



Room 1706–07, 17/F
China Insurance Group Building
No. 141 Des Voeux Road Central
Central, Hong Kong

29 September 2026

To: The Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
RAINBOW CAPITAL (HK) LIMITED
FOR AND ON BEHALF OF VICTOR XU LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
LOTUS HORIZON HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR, ITS ULTIMATE BENEFICIAL OWNERS
OR PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer, details of which are set out in the Composite Document dated 29 September 2026, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document.

The Company was informed by the Vendor that on 2 September 2026 (after trading hours), the Offeror (as purchaser) and the Vendor (as vendor) entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to acquire the Sale Shares, being 1,495,000,000 Shares representing approximately 74.75% of the entire issued share capital of the Company as at the date of the Joint Announcement, for a total cash consideration of HK\$101,660,000 (equivalent to HK\$0.068 per Sale Share). Completion took place immediately upon the signing of the Sale and Purchase Agreement on 2 September 2026, and the Consideration was fully settled by the Offeror in cash.

Immediately prior to Completion, none of the Offeror, its ultimate beneficial owners or parties acting in concert with any of them owned, controlled or had direction over any Shares or

other relevant securities of the Company. Immediately upon Completion, the Offeror and parties acting in concert with it became interested in 1,495,000,000 Shares, representing approximately 74.75% of the entire issued share capital of the Company, and have become the controlling Shareholders. Accordingly, the Offeror is required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, its ultimate beneficial owners or parties acting in concert with any of them).

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Leung Yin Fai, Mr. Ma Tsz Chun and Ms. Yuen Wai Yee, who have no direct or indirect interest in the Offer, has been established to advise the Independent Shareholders in connection with the Offer and, in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

We, First Global Corporate Finance Co., Limited, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and, in particular, as to whether the Offer is, or is not, fair and reasonable and as to its acceptance. Pursuant to Rule 2.1 of the Takeovers Code, our appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not associated or connected financially or otherwise with any member of the Group or the Offeror, their respective substantial or controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the Latest Practicable Date, save for this appointment as the Independent Financial Adviser, there were no other engagements between First Global Corporate Finance Co., Limited and the Group, the Offeror or the parties acting in concert with it. Apart from the normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Group or the Offeror, their respective substantial or controlling shareholders and financial or other professional advisers or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice in respect of the Offer.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Composite Document; (ii) the information provided to us by the Group and its advisers; (iii) the opinions expressed by, and the representations of, the Directors and the management of the Group; and (iv) our review of the relevant public information. We

have assumed that all information provided and representations and opinions expressed to us, or contained or referred to in the Composite Document, were true, accurate and complete in all respects as at the date thereof and may be relied upon. Shareholders will be notified of any subsequent material changes to such statements, information, opinions and/or representations as soon as practicable in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all statements contained and representations made or referred to in the Composite Document were true in all material respects at the time they were made and continue to be true as at the Latest Practicable Date, and all statements of belief, opinion and intention of the Directors and the management of the Group and those set out or referred to in the Composite Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us, and we have sought and received confirmation from the Directors that no material facts have been withheld or omitted.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Offeror, its ultimate beneficial owners or parties acting in concert with any of them), 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 therein misleading.

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 Vendor), and confirms, having made all reasonable enquiries, 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.

Should there be any subsequent material changes (including any change to this letter) occurring during the period from the date of the Composite Document up to the close of the Offer, we will notify the Independent Board Committee and the Independent Shareholders as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We consider that we have reviewed sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinions expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Principal terms of the Offer

Rainbow Capital is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.068 in cash

The Offer Price of HK\$0.068 per Offer Share is equal to the 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 Offer Shares or any other conditions.

As at the Latest Practicable Date, there were 2,000,000,000 Shares in issue and the Company did not have any outstanding options, warrants, derivatives or other securities which are convertible or exchangeable into Shares. The Offeror and parties acting in concert with it were interested in 1,495,000,000 Shares (approximately 74.75%). In view of the Irrevocable Undertaking given by the Vendor in respect of the 5,000,000 Undertaking Shares (approximately 0.25%), the Offer is extended to a maximum of 500,000,000 Offer Shares, and the maximum consideration payable by the Offeror upon full acceptance of the Offer is approximately HK\$34,000,000. We note that the Offeror has confirmed that the Offer Price will not be increased and that the Offeror does not reserve the right to do so.

The procedures for acceptance and further details of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

2. Background of the Group

The Group is principally engaged in the provision of construction engineering services. Along with subsidiaries, the Company is engaged in the provision of design, supply, and installation services for facade works and building metal finishing works projects.

3. Business and financial performance of the Group

(i) Financial performance

Set out below is a summary of the consolidated financial information of the Group for the years ended 31 March 2024 (“FY2024”), 2025 (“FY2025”) and 2026 (“FY2026”) as extracted from the annual reports of the Company for FY2025 (the “2025 Annual Report”) and for FY2026 (the “2026 Annual Report”) respectively:

	FY2024	FY2025	FY2026
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
<i>Continuing operations</i>			
Revenue	242,638	259,826	225,980
Cost of sales	(216,245)	(233,642)	(205,284)
Gross profit	26,393	26,184	20,696
Other income, gains and losses, net	1,680	2,587	1,021
Net impairment losses (recognised) reversed under expected credit loss model	248	(285)	(219)
Operating and administrative expenses	(22,946)	(24,713)	(24,300)
Share of results of an associate	–	–	(48)
Finance costs	(1,446)	(136)	(280)
(Loss)/profit before tax	3,929	3,637	(3,130)
Income tax expense	(609)	(444)	(177)
(Loss)/profit for the year	3,320	3,193	(3,307)

FY2025 as compared to FY2024

Revenue of the Group increased by approximately HK\$17.2 million or 7.1% from approximately HK\$242.6 million for the FY2024 to approximately HK\$259.8 million for the FY2025. The increase in revenue recognised was primarily attributed to the increased number of facade works projects awarded and kick-started during FY2025.

The Group’s gross profit slightly decreased by approximately HK\$0.2 million from approximately HK\$26.4 million for the FY2024 to approximately HK\$26.2 million for the FY2025. The gross profit margin slightly decreased from approximately 10.9% for the FY2024 to approximately 10.1% for the FY2025. The decrease of the Group’s gross profit margin was mainly due to lower gross profit margins of projects newly awarded during the FY2025 as a result of fierce competition in Hong Kong market.

As a result of the foregoing factors, the Group's net profit for the FY2025 slightly decreased by approximately HK\$0.1 million from approximately HK\$3.3 million for the FY2024 to approximately HK\$3.2 million for the FY2025.

FY2026 as compared to FY2025

Revenue of the Group decreased by approximately HK\$33.8 million or 13.0% from approximately HK\$259.8 million for the FY2025 to approximately HK\$226.0 million for the FY2026. The decrease in revenue recognised was primarily attributable to the slowdown in the construction progress of certain key projects during the FY2026.

The Group's gross profit decreased by approximately HK\$5.5 million or 21.0% from approximately HK\$26.2 million for the FY2025 to approximately HK\$20.7 million for the FY2026. The gross profit margin decreased from approximately 10.1% for the FY2025 to approximately 9.2% for the FY2026. The decrease in the Group's gross profit margin was mainly due to lower gross profit margins on newly awarded projects as a result of fierce competition in the Hong Kong market.

The gross profit margin on projects awarded in FY2025 and FY2026 declined consecutively, driven by intensifying competition in tender pricing. The steeper margin contraction in FY2026 was mainly due to the project execution cycle; as major projects generally take over a year to complete, a higher proportion of FY2026 revenue was derived from lower-margin contracts secured in the second half of FY2025, compared with FY2025.

As a result of the foregoing factors, the Group's net loss for the FY2026 amounted to approximately HK\$3.3 million, compared to the Group's net profit of approximately HK\$3.2 million for the FY2025.

(ii) Financial position

Set out below is a summary of consolidated financial position of the Group as at 31 March 2025 and 31 March 2026 as extracted from the 2026 Annual Report:

	As at 31 March 2025 HK\$'000 (audited)	As at 31 March 2026 HK\$'000 (audited)
Non-current assets	5,977	17,586
Current assets	154,791	153,489
Total assets	160,768	171,075
Non-current liabilities	192	3,359
Current liabilities	31,613	42,058
Total liabilities	31,805	45,417
Net assets	128,963	125,658

Financial position as at 31 March 2026 as compared with that as at 31 March 2025

The total assets of the Group were approximately HK\$160.8 million and HK\$171.1 million as at 31 March 2025 and 31 March 2026, respectively, representing an approximately 6.4% increase, which is mainly attributable to the increase in bank balances and cash. The total liabilities of the Group were approximately HK\$31.8 million and HK\$45.4 million as at 31 March 2025 and 31 March 2026, respectively, representing an approximately 42.8% increase, which is mainly attributable to the increase in contract liabilities. The consolidated net assets decreased by approximately 2.6%, from approximately HK\$129.0 million as at 31 March 2025 to approximately HK\$125.7 million as at 31 March 2026.

(iii) Business outlook and prospects of the Group

The Group is principally engaged in the provision of construction engineering services. Along with subsidiaries, the Company is engaged in the provision of design, supply, and installation services for facade works and building metal finishing works projects in Hong Kong. Following a sharp multi-year downturn, Hong Kong's private sector property market has recently been showing signs of bottoming out and stabilising. Hong Kong's residential property prices have seen a significant rebound in the first quarter of year 2026, driven by a relatively strong equity market recovery and a massive influx of mainland Chinese talent and buyers. Residential property developers are shifting from inventory clearance back towards cautious project activation. Commercial property developers in Hong Kong, on the other hand, still

face persistent challenges amid high office vacancy rates and high-profile liquidity strains. Market participants have actively frozen or delayed new commercial ground breakings. An extended period of consolidation in commercial and office property market is expected.

We noted that the Hong Kong construction industry is currently experiencing a pronounced slowdown, driven primarily by a sharp contraction in private sector activity. Private sector construction works fell by approximately 16.8% year-on-year in 2025 and contracted by a further 15.9% in real terms in the first quarter of 2026, as developers deferred or scaled back new starts amid elevated financing costs, high commercial vacancy rates and structural changes in demand for office and retail space. While public sector works have increased and are expected to account for a larger share of total construction expenditure going forward, the overall tendering environment has become increasingly competitive, with contractors bidding aggressively for a limited pool of private sector projects, exerting downward pressure on pricing and margins for specialised subcontractors such as façade and metal finishing contractors. The Group's outstanding order book of approximately HK\$518.9 million as at 31 March 2026 provides a degree of near-term revenue visibility. However, a substantial portion of these projects are at advanced stages of completion, and new contracts awarded in FY2025 and FY2026 were secured in a highly competitive environment with lower contract sums and compressed margins. As these lower-margin contracts contribute a larger proportion of revenue in the coming financial years, the Group's gross profit margin is expected to remain under pressure, and there is a risk of further margin erosion if competitive tendering conditions persist.

The Group's revenue remains heavily dependent on a limited number of main contractors and property developers in Hong Kong. Any delays, suspensions or cancellations of projects by key customers, or any deterioration in their financial condition, could materially and adversely affect the Group's business, financial condition and results of operations. While the Group is pursuing selective diversification initiatives, including a restaurant operation in Macao expected to commence operation by the end of 2026 or in the first quarter of 2027, such initiatives are at an early stage, require upfront investment and management resources, and may not generate satisfactory returns or fully offset any downturn in the core construction business.

In light of the above, we consider that the Group's business prospects in the near to medium term are subject to significant uncertainty, and there is a risk that the Group's revenue and profitability in the coming financial years could decline, with gross profit margins remaining at depressed levels or deteriorating further if market conditions worsen. Furthermore, as the Offeror intends to continue the Group's existing principal business and does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer 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, we do not expect material change in the business outlook and prospect of the Group in near future.

4. Information of the Offeror

The Offeror is a company incorporated in the BVI with limited liability and is an investment holding company. As at the Latest Practicable Date, the Offeror is owned as to 99% by Mr. Xu and 1% by Ms. Lam Sin Shi, both of which are professional investors. Mr. Xu is the sole director of the Offeror.

Mr. Xu, aged 55, is a seasoned merchant with over 13 years of experience overseeing the overall operations and business development of multiple enterprises in the PRC that are engaged in the research, development, technological consultation and sales of different areas of health products and goat milk products.

Mr. Xu is the founder and the controlling shareholder of Jiangsu Boling Technology Co. Ltd.* (江蘇博領科技股份有限公司) (“**Jiangsu Boling**”). He was also the controlling shareholder of Shaan’Xi Shengtang Dairy Co. Ltd.* (陝西聖唐乳業有限公司) (“**Shengtang Dairy**”) from September 2018 to April 2025, and served as the chairman of the board of directors of Shengtang Dairy from May 2019 to April 2025. Through these roles, Mr. Xu has accumulated extensive experience in management, business operations, brand building and investment. Jiangsu Boling is a comprehensive industrial group principally engaged in the goat milk business with integration of production and sales of local agricultural and pastoral specialty products; and Shengtang Dairy is a vertically-integrated goat milk enterprise encompassing organic forage cultivation, dairy goat breeding and rearing, as well as the research, development, processing, sales and tourism associated with dairy products, and its sales network has a national coverage of over 200 cities. Mr. Xu is also a substantial shareholder of Sheng Tang Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8305), holding approximately 18.6% of its entire issued share capital.

Ms. Lam Sin Shi, aged 35, has over 10 years of experience in cross-border logistics, healthcare retail management, and brand channel development. She is the sole shareholder and director of China Lion Hong Kong Investment Limited (華獅香港投資有限公司), a company established in Hong Kong and principally engaged in investment business in the PRC.

Based on the information set out in the Composite Document, the Acquisition is principally driven by Mr. Xu’s objective to secure a Hong Kong-listed platform, thereby facilitating direct access to international capital markets, enhancing corporate reputation, and providing strategic flexibility for potential future equity financing, asset injections, or corporate spin-offs. Notwithstanding that Mr. Xu does not possess prior direct operational experience in the Group’s industry, the transaction enables Mr. Xu to diversify his investment portfolio into Hong Kong’s construction and engineering services sector, thereby mitigating sector-concentration risks associated with his existing interests in the

goat dairy and agricultural sectors. Furthermore, Mr. Xu intends to deploy his operational, brand management, and investment expertise to optimize the Group's project delivery, internal controls, and overall financial performance. The Group also presents compelling standalone investment merit, supported by sustained market demand for specialized façade and structural metal finishing works in Hong Kong. Accordingly, the Acquisition represents a balanced strategic initiative combining platform utility, portfolio diversification, operational value creation, and underlying business fundamentals. For details regarding Mr. Xu's intentions in relation to the Group, please refer to the section headed "Intention of the Offeror in relation to the Group" below.

We note that, while Mr. Xu has extensive experience in business operations, management and brand building, neither Mr. Xu nor Ms. Lam has experience in the Group's principal businesses of facade and building metal finishing works, and Ms. Lam's minor shareholding in the Offeror reflects her intention as a passive investor. On this basis, and having regard to the fact that the Offeror has yet to conduct a detailed review of the Group's operations and formulate long-term business strategies, it remains uncertain whether the Offeror possesses sufficient industry-specific knowledge to enhance the development of the Group's existing businesses, notwithstanding that Mr. Xu's general management and brand-building background may be beneficial to the Group's future development.

5. Intentions of the offeror in relation to the Group

As set out in the Composite Document, following the close of the Offer, it is the intention of the Offeror that the Company's existing principal activities will be maintained in the long run and does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary and usual course of business. However, the Offeror reserves the right and cannot rule out making any changes that it deems necessary or appropriate to the Group's businesses and operations to enhance the value of the Group.

Moreover, in order to enhance and strengthen the business of the Group, the Offeror intends to conduct a detailed review over the Group by appraising and assessing the existing principal businesses, operations, financial position and investments of the Group for the purpose of formulating long-term business plans and strategies for the future business development of the Group. Subject to the results of such review and should suitable investment or business opportunities arise, the Offeror may explore such arisen opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company.

Any acquisition or disposal of the assets or business of the Group, if any, will be conducted in compliance with the Listing Rules and the Takeovers Code.

As at the Latest Practicable Date, no investment or business opportunities has been identified nor have the Offeror entered into any agreement, arrangements, understandings or negotiation (whether verbally or in writing) in relation to the injection of any assets or business into the Group.

Furthermore, 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 Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate. 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 Listing Rules and the articles of association of the Company, and a separate announcement will be made in this regard in accordance with the Listing Rules as and when appropriate.

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.

Taking into account that (i) neither the Offeror, Mr. Xu nor Ms. Lam has relevant experience in the Company's current principal business, suggesting that the Offeror, Mr. Xu or Ms. Lam may not be able to bring positive influence to the existing principal business of the Group; and (ii) the Offeror has yet to provide any plan regarding the long-term strategy for the future development of the Group or for improving the Group's business operation and financial condition, we consider that the Offeror's intension is unclear and the prospect of the Group is uncertain as at the Latest Practicable Date.

Public float and maintaining the listing status of the Company

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer, and does not intend to exercise any right to compulsorily acquire any outstanding Offer Shares. The sole director of the Offeror, the Directors and any new Director(s) to be appointed will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure the Company's compliance with the public float requirement under Rule 13.32B of the Listing Rules. We would nonetheless draw the attention of the Independent Shareholders to the risk that, if the Offer results in a Significant Public Float Shortfall or an insufficient public float, or if the Stock Exchange believes a false or disorderly market exists or may exist, trading in the Shares may be suspended and the listing status of the Company may be affected, as more particularly described in the section headed "Public Float and Maintenance of the Listing Status of the Company" in the Composite Document.

6. Analysis on the Offer Price

Offer price analysis

The Offer Price of HK\$0.068 per Offer Share represents:

- (i) a discount of 93.20% to the closing price of HK\$1.000 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 94.65% to the closing price of HK\$1.270 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 93.95% to the average closing price of approximately HK\$1.124 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 93.70% to the average closing price of approximately HK\$1.079 per Share for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 93.98% to the average closing price of approximately HK\$1.130 per Share for the last thirty consecutive trading days up to and including the Last Trading Day; and
- (vi) a premium of approximately 7.94% over the audited consolidated net assets per Share of approximately HK\$0.063 as at 31 March 2026, which was calculated based on the audited consolidated net asset value attributable to owners of the Company of approximately HK\$125,658,000 as at 31 March 2026 (the date on which the latest audited financial results of the Group were made up) and 2,000,000,000 Shares in issue as at the Latest Practicable Date.

The Vendor disposed of its Sale Shares to the Offeror at a consideration of HK\$0.068 per Sale Share, which represents a material discount to the prevailing market price of the Shares. This pricing is commercially justified and reflects a prudent valuation, having due regard to the following factors:

- (i) the Group recorded a net loss of approximately HK\$3.3 million and a negative earnings before interest, taxes, depreciation, and amortization (EBITDA) of approximately HK\$80,000 for the year ended 31 March 2026, therefore judging the Group's valuation based on earnings multiples is not feasible;

- (ii) due to the loss-making position of the Group, the Vendor has considered the net asset backing of the Group in evaluating the market value of the Group. As at 31 March 2026, the Group's net asset value stood at approximately HK\$125.7 million, equating to approximately HK\$0.063 per Share; and
- (iii) on top of the loss-making financial performance, it is of the Vendor's view that market capitalization has only a very limited and remote connection to the Group's intrinsic value (if any) as the market capitalization is based on the multiplication on the number of Shares and the price per Share (which could have mistaken image towards the intrinsic value of the Group subject to the liquidity of the Company and market's contemplation).

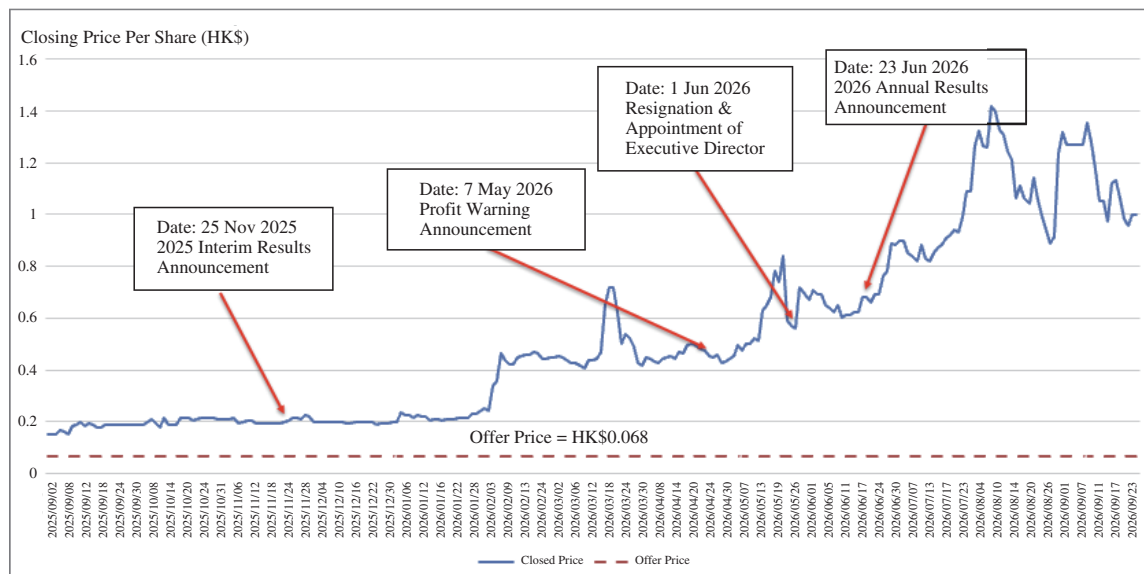
According to the "Letter from Rainbow Capital", the Consideration of HK\$0.068 per Sale Share, whilst below the prevailing trading price of the Shares, is grounded on more objective financial metrics by means of evaluating based on net asset value, thereby reflecting a fairer assessment of the Group's fundamental worth. The discount is not only commercially reasonable but also consistent with the Vendor's genuine intention to effect an orderly disposal on terms that adequately account for the Group's current financial position and market realities. However, we consider the Offer Price to be unfair and unreasonable as it represents a substantial discount of approximately 93.70% to 94.65% to the recent market prices of the Shares, and discounts of approximately 54.36%, 95.19% and 86.64% to the Lowest Closing Price (as defined in the section below), the Highest Closing Price (as defined in the section below) and the Average Closing Price (as defined in the section below) of the Shares respectively during the Review Period; the daily closing price of the Shares remained above the Offer Price throughout the entire Review Period. Detailed analysis regarding the historical price performance of the Shares is set out in the below paragraph headed "Historical price performance of the Shares".

As at the Latest Practicable Date, there is no past, present or contemplated relationship, arrangement, agreement or understanding between (i) the Vendor and/or Mr. Chu on one hand; and (ii) the Offeror, Mr. Xu and/or Ms. Lam on the other hand, other than as expressly disclosed in the Joint Announcement with respect to the Sale and Purchase Agreement and the Irrevocable Undertaking.

Historical price performance of the Shares

In order to assess the fairness and reasonableness of the Offer Price, we have performed a review on the daily closing prices of the Shares from 2 September 2025 (being the date of approximately one year prior to the Last Trading Day) up to the Latest Practicable Date (the "**Review Period**"). We consider that the Review Period, covering a full twelve-months prior to the Last Trading Day, (i) is appropriate for illustration of the general trend and level of movement of the daily closing prices of the Shares which can reflect the correlation between the recent business performance of the Company and the latest market reaction in the Share price; (ii) is long enough

to avoid any short-term fluctuation which may distort our analysis; and (iii) is sufficient and a common market practice.



During the Review Period, the average closing price was approximately HK\$0.521 per Share (the “**Average Closing Price**”). The daily closing price ranged from a lowest closing price of HK\$0.149 per Share (the “**Lowest Closing Price**”), recorded on 2 to 4 September 2025, to a highest closing price of HK\$1.415 per Share (the “**Highest Closing Price**”), recorded on 7 August 2026.

Since the beginning of the Review Period, the daily closing price of the Shares remained in a relatively flat and steady trend from early September 2025 to late January 2026, generally ranging between approximately HK\$0.149 and HK\$0.237 per Share. Commencing in early February 2026, the closing price of the Shares began to exhibit a significant and sustained upward trend, rising from HK\$0.243 per Share on 5 February 2026 to HK\$0.465 per Share on 10 February 2026, and further advancing to a range of approximately HK\$0.405 to HK\$0.720 per Share between mid-February and late March 2026. We have discussed with the Company regarding this increasing trend of the Share price and were advised that the Company is not aware of any particular reason that led to the increase in the price of the Shares.

Following a period of consolidation between approximately HK\$0.415 and HK\$0.520 per Share during April and early May 2026, the closing price of the Shares resumed a marked upward trend, rising to HK\$0.840 per Share on 27 May 2026 before easing, and thereafter climbing steadily throughout June and July 2026 from approximately HK\$0.560 to HK\$1.090 per Share. The upward momentum continued into August 2026, with the closing price reaching the Highest Closing Price of HK\$1.415 per Share on 7 August 2026. We have discussed with the Company regarding this continued increasing trend of the Share price and were advised that the

Company is not aware of any particular reason that led to the increase in the price of the Shares.

Subsequent to reaching the Highest Closing Price, the closing price of the Shares retreated to a range of approximately HK\$0.890 to HK\$1.140 per Share during the latter part of August 2026, before rebounding to HK\$1.230 per Share on 31 August 2026 and HK\$1.315 per Share on 1 September 2026. The closing price of the Shares was HK\$1.270 per Share on the Last Trading Day (2 September 2026).

The daily closing prices of the Shares remained above the Offer Price throughout the entire Review Period. The Offer Price of HK\$0.068 per Offer Share represents (a) a discount of approximately 54.36% to the Lowest Closing Price of HK\$0.149 per Share; (b) a discount of approximately 95.19% to the Highest Closing Price of HK\$1.415 per Share; and (c) a discount of approximately 86.64% to the Average Closing Price of approximately HK\$0.479 per Share for the Review Period. Trading in the Shares was halted with effect from 3 September 2026 pending the release of the Joint Announcement and resumed on 9 September 2026. Following resumption, the closing price of the Shares ranged from HK\$0.975 to HK\$1.355 per Share up to and including the Latest Practicable Date.

We note that, throughout the Review Period, the Shares closed at price levels significantly above the Offer Price, and that the Offer Price represents a substantial discount of approximately 86.94% to the Average Closing Price of the Shares and a discount of approximately 94.65% to the closing price of HK\$1.270 per Share on the Last Trading Day. Notwithstanding the foregoing, the Offer Price represents a premium of approximately 7.94% over the audited consolidated net asset value attributable to owners of the Company of approximately HK\$0.063 per Share as at 31 March 2026. In this connection, as disclosed in the Joint Announcement, the Offer Price was determined by reference to, among other things, the sale of the controlling shareholding under the Sale and Purchase Agreement, which was reached after arm's length negotiations on the basis of an assessment of the Group's underlying businesses and the Group's audited net asset value of approximately HK\$125.7 million (or approximately HK\$0.063 per Share) as at 31 March 2026, consistent with the market practice that the sale of a controlling shareholding in a Hong Kong listed company is commonly assessed on the basis of the underlying business and net asset value rather than the prevailing market price of the shares. We are of the view that although the Group is not an asset-intensive business in the nature of a property investment company, its operations as a construction subcontractor are working-capital intensive, with contract assets, trade receivables and retention monies forming a substantial portion of its net assets. Therefore, we consider that the Group's net asset value provides a relevant reference point in assessing the underlying value of the Shares as well as the determination of the Consideration, particularly in the context of a sale of a controlling shareholding.

In this context, we consider that the Offer Price, which represents a premium of approximately 7.94% to the Group's audited NAV per Share, provides a reasonable reflection of the underlying value of the Shares, particularly for Independent Shareholders who may otherwise be exposed to the continued operational and market risks facing the Group.

Having regard to the fact that the Shares have consistently traded at price levels materially above the Offer Price throughout the Review Period, we consider that an Independent Shareholder who wishes to realise his/her/its investment in the Shares may, subject to the liquidity of the Shares (as further discussed in the section headed "Historical trading liquidity of the Shares" below) and prevailing market conditions, be able to dispose of his/her/its Shares in the open market at a price higher than the Offer Price, instead of accepting the Offer. However, there is no assurance that the market price of the Shares will be sustained at, or will remain above, the Offer Price during or after the period for the acceptance of the Offer.

Independent Shareholders should note that the information set out above is not an indicator of the future performance of the Shares, and that the market price of the Shares may increase or decrease from its closing price as at the Latest Practicable Date.

Historical trading liquidity of the Shares

Set out below in the table are figures during the Review Period regarding (i) the number of trading days of the Shares in each month; (ii) the total trading volume of the Share for each month; (iii) the average daily trading volume of the Shares; (iv) the percentages of the average daily trading volume to the Shares to the total issued Shares:

Month	Monthly total trading volume of the Shares (A)	No. of trading days (B)	Average daily trading volume of the Shares (C) = (A) / (B)	Total issued Shares at the end of each month (D)	Approximate percentage of the average daily trading volume of the Shares to the total issued Shares (C) / (D) (Note 1)	Trading of Shares in public hands	Approximate percentage of the average daily trading volume of the Shares in public hands
2025							
September	3,240,000	21	154,286	2,000,000,000	0.0077%	500,000,000	0.0309%
October	5,080,000	20	254,000	2,000,000,000	0.0127%	500,000,000	0.0508%
November	2,520,000	20	126,000	2,000,000,000	0.0063%	500,000,000	0.0252%
December	4,296,000	21	204,571	2,000,000,000	0.0102%	500,000,000	0.0409%
2026							
January	6,064,000	21	288,762	2,000,000,000	0.0144%	500,000,000	0.0578%
February	138,024,000	17	8,119,059	2,000,000,000	0.4060%	500,000,000	1.6238%
March	146,728,000	22	6,669,455	2,000,000,000	0.3335%	500,000,000	1.3339%
April	81,832,000	19	4,306,947	2,000,000,000	0.2153%	500,000,000	0.8614%
May	114,242,000	19	6,012,737	2,000,000,000	0.3006%	500,000,000	1.2025%
June	39,128,000	21	1,863,238	2,000,000,000	0.0932%	500,000,000	0.3726%
July	76,562,000	22	3,480,091	2,000,000,000	0.1740%	500,000,000	0.6960%
August	167,510,140	21	7,976,673	2,000,000,000	0.3988%	500,000,000	1.5953%
September (Up to the Latest Practicable Date)	138,960,000	19	7,313,684	2,000,000,000	0.3657%	500,000,000	1.4627%

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

Note:

1. The calculation is based on the average daily trading volume of the Shares divided by the total issued Shares at the end of each month or at the Latest Practicable Date as applicable.

As illustrated in the table above, the average daily trading volume of the Shares during the Review Period recorded the lowest of approximately 126,000 Shares in November 2025 and the highest of approximately 8,119,059 Shares in February 2026, representing approximately 0.0063% and 0.4060% respectively of the total issued Shares, and approximately 0.0252% and 1.6238% respectively of the total number of Shares held by the public, as at the end of the relevant month. We note that the trading volume of the Shares was relatively thin during the period from September 2025 to January 2026, but increased substantially from February 2026 onwards, broadly coinciding with the upward movement in the Share price over the same period. We have discussed with the Company regarding the increase in the trading volume of the Shares and were advised that the Company is not aware of any particular reason that led to the increase in the trading volume of the Shares. There is no assurance that the trading volume could be maintained at such level. The average daily trading volume of the Shares for the Review Period was approximately 3,514,016 Shares, representing approximately 0.1757% of the total number of issued Shares, and approximately 0.7028% of the total number of Shares held by the public, as at the Latest Practicable Date.

Notwithstanding the improvement in trading liquidity from February 2026 onwards, there is no assurance that such level of trading liquidity will be sustained during and after the period for the acceptance of the Offer. Should the Independent Shareholders, in particular those holding a large number of Shares, wish to dispose of a significant number of Shares in the open market within a short period of time, they may not be able to do so at a price close to the prevailing market price without causing an adverse impact on the market price level of the Shares. Accordingly, the market trading price of the Shares may not necessarily reflect the actual proceeds that the Independent Shareholders can receive on the disposal of a significant number of Shares in the open market.

Independent Shareholders should nevertheless note that the daily closing prices of the Shares have remained substantially above the Offer Price throughout the Review Period, and that, subject to the prevailing market conditions and the liquidity of the Shares, an Independent Shareholder who wishes to realise his/her/its investment may be able to dispose of his/her/its Shares in the open market at a price higher than the Offer Price, instead of accepting the Offer.

Market comparable analysis

In order to further assess the fairness and reasonableness of the Offer Price, we have considered the price-to-book ratio (the “**P/B Ratio**”), the price-to-earnings ratio (the “**P/E Ratio**”), the price-to-sales ratio (the “**P/S Ratio**”) and dividend yield which are commonly adopted trading multiple analyses. The P/B ratio analysis is the assessment methodology that commonly adopted for evaluating the value of a company as a reference for the independent shareholders’ consideration. Given that the Group was loss-making for the FY2026 and no dividend was distributed for the years ended 31 March 2024, 2025 and 2026, the P/E Ratio analysis and dividend yield analysis are not applicable. We consider P/B Ratio and P/S Ratio to be an appropriate indicator of the fair values of the comparable companies which are comparable to the Company in terms of business with implied P/B Ratio (the “**Implied P/B Ratio**”) and implied P/S Ratio (the “**Implied P/S Ratio**”) of the Offer Share using the Offer Price. Although the Group is not an asset-intensive business in the nature of a property investment company, its operations as a construction subcontractor are working-capital intensive, with contract assets, trade receivables and retention monies forming a substantial portion of its net assets. Given the volatility in the Group’s earnings and margins, we consider that the Group’s net asset value and the implied price-to-book ratio of the Offer provide a relevant reference point in assessing the underlying value of the Shares, particularly in the context of a sale of a controlling shareholding. Accordingly, we have conducted a P/B and P/S analysis alongside other valuation metrics in forming our opinion.

The principal business of the Company is the provision of design, supply, and installation services for facade works and building metal finishing works. Accordingly, we have identified an exhaustive list of 4 comparable companies (the “**Comparable Companies**”) based on the criteria that they are (i) listed on the Stock Exchange; (ii) principally engaged in the provision of facade works, curtain wall installation, or building construction and engineering services; and (iii) have a market capitalisation of less than HK\$1,000 million as at the Last Trading Day.

Set out below is the table illustrating the Comparable Companies, their market capitalisations, net asset values attributable to their owners, and respective P/B Ratios based on their latest published financial information and market prices as at the Last Trading Day:

Stock Code	Company Name	Principal Business	Market Capitalisation (HK\$ million) (note 1)	Net asset value attributable to the shareholders of the company	P/B Ratio (time) (note 3)	Revenue (HK\$ million) (note 2)	P/S Ratio (time) (note 4)
				(HK\$ million) (note 2)			
06038.HK	G & M Holdings Limited	Engaged in the provision of design, build, repair, and maintenance services for podium façades and curtain wall works	441.32	297.47	1.48	380.42	1.16
02663.HK	KPA-BM HOLDINGS LTD	Engaged in the building construction businesses	245.05	259.11	0.95	392.24	0.62
09938.HK	Wah Wo Holdings Group Limited	Engaged in the provision of exterior wall engineering services	260.00	202.49	1.28	410.61	0.63
01897.HK	Million Hope Industries Holdings Ltd	Engaged in the design, supply and installation of facade and curtain walls, aluminium windows and doors	181.52	527.98	0.34	320.47	0.57
				Average	1.01		0.75
				Median	1.11		0.63
				Maximum	1.48		1.16
				Minimum	0.34		0.57
		The Group	136.00 (note 5)	125.66	1.08	225.98	0.60

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

Notes:

1. The market capitalisation is calculated as the closing price of the shares of the respective company multiplied by their respective number of issued shares as at the Last Trading Day.
2. The net asset value refers to net assets attributable to owners of the company reported in the respective companies' latest published financial reports or results announcements. The revenue refers to revenue reported in the respective companies' latest published financial reports or results announcements.
3. The P/B Ratios of the Comparable Companies are calculated as their respective market capitalisation divided by their respective equity attributable to owners of the company according to their latest published interim or annual reports.
4. The P/S Ratios of the Comparable Companies are calculated as their respective market capitalisation divided by their respective revenue of the company according to their latest published annual reports.

5. The implied market capitalisation of the Company is calculated by multiplying the Offer Price with the number of Shares in issue as at the Last Trading Day.

Upon comparison with the Comparable Companies, we note that the P/B Ratios of the Comparable Companies range from approximately 0.34 time to 1.48 times, with an average of approximately 1.01 times and median of approximately 1.11 times. The P/S Ratios of the Comparable Companies range from approximately 0.57 time to 1.16 times, with an average of approximately 0.75 times and median of approximately 0.63 times.

Based on the Offer Price of HK\$0.068 per Offer Share and the audited consolidated net asset value attributable to owners of the Company of approximately HK\$0.063 per Share as at 31 March 2026, the implied P/B Ratio of the Company is approximately 1.08 times.

The implied P/B Ratio of the Company of approximately 1.08 times is within the range of the P/B Ratios of the Comparable Companies, and is slightly above the average but marginally below the median. This suggests that, on a price-to-book basis, the Offer Price provides an implied valuation that is broadly consistent with the net asset backing of the Group when benchmarked against sector peers.

The implied P/S Ratio of the Company of approximately 0.60 times is within the range of, but close to the lower end of, the P/S Ratios of the Comparable Companies, and is below both the average and the median. This indicates that, on a price-to-sales basis, the Offer Price does not fully reflect the Group's revenue-generating capacity relative to sector peers.

In this regard, the implied P/S Ratio at the lower end of the comparable range, together with the substantial discounts to the prevailing and historical trading prices of the Shares as discussed above, reinforce our view that the Offer Price does not adequately reflect the overall value of the Shares. We consider that the comparable analysis, taken as a whole, supports our assessment that the Offer is not fair and not reasonable so far as the Independent Shareholders are concerned.

We wish to highlight that the above analysis is for reference purpose only. Independent Shareholders should consider the overall perspective of various factors, including the historical price performance of the Shares, the trading liquidity, and the future prospects of the Group.

RECOMMENDATION

Having considered the principal factors and reasons set out above, and in particular:

- (i) the Offeror intended to continue the existing principal businesses of the Group and had no intention to introduce any major changes to the existing operations or business immediately after the close of the Offer, nor to redeploy or dispose of the Group's assets other than in the ordinary and usual course of business, and intends to maintain the listing status of the Shares and not to exercise any compulsory acquisition rights; however, the Offeror has reserved the right to make such changes as it deems necessary or appropriate, has yet to complete a detailed review of the Group or to formulate long-term business strategies, and neither Mr. Xu nor Ms. Lam has immediate experience in the Group's principal businesses; we are therefore of the view that it remains uncertain whether the Offeror possesses sufficient industry-specific knowledge to capture business opportunities within this competitive industry and to enhance the overall development of the Group;
- (ii) the Offer Price represents a substantial discount of approximately 93.70% to 94.65% to the recent market prices of the Shares, and discounts of approximately 54.36%, 95.19% and 86.64% to the Lowest Closing Price, the Highest Closing Price and the Average Closing Price of the Shares respectively during the Review Period; the daily closing price of the Shares remained above the Offer Price throughout the entire Review Period; and
- (iii) whilst the trading volume of the Shares was relatively thin between September 2025 and January 2026, trading liquidity improved substantially from February 2026 onwards; accordingly, subject to prevailing market conditions and the sustainability of such liquidity, an Independent Shareholder who wishes to realise his/her/its investment should generally be able to dispose of his/her/its Shares in the open market at a price materially higher than the Offer Price, instead of accepting the Offer, save that Independent Shareholders holding a large number of Shares who wish to dispose of them within a short period may not be able to do so without adversely affecting the market price.

Based on the above, we consider that the Offer is not fair and reasonable so far as the Independent Shareholders are concerned. We advise the Independent Board Committee to recommend the Independent Shareholders not to accept the Offer.

Independent Shareholders who nevertheless wish to realise their investment in the Shares should, subject to sufficient liquidity and prevailing market conditions, consider disposing of their Shares in the open market rather than accepting the Offer, where the net proceeds from such sale (after deducting transaction costs, including stamp duty and brokerage) would be higher than that receivable under the Offer.

Independent Shareholders, in particular those who intend to accept the Offer or to dispose of their Shares in the open market, are reminded that there is no guarantee that the Share price will or will not be sustained at, or be higher than, the Offer Price during and after the period for the acceptance of the Offer, and that the current level of trading liquidity may not be maintained. The Independent Shareholders are reminded to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offer and shall, having regard to their own circumstances, investment objectives and risk preference, make their own decisions.

The Independent Shareholders should read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the accompanying Form of Acceptance, if they wish to accept the Offer.

For those Independent Shareholders who are optimistic about the future prospects and operating performance of the Group and/or have a relatively long-term investment horizon, they may retain their investment in the Shares by not accepting the Offer and are reminded to monitor the development of the Group, in particular the Offeror's business strategy, and any announcements of the Company during and after the Offer Period.

Yours faithfully,
For and on behalf of

First Global Corporate Finance Co., Limited



Wendy Liu
Managing Director

Ms. Liu is a licensed person registered with SFC and regarded as a responsible officer of Type 6 (advising on corporate finance) of First Global Corporate Finance Co., Limited. Ms. Liu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under SFO since 2014.