held by the Independent Shareholders in the open market may trigger price slump of the Shares as a result of the thin trading of the Shares. The Independent Shareholders who intend to realise their investment in the Company and the Optionholders shall, having regard to their own circumstances, consider exercising the outstanding Options and/or selling the Shares (as the case may be) in the open market, instead of accepting the Offers, if the net proceeds from the ultimate sale of such Shares would be higher than that receivable under the Offers.

Yours faithfully,

For and on behalf of

Draco Capital Limited

Kevin Choi

Leon Au Yeung

Managing Director

Director

Mr. Kevin Choi and Mr. Leon Au Yeung are licensed persons under the SFO to carry out type 6 (advising on corporate finance) regulated activity under the SFO and regarded as responsible officers of Draco Capital Limited. Mr. Kevin Choi and Mr. Leon Au Yeung have over 14 and 11 years of experience in the corporate finance industry, respectively.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

- (a) To accept the Share Offer, you should complete and sign the accompanying WHITE Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect hereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed WHITE Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, marked “Quali-Smart Holdings Limited – Share Offer” on the envelope, as soon as possible and in any event so as to reach the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed and signed WHITE Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed WHITE Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the WHITE Form of Share Offer Acceptance should nevertheless be completed and signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be delivered to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the WHITE Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Cinda International and/or Rainbow Capital and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the WHITE Form of Share Offer Acceptance.

- (f) Acceptance of the Share Offer will be treated as valid only if the duly completed and signed WHITE Form of Share Offer Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code) and the Registrar has recorded that the WHITE Form of Share Offer Acceptance and any relevant documents as required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub- paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the WHITE Form of Share Offer Acceptance is executed by a person other than the registered Shareholders, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (h) In Hong Kong, seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Share Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Shareholders on the acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders who accept the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (i) No acknowledgement of receipt of any WHITE Form of Share Offer Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares will be given.

2. COURSES OF ACTION AVAILABLE TO THE OPTIONHOLDERS

You may take any of the following courses of action with respect to your outstanding Options:

- (a) to the extent any of your outstanding Options are not exercised on or prior to the Closing Date, you may accept the Option Offer in accordance with its terms (as set out in this Composite Document and the PINK Form of Option Offer Acceptance) and receive the price of HK\$0.0001 for cancellation of each outstanding Option by returning the duly completed and signed PINK Form of Option Offer Acceptance enclosed together with the relevant document(s) as soon as possible and in any event by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code, to the company secretary of the Company at Workshop C, 19/F., TML Tower, 3 Hoi Shing Road, Tsuen Wan, Hong Kong, marked “Quali-Smart Holdings Limited – Option Offer” on the envelope;
- (b) you may in accordance with the terms of the Share Option Scheme exercise some or all of outstanding vested Options (to the extent not already exercised), by submitting a notice for exercising the Options together with a cheque for payment of the subscription monies and the related certificates (if applicable) for the Options to the company secretary of the Company no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code, and the Share issued as a result of the exercise of such Options will be subject to and eligible to participate in the Share Offer. Optionholders who wish to accept the Share Offer should at the same time complete and sign the WHITE Form of Share Offer Acceptance and deliver it to the Registrar together with a copy of the set of documents delivered to the Company for exercising the Options. Exercise of the Options is subject to the terms and conditions of the Share Option Scheme and the terms attaching to the grant of the relevant Options. Delivery of the completed and signed WHITE Form of Share Offer Acceptance to the Registrar will not serve to complete the exercise of the Options but will only be deemed to be an irrevocable authority to the Offeror and/or Cinda International and/or Rainbow Capital and/or any of their respective agent(s) or such other person(s) as they may direct to collect from the Company or the Registrar on his/her behalf the relevant share certificate(s) when issued on exercise of the Options as if it was/they were delivered to the Registrar with the WHITE Form of Share Offer Acceptance. If an Optionholder fails to exercise his/her Options as aforesaid, there is no guarantee that the Company may issue the relevant share certificates in respect of the Shares allotted pursuant to his/her/its exercise of the Options to such Optionholder in time for him/her to accept the Share Offer as a Shareholder of such Shares under the terms of the Share Offer. Please refer to this Composite Document for the details of the Share Offer and the acceptance thereof; or

- (c) you may do nothing, and in which case, unexercised Options will lapse automatically after the Closing Date in accordance with the terms of the Share Option Scheme and you will not receive the Option Offer Price.

3. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OPTION OFFER

- (a) To accept the Option Offer, you should complete and sign the accompanying PINK Form of Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer.
- (b) If you are an Optionholder and you wish to accept the Option Offer in respect of your Options, you must send the duly completed and signed PINK Form of Option Offer Acceptance together with the relevant certificate(s) of the Options (if applicable) and/or other document(s) of title or entitlement in respect of the Options, and/or other document(s) (if applicable) evidencing the grant of the Options to you (and/or satisfactory indemnity or indemnities required in respect thereof) for your holding of Options (or if applicable, for not less than the number of Options in respect of which you intend to accept the Option Offer), by post or by hand, to the company secretary of the Company at Workshop C, 19/F., TML Tower, 3 Hoi Shing Road, Tsuen Wan, Hong Kong marked “Quali-Smart Holdings Limited – Option Offer” on the envelope, as soon as possible and in any event so as to reach the company secretary of the Company by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (c) No stamp duty will be deducted from the amount paid or payable to the Optionholder who accepts the Option Offer.
- (d) No acknowledgment of receipt of any PINK Form(s) of Option Offer Acceptance, certificate(s) of the Options (if applicable) and/or any other documents of title (and/or any satisfactory indemnity/indemnities required in respect thereof) in respect of the Options will be given.

4. SETTLEMENT OF THE OFFERS

4.1 The Share Offer

- (a) Provided that a valid WHITE Form of Share Offer Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares are complete and in good order in all respects and have been received by the Registrar before the close of the Share Offer, a cheque for the amount (rounding up to the nearest cent) due to each of the Independent Shareholders who accepts the Share Offer less seller’s ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Share Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any

event no later than seven (7) Business Days after the date of receipt by the Registrar of the duly completed acceptances of the Share Offer and all relevant documents of title which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

- (b) Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

4.2 The Option Offer

- (a) Provided that a valid PINK Form of Option Offer Acceptance and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the company secretary of the Company before the close of the Option Offer, a cheque for the amount (rounding up to the nearest cent) due to the Optionholders in respect of the Options tendered by him/her under the Option Offer will be despatched to such Optionholders by ordinary post at his/her own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt by the company secretary of the Company of the duly completed acceptances of the Option Offer and all relevant documents which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.
- (b) Settlement of the consideration to which any accepting Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Optionholder.

5. ACCEPTANCE PERIOD AND REVISIONS

- (a) In order to be valid for the Offers, the WHITE Form of Share Offer Acceptance and the PINK Form of Option Offer Acceptance must be received by the Registrar (in respect of the Share Offer) or the company secretary of the Company (in respect of the Option Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive.

- (b) The Offeror and the Company will jointly publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been extended, revised or have expired.
- (c) If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date or that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing will be given before the Offers are closed to the Independent Shareholders and the Optionholders who have not accepted the relevant Offers.
- (d) If, in the course of the Offers, the Offeror revises the terms of the Offers, all Independent Shareholders and the Optionholders, whether or not they have already accepted the relevant Offers, will be entitled to accept the revised Offers under the revised terms. The revised Offers will be kept open for at least fourteen (14) days after the date of the revised Offer document.
- (e) If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.

6. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders and Optionholders, those registered Independent Shareholders and Optionholders who hold Shares and Options as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares and Options whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

7. ANNOUNCEMENTS

- (a) By 6:00 p.m. (or such later time as the Executive may in exceptional circumstances permit) on the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. The Offeror must post an announcement in accordance with the requirements of the Listing Rules on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offers have been revised, extended, or have expired. The announcement will state the total number of Shares and Options:
 - (i) for which acceptances of the Offers have been received;
 - (ii) held, controlled or directed by the Offeror and/or parties acting in concert with it before the Offer Period; and

- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and/or parties acting in concert with it.

The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares and Options represented by acceptances as of the Closing Date, only valid acceptances that are in all respects complete, in good order and fulfill the acceptance conditions set out in this Appendix, and which have been received by the Registrar (in respect of the Share Offer) or the company secretary of the Company (in respect of the Option Offer) no later than 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where appropriate.

8. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Share Offer and the Option Offer tendered by Independent Shareholders and Optionholders, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the sub-paragraph (b) below.
- (b) In the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the paragraph headed “7. Announcements” above), the Executive may require that acceptors of the Offers be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Independent Shareholders and/or the Optionholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after the Offers are withdrawn, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or the certificate(s) of the Options and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Forms of Acceptance to the relevant Independent Shareholders and/or Optionholders at their own risks.

9. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The Offeror intends to make the Offers available to all Independent Shareholders and Optionholders, including the Overseas Shareholders and the Overseas Optionholders. As the Share Offer and the Option Offer to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions, the Overseas Shareholders and the Overseas Optionholders and beneficial owners of the Shares and/or Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offers. It is the responsibility of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers, including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, legal and/or regulatory requirements and the payment of any issue, transfer, cancellation or other taxes and duties due by such Overseas Shareholders and Overseas Optionholders in respect of the acceptance of the Offers in such jurisdictions.

The Offeror and the parties acting in concert with it, the Company, Cinda International, Rainbow Capital, Ignite Capital, the Independent Financial Adviser, the Registrar, the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders or the Overseas Optionholders for any taxes or duties as such persons may be required to pay.

Acceptance of the Offers by any Overseas Shareholder or Overseas Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder or Overseas Optionholder to the Offeror that the all applicable laws and requirements have been complied with and such Overseas Shareholder or Overseas Optionholder is permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. The Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.

There were no Overseas Shareholders or Overseas Optionholders as at the Latest Practicable Date.

10. TAXATION ADVICE

Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror and the parties acting in concert with it, the Company, Cinda International, Rainbow Capital, Ignite Capital, the Independent Financial Adviser and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

11. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, share certificate(s), certificate(s) of the Option, transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and the Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror and the parties acting in concert with it, Cinda International, Rainbow Capital, Ignite Capital, the Independent Financial Adviser and any of their respective directors nor the Registrar or the company secretary of the Company or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form(s) of Acceptance form part of the terms and conditions of the Offers.
- (c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, Cinda International, Rainbow Capital, and/or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares or the Options in respect of which such person or persons has/have accepted the Offers.
- (f) Acceptance of the Offers by any person or persons will be deemed to constitute a representation and warranty by such person or persons to the Offeror, Cinda International, and Rainbow Capital that the Offer Shares are sold or the Options are tendered (as the case may be) to the Offeror 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 Offers are made, being the date of despatch of this Composite Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.
- (g) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares or Options in respect of which as indicated in the Form(s) of Acceptance is the aggregate number of Shares or Options held by such nominee for such beneficial owner who is accepting the Offers.

- (h) Any Independent Shareholders or Optionholders accepting the Share Offer and/or the Option Offer, respectively, will be responsible for payment of any other transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (i) Unless otherwise expressly stated in this Composite Document and/or the Form(s) of Acceptance, no person other than the Offeror and the accepting Independent Shareholders and Optionholders may enforce any terms of the Offers that will arise out of complete and valid acceptances under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).
- (j) Reference to the Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.
- (k) All acceptance, instructions, authorities and undertakings given by the Independent Shareholders in the Form(s) of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (l) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation in case of inconsistency.
- (m) In making their decisions, the Independent Shareholders and the Optionholders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror and parties acting in concert with it, the Company, Cinda International, Rainbow Capital, Ignite Capital, the Independent Financial Adviser and the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offers. The Independent Shareholders and the Optionholders should consult their own professional advisers for professional advice.
- (n) The Offers are made in accordance with the Takeovers Code.

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

1. FINANCIAL SUMMARY OF THE GROUP

Set out below is a summary of the audited consolidated financial information of the Group for each of the years ended 31 March 2023, 31 March 2024 and 31 March 2025 (as extracted from the Company's annual reports for the years ended 31 March 2023, 31 March 2024 and 31 March 2025) and the unaudited consolidated financial information of the Group for the six months ended 30 September 2024 and 30 September 2025 (as extracted from the Company's interim reports for the six months ended 30 September 2024 and 30 September 2025):

	For the year ended 31 March 2023 HK\$'000	For the year ended 31 March 2024 HK\$'000	For the year ended 31 March 2025 HK\$'000	For the six months ended 30 September 2024 HK\$'000	For the six months ended 30 September 2025 HK\$'000
Revenue	341,801	177,259	71,933	58,309	27,836
Cost of sales	(296,867)	(149,255)	(48,454)	(42,807)	(20,037)
Gross profit	44,934	28,004	23,479	15,502	7,799
Other revenue	3,000	1,429	14,181	4,056	315
Selling expenses	(7,521)	(3,756)	(1,420)	(1,035)	(599)
Administrative expenses	(61,648)	(48,062)	(44,558)	(26,166)	(16,095)
Impairment loss on goodwill	(36,161)	(45,508)	–	–	–
Impairment loss on intangible assets	–	(585)	–	–	–
Impairment losses recognized on trade receivables	(2,150)	–	(4,452)	–	–
Finance costs	(12,709)	(5,490)	(5,101)	(2,475)	(2,274)
Loss before income tax expense	(72,255)	(73,968)	(17,871)	(10,118)	(10,854)
Income tax credit/(expense)	(66)	10	–	(26)	–
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	(72,321)	(73,958)	(17,871)	(10,144)	(10,854)
Loss and total comprehensive income attributable to:					
– Owners of the Company	(72,321)	(73,941)	(17,872)	(10,230)	(10,783)
– Non-controlling interests	–	(17)	1	86	(71)
	(72,321)	(73,958)	(17,871)	(10,144)	(10,854)
LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY					
– Basic and diluted (HK cents)	(4.91)	(5.02)	(1.21)	(0.69)	(0.74)

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

No dividend was paid or proposed by the Company during each of the three years ended 31 March 2023, 2024 and 2025, and for the six months ended 30 September 2024 and 30 September 2025.

There has been no change in the Group's accounting policies which would result in the figures in its consolidated financial statements for each of the three years ended 31 March 2023, 2024 and 2025, and for the six months ended 30 September 2024 and 30 September 2025, being not comparable to a material extent.

The auditor's reports issued by BDO Limited in respect of the Group's audited consolidated financial statements for each of the years ended 31 March 2023, 31 March 2024 and 31 March 2025 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the last published audited accounts, together with the notes to the relevant published consolidated financial statements which are of major relevance to the appreciation of the above consolidated financial information.

The unaudited consolidated financial statements of the Group for the six months ended 30 September 2025 (the “**2025/26 Interim Financial Statements**”) have been set out on pages 21 to 52 of the 2025/2026 interim report of the Company for the six months ended 30 September 2025 (the “**2025/26 Interim Report**”), which was posted on 30 December 2025 on the website of the Stock Exchange (www.hkexnews.hk), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/1230/2025123001319.pdf>

The unaudited consolidated financial statements of the Group for the six months ended 30 September 2024 (the “**2024/25 Interim Financial Statements**”) have been set out on pages 18 to 43 of the 2024/2025 interim report of the Company for the six months ended 30 September 2024 (the “**2024/25 Interim Report**”), which was posted on 29 December 2024 on the website of the Stock Exchange (www.hkexnews.hk), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1229/2024122900099.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2025 (the “**2025 Financial Statements**”) have been set out on pages 42 to 104 of the 2025 annual report of the Company for the year ended 31 March 2025 (the “**2025 Annual Report**”), which was posted on 30 July 2025 on the website of the Stock Exchange (www.hkexnews.hk), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0730/2025073001028.pdf>

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

The audited consolidated financial statements of the Group for the year ended 31 March 2024 (the “**2024 Financial Statements**”) have been set out on pages 47 to 116 of the 2024 annual report of the Company for the year ended 31 March 2024 (the “**2024 Annual Report**”), which was posted on 29 July 2024 on the website of the Stock Exchange (www.hkexnews.hk), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0729/2024072901265.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2023 (the “**2023 Financial Statements**”) have been set out on pages 47 to 122 of the 2023 annual report of the Company for the year ended 31 March 2023 (the “**2023 Annual Report**”), which was posted on 28 July 2023 on the website of the Stock Exchange (www.hkexnews.hk), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0728/2023072800296.pdf>

The 2025/26 Interim Financial Statements, 2024/25 Interim Financial Statements, 2025 Financial Statements, 2024 Financial Statements and 2023 Financial Statements (but not any other part of 2025/26 Interim Report, 2024/25 Interim Report, 2025 Annual Report, 2024 Annual Report and 2023 Annual Report in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS STATEMENT

At the close of business on 30 November 2025, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Composite Document, the Group had aggregate outstanding indebtedness of approximately HK\$11.1 million, comprising convertible notes of HK\$8.3 million and lease liabilities of approximately HK\$2.8 million, all of which were unsecured and without any guarantee.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing, mortgages or charges, contingent liabilities or guarantees as at 30 November 2025.

The Directors confirm there have been no material changes in indebtedness or contingent liabilities of the Group since 30 November 2025 and up to and including the Latest Practicable Date.

4. MATERIAL CHANGE

The Directors confirm that, save for the following matters, there had been no material change in the financial or trading position or outlook of the Group since 31 March 2025, being the date to which the latest published audited consolidated financial statements of the Group were made, up to and including the Latest Practicable Date:

- (i) on 2 May 2025, the Group has entered into sale and purchase agreement to dispose its wholly-owned subsidiary, Ballas Group Limited and its wholly-owned subsidiary, Ballas Capital Limited, (“**Ballas Group**”) a licensed corporation carrying type 1 and type 6 regulated activities under the Securities Futures Ordinance (“**SFO**”) (under Chapter 571 of Hong Kong Law). The disposal of Ballas Group was completed on 3 July 2025;
- (ii) on 15 May 2025, the maturity date of the promissory note issued by the Group to Benefit Global Limited with a principal amount of HK\$31.0 million on 16 May 2023 (the “**2023 PN**”) has been extended to 16 May 2027 under mutual agreement between Ultimate Advice Investments Limited and the Company. All other terms and conditions of the 2023 PN remains unchanged;
- (iii) on 6 June 2025, the Company and Emperor Capital Investment Holdings Limited entered into sale and purchase agreement, pursuant to which Emperor Capital Investment Holdings Limited has agreed to acquire, and the Company has agreed to sell, the entire issued share capital of Crosby Asia Limited, the immediate holding company of Crosby Securities Limited, a wholly-owned subsidiary of the Company, a licensed corporation carrying type 1, type 4, type 6 and type 9 regulated activities under the SFO, and all the sums owing by the Crosby Asia Limited to the Company as at the completion of the respective transaction (the “**CAL Disposal**”). On 31 August 2025, the Company has completed the CAL Disposal;
- (iv) on 30 June 2025, the Company has partially redeemed the 2023 PN for HK\$15 million out of its outstanding principal amount of HK\$31 million;
- (v) on 15 October 2025, the Company as vendor, entered into a sale and purchase agreement for the disposal of the entire equity interest in CAM Wealth Management Company Limited, a wholly-owned subsidiary of the Company (“**CAM SPA**”), (the “**CAM Disposal**”). Completion of the CAM Disposal took place on 4 December 2025. The CAM Disposal did not constitute a notifiable transaction of the Company under the Listing Rules;
- (vi) On 21 November 2025, the outstanding principal of the 2023 PN due 2027 was redeemed in full; and
- (vii) according to the interim report of the Company for the six months ended 30 September 2025 published on 30 December 2025,

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

- a. The Group's revenue for the six months ended 30 September 2025 ("**Interim 2025**") was approximately HK\$27.8 million, representing a decrease of approximately HK\$30.5 million or 52.3% as compared to the Group's revenue of approximately HK\$58.3 million for the six months ended 30 September 2024 ("**Interim 2024**");
- b. The Group's total non-current assets decreased from approximately HK\$5.9 million as at 31 March 2025 to approximately HK\$3.5 million as at 30 September 2025, representing a reduction of approximately HK\$2.4 million. The decline was primarily driven by the depreciation of property, plant and equipment (from HK\$0.4 million to HK\$0.0 million) and right-of-use assets (from HK\$5.1 million to HK\$3.4 million), reflecting ongoing charges over the period. Additionally, statutory deposits for the financial services business, which stood at approximately HK\$0.4 million as at 31 March 2025, were fully eliminated by 30 September 2025;
- c. The Group's total current assets fell from approximately HK\$158.7 million as at 31 March 2025 to approximately HK\$64.2 million as at 30 September 2025, a decrease of approximately HK\$94.5 million. The most substantial contributor was the complete removal of cash and bank balances held on behalf of customers, which dropped from HK\$63.3 million as at 31 March 2025 to nil as at 30 September 2025. Time deposits also declined from approximately HK\$58.5 million as at 31 March 2025 to approximately HK\$23.5 million as at 30 September 2025. Prepayments, deposits and other receivables decreased from approximately HK\$5.5 million as at 31 March 2025 to approximately HK\$1.0 million as at 30 September 2025, while cash and cash equivalents reduced from approximately HK\$25.6 million as at 31 March 2025 to approximately HK\$20.7 million as at 30 September 2025. These reductions were partially offset by an increase in trade receivables from approximately HK\$2.4 million as at 31 March 2025 to approximately HK\$16.1 million as at 30 September 2025;
- d. The Group's total current liabilities decreased from approximately HK\$86.0 million as at 31 March 2025 to approximately HK\$24.1 million as at 30 September 2025, a reduction of approximately HK\$61.9 million, which was mainly attributed from the decrease in trade payables from approximately HK\$66.1 million as at 31 March 2025 to approximately HK\$11.6 million as at 30 September 2025, driven by settlements of trades or cash held on behalf of clients in their accounts of the financial services division of the Group; and
- e. The Group's total non-current liabilities decreased from approximately HK\$40.3 million as at 31 March 2025 to approximately HK\$16.1 million as at 30 September 2025, representing a reduction of approximately HK\$24.2 million, which was mainly attributed by (i) the partial settlement of the 2023 PN of approximately HK\$15.0 million during Interim 2025; and (ii) the reclassification of the outstanding convertible note of approximately HK\$7.3 million from non-current liabilities to current liabilities.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars in compliance with the Takeovers Code and the Listing Rules and for the purpose of giving information with regard to the Company, the Offeror and the Offers.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than any information relating to the Offeror and its concert parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised</i>		<i>US\$</i>
<u>6,000,000,000</u>	Shares with par value of US\$0.000025 each	<u>150,000.00</u>
<i>Issued and fully paid up</i>		
<u>1,474,232,000</u>	Shares with par value of US\$0.000025 each	<u>36,855.80</u>

All Shares in issue are fully paid up and rank *pari passu* in all respects with each other, including all rights in respect of capital, dividends and voting. The Company has not issued any Shares since 31 March 2025, the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

As at the Latest Practicable Date, the Company had (i) 20,300,000 outstanding Options with an exercise price of HK\$0.748 each, which are exercisable within 10 years from 24 March 2016 to 23 March 2026 and entitling the Optionholders thereof to subscribe for an aggregate of 20,300,000 new Shares; and (ii) Convertible Notes in the outstanding principal amount of HK\$9,000,000 which is convertible into a maximum of 111,111,111 Shares at the conversion price of HK\$0.081 per conversion Share during the period from 16 May 2023 to 16 May 2026. Save for the aforementioned issued Shares, the outstanding Options and the Convertible Notes, the Company had no other outstanding shares, options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such shares, options, derivatives, warrants or securities of the Company as at the Latest Practicable Date.

The Shares are listed and traded on the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on any other stock exchange.

3. MARKET PRICES

Please refer to the paragraph headed “5. Market Prices” in Appendix IV to this Composite Document for details of the closing prices of the Shares quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date.

4. DISCLOSURE OF INTERESTS

(a) Directors

As at the Latest Practicable Date, the interests or short positions of the Directors in the Shares, underlying Shares or debentures of the Company or the associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules; or (iv) to be disclosed in this Composite Document pursuant to the Takeovers Code were as follows:

Long positions in the underlying shares

Name of Director	Capacity	Number of Shares	
		or underlying Shares held/ interested	Approximate percentage of shareholding
Mr. Poon	Beneficial owner	7,500,000 <i>(Note 1)</i>	0.51%
Mr. Hau Yiu Por	Beneficial owner	9,140,000 <i>(Note 2)</i>	0.62%
Ms. Tang Yuen Ching Irene	Beneficial owner	600,000 <i>(Note 1)</i>	0.04%
Mr. Leung Po Wing, Bowen Joseph GBS, JP	Beneficial owner	1,400,000 <i>(Note 1)</i>	0.09%
Mr. Chan Siu Wing Raymond	Beneficial owner	1,400,000 <i>(Note 1)</i>	0.09%
Mr. Wong Wah On Edward	Beneficial owner	1,400,000 <i>(Note 1)</i>	0.09%

Notes:

1. This interest represents the interest in the underlying Shares in respect of share options granted by the Company to the Directors as beneficial owners.
2. 2,340,000 Shares are beneficially owned by Mr. Hau Yiu Por and 6,800,000 Shares are the underlying Shares in respect of the share options granted by the Company to Mr. Hau Yiu Por as beneficial owner.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company or the associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules; or (iv) to be disclosed in this Composite Document pursuant to the Takeovers Code.

(b) Substantial shareholders

As at the Latest Practicable Date, the substantial shareholders (not being the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange or required to be disclosed under the Takeovers Code, were as follows:

Name of substantial shareholders	Capacity	Number of Shares	
		or underlying Shares held/interested ^(Note 1)	Approximate percentage of shareholding
The Offeror	Beneficial owner ^(Note 2)	887,418,000 (L)	60.20%
Mr. Liu	Interest in a controlled corporation ^(Note 2)	887,418,000 (L)	60.20%
Benefit Global	Beneficial owner	111,111,111 (L) ^(Note 3)	7.54%
Mr. Chu Sheng Yu, Lawrence	Interest in a controlled corporation	111,111,111 (L) ^(Note 3)	7.54%

Notes:

1. The letter “L” denotes long position in the Shares.
2. The Offeror is beneficially wholly owned by Mr. Liu.
3. 111,111,111 Shares are the underlying Shares representing the total number of conversion Shares convertible under the Convertible Notes issued by the Company to Benefit Global. Benefit Global is a company incorporated in the British Virgin Islands which is wholly owned by Mr. Chu Sheng Yu, Lawrence.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange or required to be disclosed under the Takeovers Code.

(c) Interest in the Offeror

As at the Latest Practicable Date, none of the Company, any of its subsidiaries or any of the Directors was interested in any shares of the Offeror or any other convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any shares of the Offeror.

(d) Additional disclosure of interests in the Company

During the Relevant Period and up to and including the Latest Practicable Date,

- (i) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (a) any Shareholder on the one hand; and (b) the Company, its subsidiaries or associated companies on the other hand;
- (ii) save as disclosed in the section headed “4. Disclosure of Interests” in this Appendix III, none of the Directors had any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (iii) save as disclosed in the section headed “4. Disclosure of Interests” in this Appendix III, none of the Directors held any beneficial shareholdings which would otherwise entitle them to accept or reject the Offers; and
- (iv) neither the Company nor the Directors had borrowed or lent, save for any borrowed Shares which have been either on-lent or sold, any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Each of Mr. Poon, Mr. Hau Yiu Por and Ms. Tang Yuen Ching, Irene being executive Directors, and each of Mr. Leung Po Wing, Bowen Joseph *GBS, JP*, Mr. Chan Siu Wing Raymond and Mr. Wong Wah On Edward, being independent non-executive Directors, intend to accept the Option Offer in respect of Options held by them respectively as at the Latest Practicable Date.

Mr. Hau Yiu Por, being an executive Director, intends to accept the Share Offer in respect of the Shares held by him as at the Latest Practicable Date.

5. DEALINGS IN SECURITIES OF THE COMPANY AND THE OFFEROR

During the Relevant Period and up to and including the Latest Practicable Date,

- (a) save for the following transactions, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of any Shares:
 - (i) the acquisition of an aggregate of 65,106,000 Shares by Silver Pointer, a company incorporated in the British Virgin Islands which is owned as to 100% by Mr. Poon, in open market during the period from 1 August 2025 to 28 August 2025, comprising: 29,422,000 Shares at HK\$0.069998 on 1 August 2025, 32,204,000 Shares at HK\$0.070 on 25 August 2025, 3,000,000 Shares at HK\$0.0745 on 26 August 2025, 280,000 Shares at HK\$0.074 on 27 August 2025, and 200,000 Shares at HK\$0.074 on 28 August 2025; and
 - (ii) the disposal of the Sale Shares pursuant to the Sale and Purchase Agreement;
- (b) none of the Company, any of its subsidiaries or any of the Directors had dealt for value in any shares of the Offeror or any other convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any shares of the Offeror;
- (c) none of the subsidiaries of the Company, pension funds of the Company or of any of its subsidiaries, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) had owned, controlled or dealt for value in the Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (d) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate, and hence no such person had owned, controlled or dealt for value in the Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and

- (e) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had owned, controlled or dealt for value in the Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

6. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date,

- (a) no arrangement was in place for any benefit (other than statutory compensation) to be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (b) there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of the Offers or is otherwise connected with the Offers; and
- (c) save for the Memorandum of Understanding and the Sale and Purchase Agreement, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

7. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

As at the Latest Practicable Date, the Company had entered into the following service agreements and letters of appointment with the Directors:

Director	Commencement date	Expiry date	Term ^(Note 2)	Amount of fixed annual remuneration or fee payable HK\$	Amount of variable remuneration or fee payable HK\$
<i>Executive Director</i>					
Mr. Poon	3 January 2022	2 January 2028	An initial term of 3 years commencing from the commencement date, which was renewed and extended by 3 years on the expiry of the initial term	480,000	Discretionary bonus, as determined by the Board

Director	Commencement date	Expiry date	Term ^(Note 2)	Amount of fixed annual remuneration or fee payable HK\$	Amount of variable remuneration or fee payable HK\$
Mr. Hau Yiu Por	1 December 2022	May be terminated by either party giving not less than 3 months' notice in writing or payment in lieu	An initial term of 3 years commencing from the commencement date, which was renewed and extended indefinitely with effect from 1 December 2025	480,000	Discretionary bonus, as determined by the Board
Ms. Tang Yuen Ching Irene	9 November 2023	8 November 2026	3 years	504,000	Discretionary bonus, as determined by the Board
<i>Independent non-executive Director</i>					
Mr. Wong Wah On, Edward ^(Note 1)	24 September 2025	May be terminated by either party giving not less than 1 month's notice in writing	An initial fixed term of 1 year commencing from the commencement date (automatically renewed and extended for a further period of 1 year)	198,000	–

Notes:

1. Mr. Wong Wah On, Edward previously entered into a letter of appointment in respect of his directorship for a fixed term of service of 1 year with effect from 24 September 2023 which was renewed and extended for a further period of 1 year, which expired on 23 September 2025. Under the said letter of appointment, he was entitled to a fee of HK\$198,000 per annum.
2. For the avoidance of doubt, all Directors are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the memorandum and articles of association of the Company.

Save as disclosed above, there are no service agreements or letters of appointment between any Directors and the Company or any of its subsidiaries or associated companies (i) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the Offer Period; (ii) which are continuous contracts with a notice period of 12 months or more; or (iii) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

9. MATERIAL CONTRACTS

Save as disclosed below, there were no contracts (not being the contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) entered into by the Company or any of its subsidiaries within two years before the commencement of the Offer Period (i.e. 4 December 2025) up to and including the Latest Practicable Date, which are or may be material:

- (a) the sale and purchase agreement dated 6 June 2025 entered into between the Company and Emperor Capital Investment Holdings Limited in relation to the disposal of the entire issued share capital of Crosby Asia Limited and all the sums owing by Crosby Asia Limited to the Company as at completion of such disposal at a total consideration equivalent to the consolidated net asset value of Crosby Asia Limited, which was completed on 31 August 2025, details of which were set out in the announcements of the Company dated 6 June 2025 and 31 August 2025 and the circular of the Company dated 23 July 2025; and
- (b) the share purchase agreement dated 15 October 2025 entered into between the Company and Wong Albert Ka Wah in relation to the disposal of the entire issued share capital of Crosby Asset Management (Hong Kong) Limited (currently known as CAM Wealth Management Company Limited) at a total consideration of HK\$238,000.

10. QUALIFICATION AND CONSENT OF EXPERT

The following is the name and qualification of the expert who has given opinion or advice which is contained in this Composite Document:

Name	Qualification
Draco Capital Limited	a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company, with the approval of the Independent Board Committee, to advise the Independent Board Committee, the Independent Shareholders and the Optionholders in connection with the Offers

Draco Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, advice, recommendation and/or references to its name, logo and/or its qualification in the form and context in which they respectively appear herein.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection (i) on the website of the SFC (www.sfc.hk); and (ii) on the website of the Company (www.quali-smart.com.hk) during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the amended and restated memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the years ended 31 March 2023, 31 March 2024 and 31 March 2025 and the interim reports of the Company for the six months ended 30 September 2024 and 30 September 2025;
- (c) the “Letter from the Board”, the text of which is set out on pages 24 to 30 of this Composite Document;
- (d) the “Letter from the Independent Board Committee”, the text of which is set out on pages 31 to 32 of this Composite Document;
- (e) the “Letter from the Independent Financial Adviser”, the text of which is set out on pages 33 to 60 of this Composite Document;
- (f) the service agreements and letters of appointment with the Directors referred to in the paragraph headed “7. Directors’ Service Agreements and Letters of Appointment” in this appendix;
- (g) the material contracts referred to in the paragraph headed “9. Material Contracts” in this appendix;
- (h) the written consent referred to in the paragraph headed “10. Qualification and Consent of Expert” in this appendix;
- (i) the CN Irrevocable Undertaking; and
- (j) this Composite Document and the accompanying Forms of Acceptance.

12. MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is situated at Workshop C, 19/F., TML Tower, 3 Hoi Shing Road, Tsuen Wan, Hong Kong.

- (c) The company secretary of the Company is Ms. Tang Yuen Ching, Irene, who is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of the Chartered Certified Accountants.
- (d) The Company's principal share registrar and transfer office is Conyers Trust Company (Cayman) Limited, situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (e) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited, situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (f) The registered office of Ignite Capital, the financial adviser to the Company, is situated at Unit A, 15th Floor, CMA Building, 64-66 Connaught Road Central, Central, Hong Kong.
- (g) The registered office of Draco Capital, the Independent Financial Adviser, is situated at 4/F, Connaught Harbour Front House, 35-36 Connaught Road West, Sheung Wan, Hong Kong.
- (h) The English text of this Composite Document and the accompanying Forms of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group and the Selling Shareholders) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS IN SHARES

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company owned or controlled by the Offeror, Mr. Liu, parties acting in concert with any of them and the sole director of the Offeror were as follows:

Name	Capacity	Number of Shares	
		or underlying Shares held/ interested ^(Note 1)	Approximate percentage of shareholding
The Offeror	Beneficial owner ^(Note 2)	887,418,000 (L)	60.20%
Mr. Liu	Interest in a controlled corporation ^(Note 2)	887,418,000 (L)	60.20%

Notes:

1. The letter “L” denotes long position in the Shares.
2. The Offeror is beneficially wholly owned by Mr. Liu.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, Mr. Liu, parties acting in concert with any of them and the sole director of the Offeror owned, controlled, or had any other interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

3. DEALING AND INTERESTS IN THE COMPANY’S SECURITIES AND OTHER ARRANGEMENTS

Save for the acquisition of the Sale Shares, none of the Offeror, Mr. Liu nor the parties acting in concert with any of them had dealt for value in nor owned any Shares, Options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

As at the Latest Practicable Date:

- (i) save for the Sale Shares acquired by the Offeror, none of the Offeror, Mr. Liu and/or parties acting in concert with any of them and the sole director of the Offeror held, owned or had control or direction over any voting rights or rights over the Shares or convertible securities, Options, warrants or derivatives in respect of such securities of the Company;
- (ii) there was no outstanding derivative in respect of the securities in the Company which was owned, controlled or directed by, or had been entered into by the Offeror, Mr. Liu and/or any person acting in concert with any of them;
- (iii) save for the CN Irrevocable Undertaking, none of the Offeror, Mr. Liu and/or any person acting in concert with any of them had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code;
- (iv) save for the CN Irrevocable Undertaking, there was no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, Mr. Liu and/or any person acting in concert with any of them and/or any other associate of the Offeror and any other person;
- (v) save for the Memorandum of Understanding, the Sale and Purchase Agreement and the CN Irrevocable Undertaking, there was no agreement or arrangement to which the Offeror was a party which relates to the circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Offers;
- (vi) save for the CN Irrevocable Undertaking, none of the Offeror, Mr. Liu and/or parties acting in concert with any of them had received any irrevocable commitment(s) to accept or reject the Offers;
- (vii) none of the Offeror, Mr. Liu and/or parties acting in concert with any of them had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (viii) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons;
- (ix) save for the Memorandum of Understanding, the Sale and Purchase Agreement and the CN Irrevocable Undertaking, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror, Mr. Liu and/or parties acting in concert with any of them on the one hand, and the Selling Shareholders and/or parties acting in concert with any one of them on the other hand;

- (x) save for the Memorandum of Understanding, the Sale and Purchase Agreement and the CN Irrevocable Undertaking, there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder on one hand; and (ii) the Offeror, Mr Liu and/or any party acting in concert with any of them on the other hand;
- (xi) save for the Consideration paid by the Offeror to the Selling Shareholders under the Sale and Purchase Agreement, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror, Mr. Liu or any party acting in concert with any of them to the Selling Shareholders or any party acting in concert with any one of them in connection with the sale and purchase of the Sale Shares;
- (xii) save for the Memorandum of Understanding, the Sale and Purchase Agreement and the CN Irrevocable Undertaking, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, Mr. Liu or any person acting in concert with any of them and any of the Directors, recent directors of the Company, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offers;
- (xiii) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (xiv) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company was managed on a discretionary basis by any fund managers or principal traders connected with the Offeror or any person acting in concert with it, and no such person had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period; and
- (xv) there were no conditions to which the Offers are subject to.

4. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given their opinion and advice which are contained in this Composite Document:

Name	Qualification
Cinda International Capital Limited	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Rainbow Capital (HK) Limited	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, advice and/or references to its name, in the form and context in which they appear herein.

5. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
30 June 2025	0.061
31 July 2025	0.074
29 August 2025	0.14
30 September 2025	0.162
31 October 2025	0.13
28 November 2025	0.14
12 December 2025 (Last Trading Day)	0.198
31 December 2025	0.13
5 January 2026 (Latest Practicable Date)	0.126

During the Relevant Period:

- (a) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.201 per Share on 8 December 2025; and
- (b) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.060 per Share on 4 July 2025.

6. MISCELLANEOUS

- (a) The registered office of the Offeror is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands.
- (b) The correspondence address of the Offeror and Mr. Liu, being the sole ultimate beneficial owner of the Offeror and the sole director of the Offeror, is Unit 19, 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong.
- (c) The main business address of Cinda International is Suites 5801-04&08, 58/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (d) The main business address of Rainbow Capital is Office No. 710, 7/F, Wing On House, 71 Des Voeux Road Central, Central, Hong Kong, Hong Kong.

- (e) The Offeror is a company incorporated in the British Virgin Islands with limited liability on 11 June 2018.
- (f) In case of inconsistency, the English text of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts.

7. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on the websites of the SFC (www.sfc.hk) and the Company (www.quali-smart.com.hk) from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and articles of association of the Offeror;
- (b) the “Letter from the Joint Financial Advisers”, the text of which is set out on pages 11 to 23 of this Composite Document;
- (c) the written consents as referred to in the section headed “4. Qualifications and Consents of Experts” in this Appendix IV;
- (d) the Memorandum of Understanding;
- (e) the Sale and Purchase Agreement; and
- (f) the CN Irrevocable Undertaking.