

*To the Independent Board Committee*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
DL SECURITIES (HK) LIMITED FOR AND ON BEHALF OF  
JUMBO GROWTH TRADING LIMITED TO ACQUIRE  
ALL THE ISSUED SHARES OF ETS GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE  
ACQUIRED BY JUMBO GROWTH TRADING 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 connection with the Offer. Details of the Offer are set out in the “Letter from DL Securities” enclosed in the composite document dated 27 February 2026 (the “**Composite Document**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

References are made to the Joint Announcement dated 19 January 2026 and the Clarification Announcement dated 23 January 2026 jointly published by the Offeror and the Company in relation to, among other things, the Acquisition and the Offer.

As disclosed in the Joint Announcement, on 12 January 2026 (after trading hours of the Stock Exchange), the Offeror (as the purchaser) and the Vendor (as the vendor) entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase the Sale Shares, being 210,000,000 Shares, representing approximately 71.04% of the total issued share capital of the Company as at the Latest Practicable Date, for the Consideration of HK\$57,960,000 (equivalent to HK\$0.276 per Sale Share). Subsequently on 14 January 2026 the Company was further notified by the Offeror that all the conditions precedent to the Sale and Purchase Agreement had been fulfilled and Completion of the sale and purchase of the Sale Shares took place on 14 January 2026. The Consideration was paid by the Offeror from its own resources provided by Mr. Siu.

Immediately prior to the Completion, save for Mr. Siu's interest in 34,000 Shares, representing approximately 0.01% of the total issued share capital of the Company as at the Latest Practicable Date, none of the Offeror, Mr. Siu and parties acting in concert with any of them was interested in any Shares of the Company. Immediately following Completion and as at Latest Practicable Date, the Offeror, Mr. Siu and parties acting in concert with any of them are interested in an aggregate of 210,034,000 Shares, representing approximately 71.05% of the total issued share capital of the Company.

As a result of Completion, the Offeror is therefore required under Rule 26.1 of the Takeovers Code to make an offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror, Mr. Siu and parties acting in concert with any of them).

#### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Wong Kam Tai, Ms. Kwong Yuk Ying and Ms. Tsang Lee Mei, has been established in accordance with Rules 2.1 and 2.8 of the Takeovers Code to make a recommendation to the Independent Shareholders in respect of the Offer as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

#### **INDEPENDENT FINANCIAL ADVISER**

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

#### **OUR INDEPENDENCE**

We are not in the same group as the financial or other professional advisers (including a stockbroker) to the Offeror or the Company, and we are not associated with the Offeror or the Company or any party acting, or presumed to be acting in concert with any of them and we had not had, any connection, financial assistance or otherwise, with either the Offeror or the Company or the controlling shareholder(s) of either of them. As at the Latest Practicable Date, apart from the existing engagement in connection with the Offer, we do not and did not have any relationship (business, financial or otherwise) that amounted to a significant connection with the Company or the Offeror or the controlling shareholder(s) of either of them within the past two years for us of a kind necessary likely to create, or to create the perception of, a conflict of interest for us or which is reasonably likely to affect the objectivity of our advice.

It is noted that, apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or the Offeror or any other parties that could reasonably be regarded as relevant to our independence.

Accordingly, we consider that we are independent pursuant to Rule 2.6 of the Takeovers Code and Rule 17.96 of the GEM Listing Rules.

## **BASIS OF OUR OPINION**

In formulating our opinions and recommendation, we have reviewed, among others, the annual reports of the Company for the years ended 31 December 2022, 2023 and 2024 (the “**2022 Annual Report**”, the “**2023 Annual Report**” and the “**2024 Annual Report**”, respectively), the interim report of the Company for the six months period ended 30 June 2025 (the “**2025 Interim Report**”), the profit warning announcement of the Company dated 5 February 2026 (the “**Profit Warning Announcement**”), the Joint Announcement, the Clarification Announcement and the Composite Document. We have relied on the accuracy of the information and facts contained or referred to in the Composite Document and provided to us by the Directors and the management of the Company (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Composite Document and/or provided to us were true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date of the Composite Document. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Composite Document were reasonably made after due enquiries and considerations. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information 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 opinion and recommendation. The Directors have declared in a responsibility statement set out in the Appendix III to the Composite Document that they jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document. We have not, however, carried out any independent verification of the information provided by the Company and the Directors, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group. Our opinion is based on the Directors’ representation and confirmation that there is no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Offer.

In formulating our opinion, we have not considered the tax implication on the Independent Shareholders arising from acceptances or non-acceptances of the Offer as these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer. In particular, the Independent Shareholders who are residents outside Hong Kong or subject to overseas tax or Hong Kong taxation on securities dealings should consider their own tax position, and if in any doubt, should consult their own professional advisers.

Our opinion are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date. The Independent Shareholders will be informed should there be any material changes to the information contained or referred to herein or to our opinion as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

This letter is issued for the Independent Shareholders solely in respect of the Offer and, except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

**THE OFFER**

DL Securities is, for and on behalf of the Offeror, making the Offer on the following basis:

**For each Offer Share . . . . . HK\$0.276 in cash**

The Offer Price of HK\$0.276 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

The Offer is extended to all Independent Shareholders, being Shareholders other than the Offeror, Mr. Siu and parties acting in concert with any of them in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights and benefits attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document.

As at the Latest Practicable Date, there are 295,625,000 Shares in issue and the Company does not have any outstanding options, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or derivatives which are convertible or which confer any rights to holder(s) thereof to subscribe for or exchange into Shares, nor is there any agreement entered into by the Company for the issue of such options, derivatives or warrants or other relevant securities of the Company and has not entered into any agreement for the issue of such options, derivatives, warrants or other relevant securities which are convertible or exchangeable into Shares.

The Company confirms that as at the Latest Practicable Date, (i) it has not declared any dividend which is not yet paid; and (ii) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to and including the date of closing of the Offer.

**The Offer Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors of the Company should be aware that, following the making of such statement, the Offeror will not be allowed to increase the Offer Price save in wholly exceptional circumstances, as provided in Rule 18.3 of the Takeovers Code.**

## **PRINCIPAL FACTORS TAKEN INTO CONSIDERATION**

In formulating our opinions, we have taken into consideration the following principal factors and reasons:

### **1. Information and financial performance of the Group**

The Company was incorporated in the Cayman Islands with limited liability and its issued Shares have been listed on GEM since 9 January 2012. The Company is an investment holding company and the Group is principally engaged in the business of providing comprehensive multi-media contact centre services as well as system solutions, including provisions of outsourcing inbound and outbound contact services, staff insource service, contact centre facilities management service and multi-media contact centre system in Hong Kong. In early January 2026, the Group set up a new strategic business unit in jewellery and luxury products in relation to sourcing of raw materials or finished products, outsourcing of design and manufacturing process as well as engaging distribution channels and networks for the sale of the products in Hong Kong, Europe and the United States of America to enhance income source.

Set out below is a summary of the audited or unaudited consolidated financial information (as the case maybe) on the Group for (i) each of the three years ended 31 December 2022, 2023 and 2024 (“**FY2022**”, “**FY2023**” and “**FY2024**”, respectively) as extracted from the 2023 Annual Report and the 2024 Annual Report; and (ii) each of the six months period ended 30 June 2024 and 2025 (“**6M2024**” and “**6M2025**”, respectively) as extracted from the 2025 Interim Report.

	For the six months ended 30 June		For the year ended 31 December		
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)	2024 HK\$'000 (audited)	2023 HK\$'000 (audited) (restated) (Note)	2022 HK\$'000 (audited)
Revenue	42,625	42,768	80,726	77,132	86,130
– Outsourcing inbound contact services	6,506	8,421	16,174	14,479	12,396
– Staff insourcing services	28,567	26,768	52,638	49,574	48,941
– Contact service centre and service centre facilities management services	1,542	3,312	5,204	9,385	12,792
– Others	6,010	4,255	6,710	3,694	5,951
– Financial services (Note)	–	12	–	–	6,050
Operating profit/(loss)	1,037	3,014	9,449	1,607	(7,980)
Profit/(loss) before tax	976	3,002	9,264	928	(9,073)
Profit for the year from continuing operations	–	–	8,409	797	–
Profit/(loss) for the year from discontinued operation (Note)	–	–	9,100	(8,719)	–
Profit/(loss) and total comprehensive income/(expense) for the year/period attributable to owners of the Company	976	2,825	17,509	(7,922)	(9,296)

Note: On 20 December 2024, the Group entered into a sale agreement to dispose of a subsidiary, Gear Credit Limited, which carried out all of the Group's financial services operation. The disposal was completed on 27 December 2024. Upon completion of the disposal, the Group's financial services operation was discontinued.

In addition, the consolidated statement of profit or loss has been restated due to the discontinued operation as mentioned above.

	<b>As at 30 June 2025</b>	<b>As at 31 December 2024</b>
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Total assets	75,673	79,552
Total liabilities	14,303	19,158
Net assets attributable to owners of the Company	61,370	60,394

***Financial performance for the six months period ended 30 June 2025***

For 6M2025, the Group recorded revenue of approximately HK\$42.63 million, representing a slight decrease of approximately 0.3% as compared to that of approximately HK\$42.77 million for 6M2024.

The operating profit of the Group was approximately HK\$1.04 million for 6M2025, representing a decrease of approximately 65.4% as compared to that of approximately HK\$3.01 million for 6M2024. Such decrease was mainly due to the combined effect of (i) the decrease in other income due to the decrease of recovery of allowance for expected credit loss of the financial assets; (ii) the increase in employee benefits expenses; while (iii) offset by the decrease in other operating expenses due to the decrease of expected credit loss.

The consolidated profit and total comprehensive income attributable to owners of the Company for the 6M2025 was approximately HK\$0.98 million, representing a decrease of approximately 65.4% as compared to that of approximately HK\$2.83 million for 6M2024. Such decrease was mainly due to the decrease in operating profit of the Group as mentioned above.

***Financial performance for the year ended 31 December 2024***

For FY2024, the Group recorded revenue of approximately HK\$80.73 million, representing an increase of approximately 4.7% as compared to that of approximately HK\$77.13 million for FY2023. Such increase was mainly due to the increase in revenue from outsourcing inbound contact services, staff insourcing services and others (which principally comprises system maintenance income, licensing income and sales of system and software income), while offset by the decrease in revenue from contact service centre and service centre facilities management services due to the decrease in demand from such services.

The operating profit of the Group was approximately HK\$9.45 million for FY2024, representing an increase of 4.9 times as compared to that of approximately

HK\$1.61 million for FY2023. Such increase was mainly due to the increase in other gains as a result of the gain from disposal of Hong Kong Virtual Asset Exchange Limited (“HKVAX”) and decrease in other operating expenses due to recover of expected credit loss, while offset by the increase in employee benefits expenses due to more employees were employed.

The consolidated profit and total comprehensive income attributable to owners of the Company for FY2024 was approximately HK\$17.51 million as compared to the consolidated loss and total comprehensive expenses attributable to owners of the Company of approximately HK\$7.92 million for FY2023. Such turnaround from loss to profit position was mainly attributed to the increase in operating profit of the Group as mentioned above and the profit recorded from the discontinued operation as a result of the disposal of HKVAX.

#### ***Financial performance for the year ended 31 December 2023***

For FY2023, the Group recorded revenue of approximately HK\$77.13 million, representing a decrease of approximately 10.4% as compared to that of approximately HK\$86.13 million for FY2022. Such decrease was mainly due to the decrease in revenue from (i) contact service centre and service centre facilities management services as a result of decrease in demand from such services; and (ii) financial services as result of the decrease in the provision of consultancy services related to security products.

The consolidated loss and total comprehensive expenses attributable to owners of the Company for FY2023 was approximately HK\$7.92 million, representing a decrease of approximately 14.8% as compared to that of approximately HK\$9.30 million for FY2022. The loss was mainly due to the recognition of the effective interest expense on convertible bond and fair value loss on embedded derivatives of convertible bond and expected credit loss.

#### ***Financial position as at 30 June 2025***

The total assets of the Group were approximately HK\$75.67 million as at 30 June 2025, representing a decrease of approximately 4.9% as compared to that of approximately HK\$79.55 million as at 31 December 2024. Such decrease was mainly due to the decrease in contract assets.

The total liabilities of the Group were approximately HK\$14.30 million as at 30 June 2025, representing a decrease of approximately 25.4% as compared to that of approximately HK\$19.16 million as at 31 December 2024. Such decrease was mainly due to the decrease in trade and other payables due to the decrease of accrued staff bonus.

As at 30 June 2025, the consolidated net assets attributable to owners of the Company were stable and increased slightly by approximately 1.6% from approximately HK\$60.39 million as at 31 December 2024 to approximately HK\$61.37 million.

## **2. Profit Warning Announcement of the Company for the year ended 31 December 2025 (“FY2025”)**

Reference is made to the Profit Warning Announcement, whereby it is disclosed that based on the preliminary assessment of the unaudited consolidated financial statements of the Group for the FY2025, the Group is expected to record a net loss attributable to owners of the Company of not less than HK\$8.00 million for FY2025 as opposed to a profit of approximately HK\$17.51 million for FY2024 which comprised profits from continuing operations and discontinued operation of approximately HK\$8.41 million and approximately HK\$9.10 million, respectively.

As advised by the Directors, the Board considers that the turning from a net profit position in FY2024 to a net loss position in FY2025 was mainly attributable to (i) the absence in FY2025 of a one-off gain of approximately HK\$3,644,000 for the disposal of the Group’s financial services operation and the profit contribution from the discontinued financial services operation of approximately HK\$5,456,000 recorded in FY2024; (ii) the drop in the unaudited total revenue of the Group from continuing operations in FY2025 to approximately HK\$76,360,000 from approximately HK\$80,726,000 in FY2024; and (iii) the absence in FY2025 of the gain resulting from revaluation of financial assets as recorded in FY2024.

## **3. Industry Overview and Prospects**

As set out in the 2024 Annual Report and 2025 Interim Report, the Group’s revenue is generated from (i) outsourcing inbound contact services; (ii) staff insourcing services; (iii) contact service centre and service centre facilities management services; and (iv) others (which principally comprises system maintenance income, licensing income and sales of system and software income). We are given to understand from the Management that the Group’s existing businesses are operated as follows:

### ***(i) Outsourcing inbound contact services***

The Group provides multi-media inbound contact service which the Group’s clients outsource to it. The inbound contact services which the Group provides including general enquiry hotlines, promotion hotlines, customer service hotlines, order hotlines, registration hotlines, emergency hotlines, helpdesk hotlines and television direct response hotlines.

The Group's inbound contact service staffs work on shifts covering 24 hours a day or at hours specified by the Group's clients at the Group's contact service centres and handle incoming calls of the relevant hotlines.

***(ii) Staff insourcing services***

The Group's staff insourcing service entails assigning the Group's contact service staff to work at the Group's clients' contact service centres. The Group insources contact service staff with qualifications and experience to help the Group's clients in the operation of the clients' contact service centres.

The Group is responsible for the recruitment of the insourced staffs and such insourced staffs remain as employees of our Group and work at the contact service centres to which they are assigned under the management of the Group's clients.

***(iii) Contact service centre and service centre facilities management services***

The contact service centre and service centre facilities management services are comprised of four types of service, namely (a) workstation leasing, (b) IVRS hosting solution; (c) contact centre system hosting solution; and (d) service centre facility management.

With respect to workstation leasing, the Group provides the leasing of its contact service centre facilities in the form of workstations, contact service staff, and system infrastructure and support to the Group's clients for setting up their own contact service centre operations at the Group's contact service centre premises.

With respect to IVRS hosting solution, the Group provides IVRS hosting solution to clients who outsource their IVRS service to the Group. The Group offers inbound IVRS service for registration, lucky draw and information enquiry purposes, as well as outbound IVRS service for payment reminder purpose.

With respect to contact centre system hosting solution, the Group's clients are able to make use of the Group's system to support the contact service operation at their own contact service centres under a remote access model.

With respect to service centre facility management, the Group provides management support of contact centre facilities for the Group's clients' contact centres.

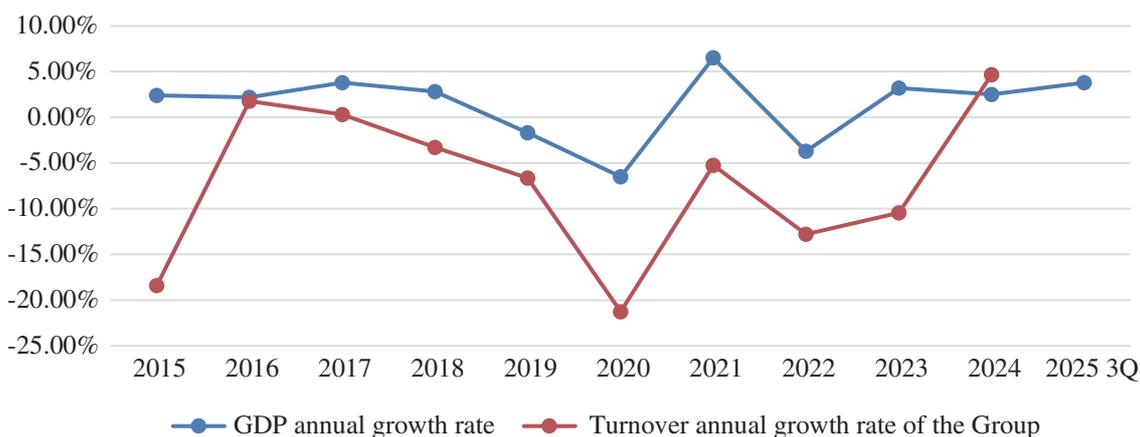
According to the 2024 Annual Report and the 2025 Interim Report, over 65% of the Group's total revenue was derived from staff insourcing services. We are advised by the Management that all revenue of the Group was generated in Hong Kong and the staff insourcing services entails assigning the Group's contact service staff to work at the clients' contact service centres for various sectors in Hong Kong (without limitation to

telecommunications, banking and financial services, insurance sectors, pharmaceutical and public sectors). We also noted from the 2024 Annual Report and 2025 Interim Report that over 85% of the Group’s total expenses were from employees benefits expenses including (i) salaries and allowances; (ii) discretionary bonuses; and (iii) retirement benefit costs.

In view of (a) the Group operates its business solely in Hong Kong; (b) the Group’s major customers cover a varieties of business sectors in Hong Kong; and (c) majority of the Group’s total expenses were from employees benefits expenses, we consider that (i) the overall market condition of Hong Kong; and (ii) the overall labor cost in Hong Kong shall, to a significant extent, will affect the business prospects of the Group.

***Overall market condition of Hong Kong***

**Annual growth rate in real gross domestic product and the Group’s Turnover for 2015 to 2024 and for 2025 3Q and Turnover annual growth rate of the Group for the years ended 31 December 2015 to 2024**



Source: Census and Statistics Department of the Government of Hong Kong and annual reports of the Group for the years ended 31 December 2015 to 2024

The real gross domestic product (the “GDP”) is a measure of the value of all goods and services produced in a country adjusted for price changes (i.e. inflation or deflation) and is commonly used to measure the economy activity of a country.

According to statistics from Census and Statistics Department of the Government of Hong Kong, the annual growth rate of GDP was fluctuated significantly during the period from 2015 to 2024 and the third quarter of 2025, with an average of approximately 1.4%.

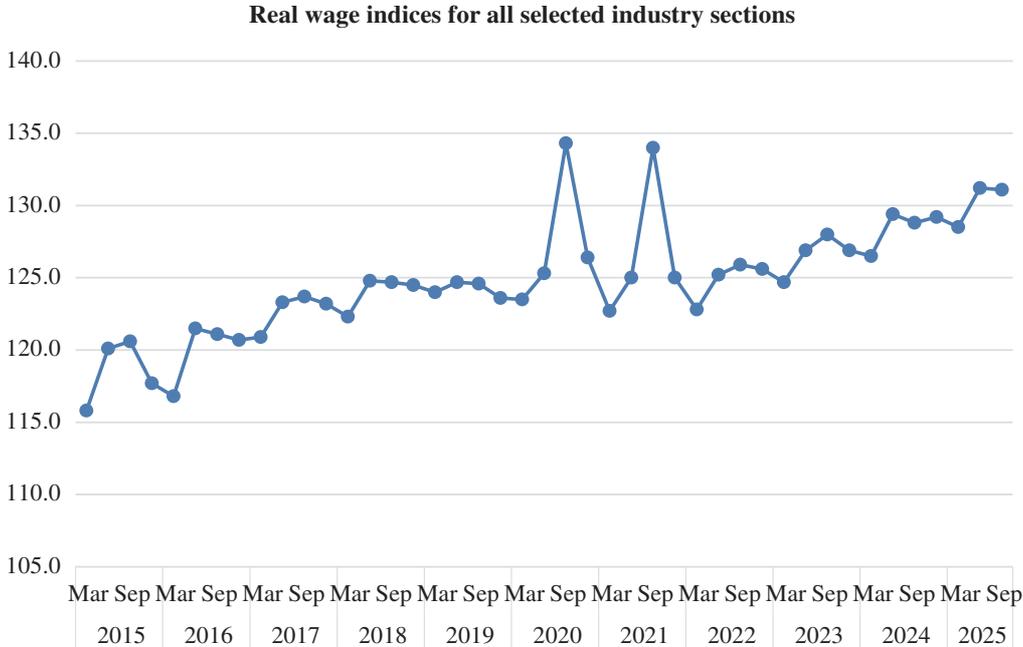
Between 2015 and 2019, the real GDP annual growth rate was stable and moved between 2.2% to 3.8%. In 2019, Hong Kong Hong Kong recorded a negative real GDP annual growth rate of 1.7%, which we believed is due to the global economic uncertainty (such as the trade conflict between the PRC and the United States (the

“Trade Conflict”)) and the occurrence of social instability in Hong Kong in mid-2019. Between 2020 and 2022, the Hong Kong economy experienced significant volatility and the annual growth rate fluctuated between the ranges of approximately -6.5% to 6.5%. We consider that such fluctuation was mainly attributable to the outbreak of the pandemic and escalated Trade Conflict.

Since 2023, Hong Kong economy has started to recover and recorded a positive growth rate of 3.2% and 2.5% for 2023 and 2024 respectively and 3.8% for the third quarter of 2025. Notwithstanding the above, we consider that global uncertainties will continue to pose external pressures on the recovery of Hong Kong economy, including the interest rate policy of the United States, the Trade Conflict and the war between Russia and Ukraine.

We observed from the above chart that the Group’s turnover growth demonstrates a degree of correlation with overall GDP performance. In years of economic contraction, such as 2019, 2020, and 2022, the Group’s turnover also declined, often at a sharper rate than GDP. Conversely, during periods of GDP expansion, including 2016 and 2024, the Group recorded modest turnover growth. This pattern suggests that while the Group’s performance is influenced by broader macroeconomic conditions, its results tend to be more volatile and disproportionately affected during downturns. Accordingly, we consider that the overall market condition of Hong Kong, as reflected by GDP, has had a direct impact on the Group’s business performance.

**Overall labor cost in Hong Kong**



Source: Census and Statistics Department of the Government of Hong Kong

The real wage indices for all selected industry sections measure the change in price of labour and adjusted for price changes (i.e. inflation or deflation), which include all industries covered by the wage enquiry of the Labour Earnings Survey by Census and Statistic Department of the Government of Hong Kong.

As mentioned above, majority of the Group's total revenue was derived from staff insourcing services in Hong Kong and the staff insourcing services entails assigning the Group's contact service staff to work at the clients' contact service centres for a varieties of business sectors in Hong Kong (without limitation to telecommunications, banking and financial services, insurance sectors, pharmaceutical and public sectors). In addition, majority of the Group's total expenses were from employees benefits expenses. We therefore consider such real wage indices to be representative to indicate the major cost position of the Group.

According to statistics from Census and Statistics Department of the Government of HK, the real wage indices for all selected industry sections in Hong Kong showed an general upward trend since 2015 and increased from HK\$115.8 in March 2015 to HK\$131.1 in September 2025. Based on the table above, we noted that labor cost in Hong Kong is in general rising.

In conclusion, given the revenue model and the cost structure of the Group as discussed above, we are of the view that the future business prospects of the Group will be affected by the overall market condition of Hong Kong and the overall labor cost in Hong Kong. Based on our analysis, we believe that the global uncertainties will continue to pose external pressures on the recovery of Hong Kong economy, including the interest rate policy of the United States, the Trade Conflict and the war between Russia and Ukraine and we noted that labor cost in Hong Kong is in general rising. As such, we consider that the future business prospects of the Group will remain uncertain.

#### **4. Information on the Offeror, Mr. Siu and parties acting in concert with any of them**

The Offeror is a company incorporated in Samoa with limited liability on 4 January 2022 and is principally engaged in investment holding. As at the Latest Practicable Date, save for 210,000,000 Sale Shares owned by the Offeror upon Completion, there are no other material assets owned by the Offeror.

Mr. Siu joined the Group on 2 March 2009. He is the Head of Corporate Finance and Planning of the Group. Mr. Siu obtained a degree in Bachelor of Commerce in Australia in 2003. He is a member of Certified Practicing Accountant Australia and a fellow member of The Hong Kong Institute of Certified Public Accountants. Mr. Siu has also gained and developed extensive experiences in the metal recycling industry and the jewellery industry since 2018. Through social gatherings and network of fellow professional accountants, Mr. Siu was introduced business contacts and veterans in various industries from time to time. Having seen investment potentials in the metal recycling and jewellery industries, in 2018

Mr. Siu made personal investments and set up the following wholly-owned companies and employed staff to engage and operate in the metal recycling and jewellery businesses:

<b>Name of Company</b>	<b>Business</b>	<b>Location of Company</b>	<b>Operating Team Members</b>
Leadpark Enterprises Company Limited (“ <b>Leadpark</b> ”) and its wholly owned subsidiary	Trading of recycling metal	Hong Kong	<b>Total Staff: 7–8</b> Marketing Team: 3 Operation Staff: 4 Account and Administrative Staff: 1
Million Bright International Limited (“ <b>Million Bright</b> ”) and its subsidiaries	Sourcing, design and processing luxury products such as jewellery and gold products	Hong Kong	<b>Total Staff: 3–4</b> Market Team: 2 Operation and Administrative Staff: 2

As disclosed in the “Letter from DL Securities”, on 31 December 2025, Mr. Siu disposed of his entire interest in Million Bright and has since then not engaged in the jewellery business. At present, Mr. Siu continues to operate the trading of recycling metal business through Leadpark and its wholly owned subsidiary. There is no plan to inject the interest in Leadpark into the Group.

We noted from that Mr. Siu has joined the Group since March 2009 and currently serves as the Head of Corporate Finance and Planning of the Group. As advised by the Management, Mr. Siu is responsible for overseeing the Group’s corporate finance and strategic planning functions. In view of his long tenure and current role, we consider that Mr. Siu possesses substantial knowledge and experience in relation to the Group’s existing business operations.

## **5. Intentions of the Offeror in relation to the Group**

The Offeror intends to continue the existing principal business of the Group substantially in the current state following Completion and the close of the Offer, and has no intention to introduce major changes in the business of the Group or to dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business. Other than a proposed change to the members of the Board detailed below, the Offeror intends to continue the employment of the existing management and employees of the Group. The Offeror also intends to review the business activities, operations and financial position of the Group in order to develop a feasible, sustainable and long-term business plan and strategy for the Group. Depending on the results of the review, the Offeror may explore other related businesses opportunities for the Group. As at the Latest Practicable Date, no investment or business opportunity has been identified, nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

The Offeror intends to nominate new director(s) to the Board with effect from a date which is no earlier than that permitted under the GEM Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate. The Offeror is in the course of identifying additional candidates for the Board. Save for the proposed nomination of Mr. Siu as a new Director, as at the Latest Practicable Date, the Offeror has not reached any final decision as to (i) who will be nominated as new Director(s) of the Company; and (ii) the final composition of the Board. Any changes to the Board will be made in compliance with the Takeovers Code, the GEM Listing Rules and the articles of association of the Company, and a separate announcement will be made in this regard in accordance with the GEM Listing Rules as and when appropriate.

As at the Latest Practicable Date, no Director has expressed and/or indicated intention to resign.

Save for the Offeror's intention regarding the Group set out above, the Offeror has no intention to make material changes to the employment of the employees of the Group.

Having considered that (i) save as the proposed change to the members of the Board as disclosed above, the Offeror has no intention to introduce major changes in the business of the Group or to dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business; and (ii) the Offeror intends to review the business activities, operations and financial position of the Group in order to develop a feasible, sustainable and long-term business plan and strategy for the Group, it appears that the Offeror had no specific future plan for the Group as at the Latest Practicable Date, and we consider that the future direction and prospects of the Group under the Offeror is currently uncertain. The Offer provide a viable exit to the Shareholders.

## **6. Public Float and Maintaining the Listing Status of the Company**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, the Stock Exchange believes that:

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

the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

Furthermore, if, at the close of the Offer, the Company has a Significant Public Float Shortfall then:

- (i) the Exchange will add a designed marker to the stock name of the Shares; and
- (ii) the Exchange will cancel the listing of the Shares if the Company fails to re-comply with Rule 17.37B of the GEM Listing Rules for a continuous period of 12 months from the commencement of the Significant Public Float Shortfall.

The Offeror intends the Company to remain listed on the Stock Exchange following the close of the Offer and does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares after the close of the Offer. The sole director of the Offeror and the new director(s) (if any) proposed by the Offeror to be appointed to the Board will jointly and severally undertake to the Stock Exchange that if, at the close of the Offer, the Company fails to comply with the requirement of Rule 17.37B of the GEM Listing Rules, they will take appropriate steps to ensure the Company's compliance with Rule 17.37B of the GEM Listing Rules at the earliest possible moment.

## **7. The Offer Price**

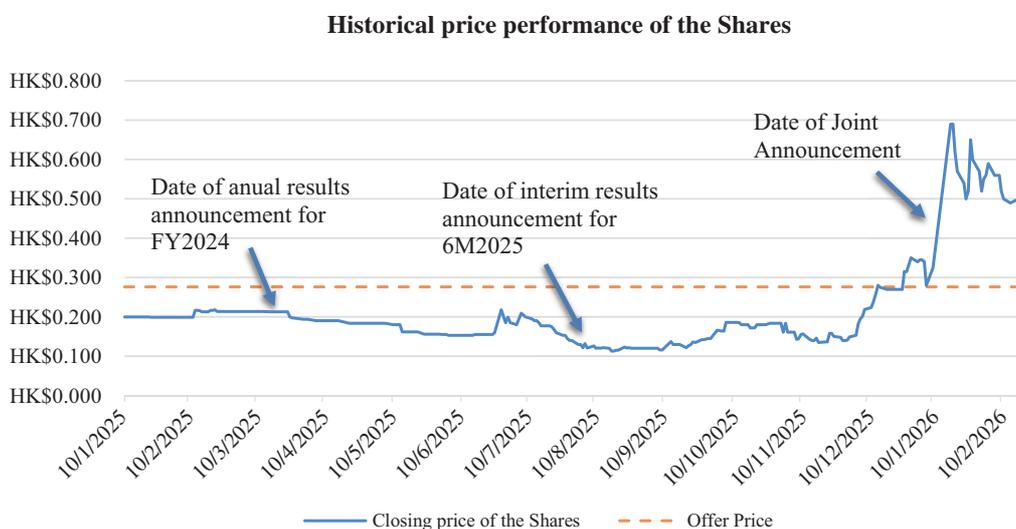
The Offer Price of HK\$0.276 per Offer Share represents:

- (i) a discount of approximately 42.50% to the closing price of HK\$0.480 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 15.08% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 15.60% to the average closing price of approximately HK\$0.327 per Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 14.55% to the average closing price of approximately HK\$0.323 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 13.58% to the average closing price of approximately HK\$0.243 per Share as quoted on the Stock Exchange for the 30 consecutive trading days prior to and including the Last Trading Day;

- (vi) a premium of approximately 35.29% over the Group’s audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.204 per Share as at 31 December 2024 (based on a total of 295,625,000 issued Shares and the Group’s audited consolidated net asset value attributable to the Shareholders of approximately HK\$60,394,000 as at 31 December 2024); and
- (vii) a premium of approximately 32.69% over the Group’s unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.208 per Share as at 30 June 2025 (based on a total of 295,625,000 issued Shares and the Group’s unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$61,370,000 as at 30 June 2025).

***Historical price performance of the Shares***

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 10 January 2025 and up to the Latest Practicable Date (the “**Review Period**”), which covers an approximate one-year period prior to the Last Trading Day and the period up to the Latest Practicable Date, to illustrate the general trend and level of movement of the closing prices of the Shares. We consider that the duration of the Review Period of approximately one year period prior to the Last Trading Day would be a reasonable and sufficient period to illustrate the recent closing price movement of the Shares.



Source: Website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

As shown in chart above, the closing price of the Shares during the Review Period ranges from the lowest closing price of approximately HK\$0.113 per Share recorded on 19 August 2025 and 20 August 2025 to the highest closing price of approximately HK\$0.690 per Share recorded on 20 January 2026 and 21 January 2026 respectively with an average closing price per Share of approximately HK\$0.212.

For the period from 10 January 2025 to 21 March 2025, the closing price of the Shares was traded between HK\$0.199 to HK\$0.218 per Share. Following the publication of the annual results announcement for FY2024 on 24 March 2025, the closing price of the Shares decreased generally from HK\$0.213 per Share on 24 March 2025 to HK\$0.153 per Share on 17 June 2025. The closing price was then traded between HK\$0.155 per Share to HK\$0.160 per Share for the period between 18 June 2025 and 27 June 2025.

The closing price of the Shares increased significantly from HK\$0.160 to HK\$0.218 on 30 June 2025. We have enquired the Directors regarding the possible reasons for such increase in the closing price of the Shares, and as confirmed by the Directors, the Directors were not aware of any happening which might have affected the closing price of the Shares.

Since then, the closing price of the Shares was showed a downward trend and closed at HK\$0.130 per Share on 6 August 2025. Following the publication of the interim results announcement of the Group for 6M2025 on 7 August 2025, the closing price of the Shares was fluctuated between HK\$0.113 per Share to HK\$0.186 per Share for the period from 7 August 2025 to 8 December 2025.

The closing price of the Shares surged for the period from 8 December 2025 to the Last Trading Date and was closed at HK\$0.325 on the Last Trading Date. We have enquired the Directors regarding the possible reasons for such increase in the closing price of the Shares during such period, and as confirmed by the Directors, the Directors were not aware of any happening which might have affected the closing price of the Shares.

After publication of the Joint Announcement on 19 January 2026, the closing price surged again and was closed at HK\$0.690 on 21 January 2026. We have enquired the Directors regarding the possible reasons for such increase in the closing price of the Shares during such period, and as confirmed by the Directors, save for the Joint Announcement, the Directors were not aware of any happening which might have affected the closing price of the Shares.

We noted that the Share Offer Price had been higher than the daily closing prices for 237 out of 270 trading days during the Review Period. The Share Offer Price of HK\$0.276 represents a premium of approximately 30.2% over the average closing price of HK\$0.212 per Share during the Review Period. As such, we consider that the Offer is fair and reasonable from this perspective.

***Historical trading liquidity of the Shares***

The number of trading days, the average daily number of the Shares traded per month (the “**Average Volume**”), and the respective percentages of the Average Volume as compared to the total number of issued Shares and the total number of issued Shares held by public Shareholders during the Review Period, are tabulated as below:

Month	Number of trading days in each month	Average Volume	Percentage of the Average Volume to total number of issued Shares as at the end of each respective month	Percentage of the Average Volume to total number of issued Shares held by public Shareholders
			(Note 1)	(Note 2)
	<i>Number of days</i>	<i>in Shares</i>	<i>%</i>	<i>%</i>
<b>2025</b>				
January				
(from 10 January)	13	0	0%	0%
February	20	14,000	0.0048%	0.0164%
March	21	5,048	0.0018%	0.0059%
April	19	2,211	0.0008%	0.0026%
May	20	400	0.0002%	0.0005%
June	21	20,857	0.0071%	0.0244%
July	22	96,273	0.0326%	0.1125%
August	21	314,857	0.1066%	0.3678%
September	22	73,636	0.0250%	0.0860%
October	20	19,300	0.0066%	0.0226%
November	20	96,000	0.0325%	0.1122%
December	21	283,524	0.0960%	0.3313%
<b>2026</b>				
January	16	2,118,375	0.7166%	2.4741%
February (Note 3)	14	315,571	0.1068%	0.3686%
(up to and including the Latest Practicable Date)				

*Notes:*

1. The calculation is based on the Average Volume divided by the total number of issued Shares at the end of each month during the Review Period (or at the Latest Practicable Date for February 2026).
2. The calculation is based on the Average Volume divided by the total number of issued Shares held by the public Shareholder as at the Latest Practicable Date.
3. Trading of the Shares on the Stock Exchange has been suspended from 13 January 2026 to 19 January 2026 pending the release of the Joint Announcement.

As illustrated above, during the Review Period, the Average Volume was ranging from 0% to 0.717% for the total number of issued Shares as at the end of each respective month (or at the Latest Practicable Date for February 2026) and from 0% to 2.474% for the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date. For the Review Period, the average of the Average Volume was around 0.081% of total number of issued Shares and 0.280% for the total number of issued Shares held by the public Shareholders. We therefore consider the trading liquidity of the Shares is low when compared to the total number of issued Shares as well as the total number of the Shares held by the public Shareholders.

We note that there was a sharp increase in daily trading volume of the Shares between 20 January 2026 and 21 January 2026 that resulted in higher Average Volume in January 2026. 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 publication of the Joint Announcement, the Directors were not aware of any happening which might have affected the Average Volume in July and August 2025.

Given the overall thin historical daily trading volume of the Shares during the Review Period, the Independent Shareholders (especially those with relatively sizeable shareholdings) may find it difficult to dispose of a large volume of Shares in the open market at a fixed cash price within a short period of time without exerting downward pressure on the Shares price. The Offer, therefore, represents an opportunity for the Independent Shareholders, particularly for those who hold a large volume of Shares, to dispose of their shareholdings at the Offer Price if they so wish.

***Comparison with other comparable companies***

In assessing the fairness and reasonableness of the Offer Price, it is a general practice to make reference to other comparable companies. It is noted that comparable analysis using price-to-earnings ratio (“**PER**”), price-to-sales ratio (the “**PSR**”) and price-to-book ratio (“**PBR**”) to compare the Offer Price against the other comparable companies are commonly adopted methods in valuing a company.

Notwithstanding the Group had recorded net profit attributed to owners of the Company for FY2024, we considered that such result does not reflect the latest financial performance of the Group. Given that as disclosed in the Profit Warning Announcement, the Group is expected to be loss making for the FY2025, the PER analysis is not applicable. PSR analysis focuses on the revenue of a company without considering its cost structure or profitability. Given that (i) the Group is expected to incur a loss for the FY2025; and (ii) its business model is inherently labour-intensive, with operating costs largely driven by employee benefits expenses that result in low profit margins, we consider that PSR analysis are not meaningfully in this context. Meanwhile, the PBR analysis is generally more suitable for asset-heavy companies. The Company operates an asset-light business model rather than with substantial fixed assets, we consider that the PBR analysis is not a suitable method to assess the fairness and reasonableness of the Offer Price.

Based on the above, we are of the view that comparison with comparable companies will not provide a meaningful comparative analysis. We have thus focused our analysis of the Offer Price on historical trading performance and underlying fundamentals of the Company as discussed above.

## **RECOMMENDATION**

Based on our analysis above and having considered that,

- (i) as stated in sub-section headed “3. Industry Overview and Prospects” above, given the business model and the cost structure of the Group, we are of the view that the future business prospects of the Group will be affected by the overall market condition of Hong Kong and the overall labor cost in Hong Kong. Based on our analysis, we believe that the global uncertainties will continue to pose external pressures on the recovery of Hong Kong economy, including the interest rate policy of the United States, the Trade Conflict and the war between Russia and Ukraine and we noted that labor cost in Hong Kong is in general rising. As such, we consider that the business prospects of the Group will remain uncertain;
- (ii) the Offer Price represents a premium of approximately 32.69% over the Group’s unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.208 per Share as at 30 June 2025 (based on a total of 295,625,000 issued Shares and the Group’s unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$61,370,000 as at 30 June 2025);
- (iii) the Offer Price has been higher than the daily closing prices for 237 out of 270 trading days during the Review Period. The Offer Price of HK\$0.276 represents a premium of approximately 30.2% over the average closing price of HK\$0.212 per Share during the Review Period;

- (iv) given the low liquidity of the Shares, the Offer provide opportunities for the Independent Shareholders including those with significant shareholding interest to realise all of their investments in the Company at the Offer Price;

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

Notwithstanding the above, in view of the recent fluctuations of the market price of the Shares and the closing price of HK\$0.480 per Share as quoted on the Stock Exchange on the Latest Practicable Date is higher than the Offer Price of HK\$0.276, those Independent Shareholders who intend to accept the Offer are reminded that they should closely monitor the market price and the liquidity of the Shares during the Offer Period and should consider selling their Shares in the open market, rather than accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer.

We would like to remind the Independent Shareholders that if they consider retaining their Shares or tendering less than all their Shares under the Offer should carefully consider the potential difficulties they may encounter in disposing their investments in the Shares after the close of the Offer in view of the historical low liquidity of the Shares.

As different Independent Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent Shareholder who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser before making the decision to, whether or not, accept the Offer or dispose of any of their Shares in the open market.

Yours faithfully,  
For and on behalf of  
**Amasse Capital Limited**



**Stephen Lau**  
*Director*

*Note: Mr. Stephen Lau ("Mr. Lau") is a licensed person registered with the SFC and a responsible officer of Amasse Capital to carry out Type 6 (advising on corporate finance) and a representative of Amasse Capital to carry out Type 1 (dealing in securities) regulated activities under the SFO. Mr. Lau is also a representative of Amasse Asset Management Limited licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. He has over 10 years of experience in the finance industry.*