



**红日资本有限公司**  
**RED SUN CAPITAL LIMITED**

8 September 2025

To: *The Independent Board Committee of Classified Group (Holdings) Limited*

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
SILVERBRICKS SECURITIES COMPANY LIMITED FOR AND  
ON BEHALF OF THAC GROUP (BVI) LIMITED TO ACQUIRE ALL THE  
ISSUED SHARES OF CLASSIFIED GROUP (HOLDINGS) LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE  
ACQUIRED BY THE OFFEROR AND/OR PARTIES ACTING  
IN CONCERT WITH IT)**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 8 September 2025, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

On 30 June 2025, the Vendors (as vendors) and the Offeror (as purchaser) entered into the Sale and Purchase Agreement, pursuant to which the Vendors have agreed to sell to the Offeror, and the Offeror has agreed to acquire, the Sale Shares (representing approximately 65.7% of the issued share capital of the Company as at the Latest Practicable Date), at the Consideration to be fully settled upon the Completion.

Immediately following the Completion, the Offeror and parties acting in concert with it are interested in 36,615,125 Shares, representing approximately 65.7% of the total issued share capital of the Company. Therefore, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required 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 and the parties acting in concert with it).

#### **THE INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee, comprising all four independent non-executive directors of the Company, namely Dr. Chan Kin Keung Eugene, Mr. Ng Chun Fai Frank, Ms. Wong Tsui Yue Lucy and Mr. Yue Man Yiu Matthew, has been formed to make a recommendation to the Independent Shareholders as to whether Offer is fair and reasonable and as to the acceptance of the Offer.

We, Red Sun, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in relation to the Offer. Pursuant to Rule 2.1 of the Takeovers Code, our appointment has been approved by the Independent Board Committee. Our role as the independent financial adviser is to give our recommendation to the Independent Board Committee as to (i) whether Offer is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Independent Shareholders should, or should not, accept the Offer.

#### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we were independent from and not connected with the Company, the Vendors or the Offeror and any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them and accordingly, are qualified to give independent advice to the Independent Board Committee in respect of the Offer.

In the previous two years, save for this appointment and our appointment as the independent financial adviser for the transactions involving a rights issue on the basis of three rights shares for every two consolidated shares, connected transaction in relation to the underwriting agreement and application for whitewash waiver, details of which are set out in the circular of the Company dated 18 August 2023, we did not act as an independent financial adviser to the Company under the Listing Rules or Takeovers Code. Apart from normal professional fees paid or payable to us in connection with the current appointment and our previous appointment as the independent financial adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company. As we were independent from and not connected with the Company, the Vendors or the Offeror and any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them and accordingly as at the Latest Practicable Date, and that our previous appointment was as independent financial adviser to the Company, thus it does not affect our independence in this appointment.

## **BASIS OF OUR OPINION AND RECOMMENDATION**

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Composite Document and the information and representations provide to us by the directors of the Company (the “**Directors**”) and the management of the Company (the “**Management**”). We have assumed that all statements, information and representations provided by the Directors and the management of the Company, for which they are solely responsible, were true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion and expectation made by the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its advisers, the Management and/or the Directors. We believe that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Company, the Vendor, the Offeror and their respective shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate. Our opinion is necessarily based on financial, economic, market and other conditions in effect and the information made available to us at the Latest Practicable Date. This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely for their consideration of the Offer.

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the directors 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 contained in the Composite Document misleading.

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

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration 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. In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

## **PRINCIPAL TERMS OF THE OFFER**

As set out in the Letter from Silverbricks Securities, Silverbricks Securities and VBG Capital have been appointed as the Joint Financial Advisers to the Offeror in respect of the Offer. Silverbricks Securities, for and on behalf of the Offeror, will make the mandatory unconditional cash Offer to acquire all issued Shares in the share capital of the Company (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code on following basis:

**For each Offer Share . . . . . HK\$1.318 in cash**

The Offer Price of HK\$1.318 per Offer Share is greater than the highest price paid by the Offeror and parties acting in concert with it for the acquisition of the Shares within six months prior to the commencement of the offer period.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of despatch of the Composite Document.

As at the Latest Practicable Date, there were 55,750,000 Shares in issue and the Company did not have any outstanding options, warrants or derivatives or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares. Further details of the terms of the Offer and the procedures for acceptance and settlement and acceptance period are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

As at the Latest Practicable Date, none of the members of the Offeror and parties acting in concert with it has received any irrevocable commitment to accept or not to accept the Offer. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching thereto, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made.

The Company confirms that as at the Latest Practicable Date, (i) it does not have any dividend or distribution recommended, declared or made but unpaid; and (ii) it does not have any intention to make, declare or pay any future dividend/make other distributions until after the close of the Offer.

As set out in the Letter from Silverbricks Securities to the Composite Document, the Offer Price of HK\$1.318 per Offer Share paid by the Offeror pursuant to the Agreement and represents:

- (a) a discount of approximately 65.8% to the closing price of HK\$3.850 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 20.9% over the closing price of HK\$1.090 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 20.7% over the average closing price of approximately HK\$1.092 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 20.5% over the average closing price of approximately HK\$1.094 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 23.1% over the average closing price of approximately HK\$1.070 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately HK\$1.147 (being approximately 672.6%) over the audited consolidated net asset value of the Group of approximately HK\$0.1706 per Share as at 31 December 2024 calculated based on the audited net asset of the Group as at 31 December 2024 of approximately HK\$9,509,000 and 55,750,000 Shares in issue as at the Latest Practicable Date; and
- (g) a premium of approximately HK\$1.201 (being approximately 1,025.9%) to the unaudited consolidated net asset value of the Group of approximately HK\$0.1706 per Share as at 30 June 2025 calculated based on the unaudited net assets of the Group as at 30 June 2025 of approximately HK\$6,526,000 and 55,750,000 Shares in issue as at the Latest Practicable Date.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

### 1. Financial information of the Group and outlook

#### (a) *Historical financial information of the Group*

The Company is incorporated in the Cayman Islands with limited liability and the Shares are listed on the GEM of the Stock Exchange. The Company is principally engaged in investment holding and the Group is principally engaged in restaurant operations in Hong Kong.

We herewith set out a summary of the financial information of the Group for the six months ended 30 June 2024 and 2025 as extracted from the interim results announcement of the Group for the six months ended 30 June 2025 (the “**2025 Interim Results Announcement**”) and for the years ended 31 December 2022, 2023 and 2024 as extracted from the annual reports of the Group for the year ended 31 December 2023 (the “**2023 Annual Report**”) and 31 December 2024 (the “**2024 Annual Report**”), respectively:

#### *Summary of the Group’s consolidated statement of financial position*

	As at 30 June 2025 HK\$’000	As at 31 December 2024 HK\$’000	2023 HK\$’000	2022 HK\$’000
Non-current assets	883	1,267	2,941	1,414
Current assets	25,355	26,075	32,993	37,512
Current liabilities	19,712	17,797	16,640	16,153
Non-current liabilities	—	36	1,475	2,414
<b>Total equity</b>	<b>6,526</b>	<b>9,509</b>	<b>17,819</b>	<b>20,359</b>

#### *Financial position as at 30 June 2025 compared to 31 December 2024*

We noted from the 2025 Interim Results Announcement that as at 30 June 2025, the Group’s total assets amounted to approximately HK\$26.2 million, representing a decrease of approximately 4.0% or approximately HK\$1.1 million as compared to approximately HK\$27.3 million as at 31 December 2024, which mainly comprised (i) inventories of approximately HK\$21.8 million; and (ii) trade and other receivables, deposits and prepayments of approximately HK\$3.2 million.

The Group recorded no non-current liabilities as at 30 June 2025. The Group's current liabilities amounted to approximately HK\$19.7 million as at 30 June 2025, representing an increase of approximately 10.5% or approximately HK\$1.9 million as compared to approximately HK\$17.8 million as at 31 December 2024, which mainly comprised (i) trade and other payables and accrued charges of approximately HK\$8.6 million; and (ii) amounts due to directors of approximately HK\$8.5 million. The increase in current liabilities of the Group was mainly attributable to the net effect of (i) the increase in amounts due to directors of approximately HK\$1.8 million from approximately HK\$6.7 million as at 31 December 2024 to approximately HK\$8.5 million as at 30 June 2025; (ii) the increase in trade and other payables and accrued charges of approximately HK\$0.8 million from approximately HK\$7.8 million as at 31 December 2024 to approximately HK\$8.6 million as at 30 June 2025; and (iii) the decrease in lease liabilities of approximately HK\$1.4 million from approximately HK\$2.4 million as at 31 December 2024 to approximately HK\$0.9 million as at 30 June 2025.

As at 30 June 2025, the total equity amounted to approximately HK\$6.5 million, representing a decrease of approximately 31.4% or HK\$3.0 million as compared to approximately HK\$9.5 million as at 31 December 2024, the movement was mainly attributable to the loss for the six months ended 30 June 2025 of approximately HK\$3.0 million.

*Financial position as at 31 December 2024 compared to 31 December 2023*

We noted from the 2024 Annual Report that as at 31 December 2024, the Group's total assets amounted to approximately HK\$27.3 million, representing a decrease of approximately 23.9% or approximately HK\$8.6 million as compared to approximately HK\$35.9 million as at 31 December 2023, which mainly comprised (i) inventories of approximately HK\$21.9 million; and (ii) trade and other receivables, deposits and prepayments of approximately HK\$3.1 million. The decrease in total assets of the Group was mainly attributable to (i) the decrease in bank balances and cash of approximately HK\$5.4 million or approximately 86.8% from approximately HK\$6.2 million as at 31 December 2023 to approximately HK\$0.8 million as at 31 December 2024. Based on the consolidated statement of cash flows of the Group for the year ended 31 December 2024, the decrease in the cash position of the Group were primarily attributable to (aa) the operating cash outflow before movements in working capital of approximately HK\$4.0 million, being the loss before taxation of approximately HK\$8.3 million added back non-cash items, including depreciation of approximately HK\$2.6 million and impairment loss of approximately HK\$1.4 million; and (bb) net cash used in financing activities of approximately HK\$3.2 million, which was primarily attributable to the repayment of lease liabilities of HK\$5.8 million; (ii) the decrease in right-of-use assets of approximately HK\$1.2 million or approximately 57.2% from approximately HK\$2.1 million as at 31 December 2023 to

approximately HK\$0.9 million as at 31 December 2024; and (iii) the decrease in trade and other receivables, deposits and prepayments of approximately HK\$0.9 million or approximately 22.5% from approximately HK\$4.0 million as at 31 December 2023 to approximately HK\$3.1 million as at 31 December 2024.

The Group's total liabilities amounted to approximately HK\$17.8 million as at 31 December 2024, representing a decrease of approximately 1.6% or approximately HK\$0.3 million as compared to approximately HK\$18.1 million as at 31 December 2023, which mainly comprised (i) trade and other payables and accrued charges of approximately HK\$7.8 million; (ii) amounts due to directors of approximately HK\$6.7 million; and (iii) lease liabilities of approximately HK\$2.4 million. The decrease in total liabilities of the Group was mainly attributable to the net effect of (i) the increase in amounts due to directors of approximately HK\$2.6 million or approximately 64.0% from approximately HK\$4.1 million as at 31 December 2023 to approximately HK\$6.7 million as at 31 December 2024; and (ii) the decrease in lease liabilities in respect of current liabilities and non-current liabilities of approximately HK\$3.0 million or approximately 55.6% from approximately HK\$5.4 million as at 31 December 2023 to approximately HK\$2.4 million as at 31 December 2024.

As at 31 December 2024, the total equity amounted to approximately HK\$9.5 million, representing a decrease of approximately 46.6% or HK\$8.3 million as compared to approximately HK\$17.8 million as at 31 December 2023, the movement was mainly attributable to the decrease in reserves which was primarily attributable to the loss for the year ended 31 December 2024 of approximately HK\$8.3 million.

*Financial position as at 31 December 2023 compared to 31 December 2022*

We noted from the 2023 Annual Report that as at 31 December 2023, the Group's total assets amounted to approximately HK\$35.9 million, representing a decrease of approximately 7.7% or approximately HK\$3.0 million as compared to approximately HK\$38.9 million as at 31 December 2022, which mainly comprised (i) inventories of approximately HK\$22.0 million; (ii) bank balances and cash of approximately HK\$6.2 million; (iii) trade and other receivables, deposits and prepayments of approximately HK\$4.0 million; and (iv) right-of-use assets of approximately HK\$2.1 million. The decrease in total assets of the Group was mainly attributable to the net effect of (i) the decrease in inventories of approximately HK\$9.1 million or approximately 29.3% from approximately HK\$31.2 million as at 31 December 2022 to approximately HK\$22.0 million as at December 2023; (ii) the increase in bank balances and cash of approximately HK\$4.4 million or approximately 256.3% from approximately HK\$1.7 million as at 31 December 2022 to approximately HK\$6.2 million as at 31 December 2023; and (iii) the increase in right-of-use assets



of approximately HK\$1.2 million or approximately 159.1% from approximately HK\$0.8 million as at 31 December 2022 to approximately HK\$2.1 million as at 31 December 2023.

The Group's total liabilities amounted to approximately HK\$18.1 million as at 31 December 2023, representing a decrease of approximately 2.4% or approximately HK\$0.5 million as compared to approximately HK\$18.6 million as at 31 December 2022, which mainly comprised (i) trade and other payables and accrued charges of approximately HK\$6.9 million; (ii) lease liabilities of approximately HK\$5.4 million; and (iii) amounts due to directors of approximately HK\$4.1 million. The decrease in total liabilities of the Group was mainly attributable to the net effect of (i) the decrease in trade and other payables and accrued charges of approximately HK\$2.1 million or approximately 23.7% from approximately HK\$9.1 million as at 31 December 2022 to approximately HK\$6.9 million as at 31 December 2023; and (ii) the increase in amount due to directors of approximately HK\$2.9 million or approximately 238.0% from approximately HK\$1.2 million as at 31 December 2022 to approximately HK\$4.1 million as at 31 December 2023.

As at 31 December 2023, the total equity amounted to approximately HK\$17.8 million, representing a decrease of approximately 12.5% or HK\$2.5 million as compared to approximately HK\$20.4 million as at 31 December 2022, the movement was mainly attributable to (i) the increase in the share capital of the Company due to the implementation of the rights issue on the basis of three rights shares for every two existing shares raising a net proceeds of approximately HK\$12.8 million, further details of which were set out in the Company's prospectus dated 19 September 2023; and (ii) the loss for the year ended 31 December 2023 of approximately HK\$15.3 million.

*Summary of the Group's consolidated statement of profit or loss*

	Six months ended 30 June		Year ended 31 December		
	2025	2024	2024	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue					
– Casual restaurant and bakery					
shop operations	17,008	17,777	35,736	36,357	37,465
Loss before taxation	(2,983)	(2,996)	(8,310)	(15,346)	(20,392)
Loss for the year attributable to					
owners of the Company	(2,983)	(2,996)	(8,310)	(15,346)	(20,392)

*Financial performance of the Group for the six months ended 30 June 2025 (“1H2025”) and 30 June 2024 (“1H2024”)*

As set out in the 2025 Interim Results Announcement, the Group recorded revenue generated from casual restaurant and bakery shop operations of approximately HK\$17.0 million for 1H2025, which is broadly stable compared to approximately HK\$17.7 million for 1H2024. The loss for the year attributable to owners of the Company amounted to approximately HK\$3.0 million for 1H2024 compared to approximately HK\$3.0 million for 1H2025, which was primarily attributable to the net effects of (i) the slight fluctuation in the revenue; and (ii) the increase in other gains of approximately HK\$0.8 million, which was mainly attributable to the disposal of fixed assets of the Group, including property, plant and equipment.

*Financial performance of the Group for the years ended 31 December 2024 (“FY2024”) and 31 December 2023 (“FY2023”)*

As set out in the 2024 Annual Report, the Group recorded revenue generated from casual restaurant and bakery shop operations of approximately HK\$35.7 million for FY2024, which is broadly stable compared to approximately HK\$36.4 million for FY2023 with a decrease of approximately HK\$0.7 million or approximately 1.9%. The loss before taxation and loss for the year attributable to owners of the Company decreased of approximately 45.8% from approximately HK\$15.3 million for FY2023 to approximately HK\$8.3 million for FY2024, which was primarily attributable to the net effects of (i) the absence of write-down of inventories to its net realisable value, the Management advised that the write-down of inventories to its net realisable value for FY2023 was mainly attributable to the continued drop in the market price of premium wine recorded as inventories of the Group for FY2023. The premium wine was primarily purchased by the Group and served in the Group’s premium western restaurant “The Pawn”. “The Pawn” had been operating at Johnston Road, a prime location in Wan Chai, since 2008. Furthermore, as set out in the announcement of the Company dated 16 October 2017, the Company intended to enhance its premium food and fine wine programme so as to achieve turnaround in its results. However, attributable to the adverse impact of the novel coronavirus outbreak, “The Pawn” ceased operations in September 2021 (the “**Closure of the Pawn**”) as set out in the announcement of the Company dated 16 September 2021. Since the Closure of the Pawn, the Company had tried to sell the wine in the market over time but with limited success given the then challenging premium wine market and hence has recorded write-downs to its inventories.; (ii) the decrease in other income which was primarily attributable to the decrease in management fee income from a related company; and (iii) the lowered impairment losses of right-of-use assets primarily related to shorter remaining lease terms, compared to that of FY2023.

*Financial performance of the Group for FY2023 and for the year ended 31 December 2022 (“FY2022”)*

As set out in the 2023 Annual Report, the Group recorded revenue generated from casual restaurant and bakery shop operations of approximately HK\$36.4 million for FY2023, representing a decrease of approximately HK\$1.1 million or approximately 3.0% compared to approximately HK\$37.5 million for FY2022. The loss before taxation and loss for the year attributable to owners of the Company decreased of approximately 24.7% from approximately HK\$20.4 million for FY2022 to approximately HK\$15.3 million for FY2023, which was primarily attributable to the combined effects of (i) the lowered depreciation changes; (ii) the lowered staff costs; (iii) the lowered write-down of inventories to net realisable values, the Management advised that the write-down of inventories to its net realisable value was mainly attributable to the continued drop in the market price of premium wine recorded as inventories of the Group for FY2022 and FY2023, respectively. The premium wine was primarily purchased by the Group and served in the Group’s premium western restaurant “The Pawn”, which ceased operations in September 2021; and (iv) the lowered impairment loss of right-of-use assets, compared to that of FY2022. The Management advised that the impairment loss of right-of-use assets was mainly attributable to properties leased for the Group’s use for FY2022 and FY2023, respectively.

*Material uncertainty related to the Group’s going concern for the year ended 31 December 2022, 2023 and 2024*

For information purposes, we noted that the auditor of the Company set out in its report in each of the annual report for the year ended 31 December 2022, 2023 and 2024 its opinion about the existence of a material uncertainty related to the Group’s then going concern in light of the Group’s net loss for the year ended 31 December 2022, 2023 and 2024, respectively. In addition, as of 31 December 2024, the Group had bank balances and cash of approximately HK\$0.8 million but recorded current liabilities of approximately HK\$17.8 million. As of 31 December 2023, the Group had bank balances and cash of approximately HK\$6.2 million but recorded current liabilities of approximately HK\$16.6 million. As of 31 December 2022, the Group had bank balances and cash of approximately HK\$1.7 million but recorded current liabilities of approximately HK\$16.2 million.

The Management advised that although the bank balances and cash was notably lower than the current liabilities balance as at each of 31 December 2022, 2023 and 2024, the settlement of obligations related to the current liabilities were met through a combination of (i) bank balances and cash of the Group; (ii) an increase in amounts due to directors; (iii) funds from the settlement of trade and other receivables, at the

relevant time; and (iv) to the extent accepted by its creditors, the Group negotiated more favourable settlement terms and/or delayed the settlement of its payables at the material time in part or in whole.

The auditor of the Company indicated that material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern as at 31 December 2022, 2023 and 2024, respectively. Further details of which are set out under sections headed "Material uncertainty related to the Group's going concern for the year ended 31 December 2022", "Material uncertainty related to the Group's going concern for the year ended 31 December 2023" and "Material uncertainty related to the Group's going concern for the year ended 31 December 2024" in Appendix II to the Circular, respectively. In this connection, Shareholders should take note of the material uncertainty related to the Group's going concern as noted by the auditor of the Company when assessing whether to accept the Offer or not. Shareholders should also note that the auditor of the Company would reassess the Group's financial position and the circumstances that led to the material uncertainty related to the Group's going concern during the course of their annual audit for the year ending 31 December 2025. The audit opinion will be issued based on the information available at that time.

**(b) Prospects and outlook of the restaurant sector in Hong Kong**

As set out in the Letter from the Board, the Company is principally engaged in investment holding and the Group is principally engaged in restaurant operations in Hong Kong.

Set out below are (i) the gross domestic product at current market prices ("GDP") of Hong Kong; (ii) the restaurant receipts; (iii) the number of employed persons; and (iv) the median monthly employment earnings of employed person of Hong Kong, for the period from 2022 to 2024, as well as the first quarter of 2024 ("2024Q1") and the first quarter of 2025 ("2025Q1") as extracted from the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region (the "HKCSD").

**Table 1**

	2022	2023	2024	2024Q1	2025Q1
GDP (HK\$' million)	2,808,969	2,983,408	3,175,094	766,812	799,709
Restaurant receipts (HK\$' million)	86,833	109,538	109,393	28,208	28,036
Employed persons (No.'000)	3,613.2	3,709.6	3,693.6	3,688.4	3,692.7
Median monthly employment earnings of employed person (HK\$')	19,000	20,000	20,000	20,000	20,100

Source: Census and Statistics Department of Hong Kong

As shown in the table above, overall GDP increased (i) from approximately HK\$2,809.0 billion in 2022 to approximately HK\$3,175.1 billion in 2024; and (ii) from approximately HK\$766.8 billion for 2024Q1 to approximately HK\$799.7 billion for 2025Q1. Restaurant receipts increased from approximately HK\$86.8 billion in 2022 to approximately HK\$109.4 billion in 2024 and was approximately HK\$28.2 billion for 2024Q1 and approximately HK\$28.0 billion for 2025Q1. The number of employed persons during 2022 to 2024 was broadly stable, ranging from approximately 3.6 million to approximately 3.7 million and maintained at approximately 3.7 million for 2024Q1 and 2025Q2. The median monthly employment earnings of employed person increased slightly from HK\$19,000 in 2022 to HK\$20,000 in 2024, and HK\$20,100 in 2025Q1, compared to HK\$20,000 in 2024Q1.

In addition, we also noted from data published by the HKCSD titled “Views on expected changes in business situation”<sup>1</sup> that for the third quarter of 2025, for establishments in accommodation and food services, 66% is of the view that the expected change in business situation as compared with the second quarter of 2025 is the same, 25% is of the view that it will be worse and 9% is of the view that it will be better.

Furthermore, we noted that majority of the Comparable Companies (defined hereafter) which are considered to be of a similar size and scale in operations of the Group also recorded loss attributable to its owners for latest completed financial year.

In this connection, having considered, (i) the Management’s view that despite the current stable economic environment as set out in the preceding paragraphs, including the data under Table 1, under this sub-section, it remains a challenge for companies with similar size and scale to that of the Group to generate profit; (ii) the material uncertainties related to the Group’s going concern as set out under section headed “Material uncertainty related to the Group’s going concern for the year ended 31 December 2022, 2023 and 2024” in this letter; and (iii) although the Offer provides the Independent Shareholders with an assured exit opportunity to realise their investments in the Shares at the Offer Price, Independent Shareholders should note that the closing price of the Shares as at the Latest Practicable Date was notably higher than the Offer Price and are reminded to consider the principal factors and reasons considered by us and the recommendation under the section headed “RECOMMENDATION” in this letter before deciding on whether to accept the Offer. If the Independent Shareholders decide to remain as a Shareholder, they should be aware on the auditor’s view of the material uncertainties relating to the Group’s going concern.

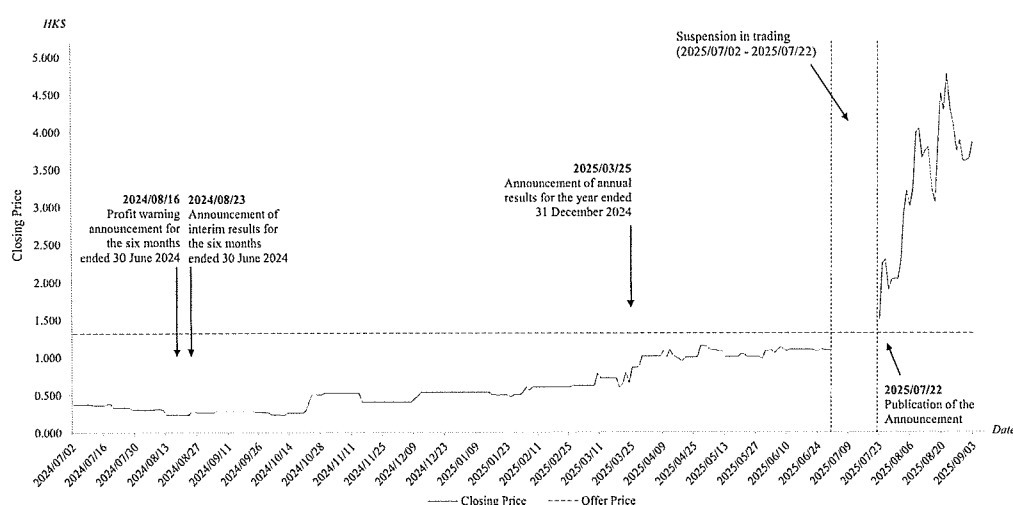
For information regarding the Offeror’s intention in relation to the Group, please refer to the section headed “5. Information on the Offeror and the intention of the Offeror in relation to the Group” in this letter below.

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<sup>1</sup> Source: [www.censtatd.gov.hk/en/webtable.html?id=330-41001](http://www.censtatd.gov.hk/en/webtable.html?id=330-41001)

## 2. Historical Share price performance

We have reviewed and analysed the closing price of Shares (i) for approximately 12 months immediately prior to the Last Trading Day commencing on 2 July 2024 and up to and including the Last Trading Day (the “**First Review Period**”); and (ii) from the day immediately following the date of the Joint Announcement up to and including the Latest Practicable Date (the “**Second Review Period**” together with the First Review Period, the “**Review Period**”) below:



Source: website of the Stock Exchange (<http://www.hkex.com.hk>)

The Offer Price of HK\$1.318 represents (a) a premium of approximately 46.7% over the average closing Share price of approximately HK\$0.899 per Share for the Review Period; (b) a premium of approximately 20.9% over the closing price of HK\$1.090 per Share as quoted on the Stock Exchange on the Last Trading Day; and (c) a discount of approximately 65.8% to the closing price of HK\$3.850 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

### ***First Review Period***

During the First Review Period, the closing price of Shares fluctuated between the range from HK\$0.225 (9 October 2024) to HK\$1.150 (29 and 30 April 2025) (the “**First Review Period Price Range**”), with an average of approximately HK\$0.594 per Share. At the commencement of the First Review Period around early July 2024, the closing price of Shares was below HK\$0.400 per Share. Subsequently on 16 August 2024, the Company issued a profit warning announcement its unaudited consolidated interim results for the six months ended 30 June 2024. The closing price of Shares on the trading day immediately after the profit warning announcement of the Company (i.e. 19 August 2024) was HK\$0.234. From 19 August 2024 up to and including the trading day immediately after the publication of the interim results announcement of the Company for the six months ended 30 June 2024 dated 23 August 2024, the closing price per Share was below HK\$0.300.

Since the trading day immediately after the publication of the profit warning announcement for the six months ended 30 June 2024 (i.e. 19 August 2024), the closing price per Share has increased gradually over time, which was against the trend of the Group’s interim financial results for the six months ended 30 June 2024 as the loss for the period was greater than the corresponding prior year period. As confirmed by the Directors, save for the information as set out in the interim results announcement of the Company for the six months ended 30 June 2024 dated 16 August 2024, the Directors were not aware of any matters related to the Group which might have a material effect on the price of Shares at the relevant time.

The closing price of Shares from the trading day immediately after the annual results announcement of the Company for the year ended 31 December 2024 dated 25 March 2025 up to and including the Last Trading Day was between HK\$0.860 and HK\$1.150 per Share.

In general, the closing price of Shares experienced an upward trend during the First Review Period. Nonetheless, it is noted that the Offer Price was higher than the range of closing price of Shares during the First Review Period and represents (i) a premium of approximately 14.6% over the highest closing price of Shares; (ii) a premium of approximately 485.8% over the lowest closing price of Shares; and (iii) a premium of approximately 121.7% over the average daily closing price of Shares’ during the First Review Period.

### ***Second Review Period***

During the Second Review Period, the closing price per Share ranged from HK\$1.500 to HK\$4.770 (the “**Second Review Period Price Range**”) with an average closing price per Share of approximately HK\$3.302. The closing price per Share as at the Latest Practicable Date was HK\$3.850. The Offer Price represents (i) a discount of approximately 60.1% to the average daily closing price of Shares during the Second Review Period; and (ii) a discount of approximately 65.8% to the closing price of Shares as at the Latest Practicable Date.

It is noted that the closing price of Shares experienced a notable increase after publication of the Joint Announcement during the Second Review Period, with the highest closing price of HK\$4.770 per Share. As confirmed by the Directors, save for the information as set out in the Joint Announcement, and the 2025 Interim Results Announcement dated 29 August 2025 which set out that the Group recorded a loss attributable to the owners of the Company of approximately HK\$3.0 million the Directors were not aware of any matters related to the Group which might have a material effect on the price of Shares. We consider that such fluctuation in the price of Shares after the release of the Joint Announcement may be attributable to market reactions to the Offer by the Offeror and/or prospects of the Group being controlled by the Offeror. The details of the Offeror and its intention in relation to the Group are set out in the Letter from Silverbricks Securities in the Composite Document and under section headed “5. Information on the Offeror and the intention of the Offeror in relation to the Group” in this letter. The closing price and trading volume of the Shares have notably increased during the Second Review Period and the closing price of the Shares was notably above the Offer Price as at Latest Practicable Date. The price and trading volume of the Shares may or may not continue to increase after the Latest Practicable Date and/or after closing of the Offer where the Offeror continued to be the controlling Shareholder of the Group. However, Shareholders should note that the Group have been loss making for the past three financial years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, and the auditor of the Company has expressed that material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern as at 31 December 2022, 2023 and 2024, respectively.

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



### 3. Liquidity of Shares

The table below sets out the trading volume of Shares during the Review Period:

Month/period	Total trading volume of the Shares	Number of trading days in the month/period	Average daily trading volume per trading day in the month/period	Percentage of average daily trading volume to total number of Shares in issue (Note 1) Approximate %	Percentage of average daily trading volume to total number of Shares held by public Shareholders (Note 2) Approximate %
<b>First Review Period</b>					
<b>2024</b>					
July (from 2 July 2024)	1,208,500	22	54,932	0.10%	0.29%
August	585,500	22	26,614	0.05%	0.14%
September	70,000	19	3,684	0.01%	0.02%
October	895,750	21	42,655	0.08%	0.22%
November	50,000	21	2,381	<0.01%	0.01%
December	1,165,750	20	58,288	0.10%	0.30%
<b>2025</b>					
January	386,250	19	20,329	0.04%	0.11%
February	293,125	20	14,656	0.03%	0.08%
March	971,750	21	46,274	0.08%	0.24%
April	495,750	19	26,092	0.05%	0.14%
May	714,375	20	35,719	0.06%	0.19%
June (up to and including the Last Trading Day)	595,750	21	28,369	0.05%	0.15%
<b>Second Review Period</b>					
<b>2025</b>					
July (from 23 July 2025) (Note 3)	10,535,375	7	1,505,054	2.70%	7.87%
August	13,177,900	21	627,519	1.13%	3.28%
September (up to and including the Latest Practicable Date)	404,750	3	134,917	0.24%	0.71%

Source: [www.hkex.com.hk](http://www.hkex.com.hk)

Notes:

1. Calculated based on the total number of the Shares in issue at the end of month/period.
2. Calculated based on the total number of the Shares held by public shareholders (i.e. excluding the shares held by the Vendors/Offeror and parties acting in concert with it) as at the respective month/period.
3. During the Review Period, the trading in the Shares had been halted on 2 July 2025 and trading was resumed on 23 July 2025.

As set out in the table above, during the First Review Period, the percentage of average daily trading volume of the Shares by month/period were in the range of (a) less than 0.01% to approximately 0.10%, with an average daily trading volume of approximately 0.05% of the total number of issued Shares; and (b) approximately 0.01% to approximately 0.30%, with an average daily trading volume of approximately 0.16% of the total number of Shares held by public Shareholders. The average daily trading volume of Shares during the First Review Period of approximately 30,000 Shares was generally thin and not active. It is also noted that, during the First Review Period, there were a total of 245 trading days, of which 113 days recorded no trading of Shares.

During the Second Review Period, the percentage of average daily trading volume of the Shares by month/period were in the range of (a) approximately 0.24% to approximately 2.70%, with an average daily trading volume of approximately 1.36% of the total number of issued Shares; and (b) approximately 0.71% to approximately 7.87%, with an average daily trading volume of approximately 3.95% as to the total number of Shares held by public Shareholders.

Given the percentage of average daily trading volume to total number of Shares in issue and to total number of Shares held by public Shareholders are not more than 0.10% and 0.30% for most of the month/period during the First Review Period, it is noted that the trading liquidity of the Shares has been generally low in the open market. Considering the thin historical average daily trading volume of Shares during the First Review Period, it is uncertain that the overall liquidity of Shares could be maintained and that there would be sufficient liquidity in Shares for the Independent Shareholders to realise a significant number of Shares over a prolonged period in the open market without exerting downward pressure on the Share price. Independent Shareholders who wish to sell his/her/its Shares should carefully consider whether to sell his/her/its Shares in the open market or accept the Offer, based on the then market price of Shares during the Offer Period. We, therefore, consider that the Offer provides the Independent Shareholders with an assured exit at the Offer Price if they wish to realise their investments in Shares.

### ***Summary***

Under the sections headed “2. Historical Share price performance” and “3. Liquidity of Shares”, we noted that (a) the Offer Price is at a premium to the average closing price of Shares and above the First Review Period Price Range; (b) the Offer Price is at a discount to the average closing price of Shares during the Second Review Period and below the closing Share price as at the Latest Practicable Date; (c) the Offer Price is at a premium to the average closing price of Shares during the Review Period; (d) the historical trading liquidity of the Shares has been generally low in the open market during the First Review Period, but both price and liquidity has increased since the publication of the Joint Announcement during the Second Review Period, which may be attributable to market reactions to the Offer and/or prospects of the Group being controlled by the Offeror. Furthermore, the Directors have confirmed that, save for the information as set out in the Joint Announcement and the 2025 Interim Results

Announcement, the Directors were not aware of any matters related to the Group which might have a material effect on the price of Shares at the material time, such level of liquidity and/or price may or may not continue to increase after the Latest Practicable Date and after closing of the Offer. However, given the closing price of the Shares as at the Latest Practicable Date is significantly higher than the Offer Price together with the above factors, we are of the view that the Offer Price is not fair and reasonable. Nonetheless, we have further conducted an analysis on comparable companies below.

#### 4. Comparable companies analysis

In assessing the fairness and reasonableness of the Offer Price, we have considered analysis on the price-to-book ratios (the “**P/B Ratio**”), the price-to-sale ratios (the “**P/S Ratio**”) and price-to-earnings ratios (the “**P/E Ratio**”) of companies which are listed on the GEM of the Stock Exchange and are engaged in similar businesses to those of the Group for comparison purposes. It is noted that the P/B Ratio, P/S Ratio and P/E Ratio are the commonly used valuation benchmarks in evaluating the valuation of a company. However, we noted that the (i) Group recorded a loss for the year attributable to its owners for FY2024, thus we do not consider the price-to-earnings analysis to be applicable for the Group; and (ii) it may be more typical for P/B Ratio to be used as a valuation benchmark to value asset heavy companies. As the Company is not considered to be an asset heavy company, we also do not consider the price-to-book analysis to be applicable for the Group.

Based on the revenue of the Group of approximately HK\$35.7 million for FY2024, and the total implied value of the Company under the Offer<sup>2</sup>, being approximately HK\$73.5 million, the implied P/S Ratio (the “**Implied P/S Ratio**”) of the Company under the Offer would be approximately 2.06 times. The material uncertainties related to the Group’s going concern, as set out under section headed “Material uncertainty related to the Group’s going concern for the year ended 31 December 2022, 2023 and 2024” in this letter, do not affect the reliability of the revenue of the Group for the year ended 31 December 2024 used to calculate the Implied P/S Ratio. However, Shareholders should be aware of the potential risks associated with the material uncertainties relating to going concern, including that the level of revenue recorded by the Group for the year ended 31 December 2024 may or may not be an indication of the future revenue level of the Group.

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<sup>2</sup> On the basis of the Offer Price of HK\$1.318 per Offer Share and 55,750,000 Shares in issue as at the Latest Practicable Date, the implied value of the Company under the Offer is calculated to be approximately HK\$73.5 million.

For the purpose of our analysis, we have identified comparable companies based on the following criteria: (i) the shares of which are listed on the GEM of the Stock Exchange excluding listed companies which were under suspension as at the Last Trading Day and/or Latest Practicable Date; (ii) engages in principal business similar to those of the Group namely, operation of restaurant or food and beverage related business in Hong Kong, which contributed over 50% of its total revenue for the latest completed financial year; (iii) a market capitalisation of not less than HK\$25 million and not more than HK\$100 million as at the Last Trading Day and the Latest Practicable Date, which was determined with reference to the implied market capitalisation of the Company of approximately HK\$73.5 million under the Offer, and with a view to capture sufficient number of companies with similar market capitalisation for our comparison purposes; and (iv) excludes listed companies with a modified opinion issued by subject auditor for its latest completed financial year as the Group's latest published audited consolidated financial statements for the year ended 31 December 2024 did not contain a modified opinion, thus excluding listed companies with a modified opinion would facilitate a like-for-like comparison (the "**Criteria**"). Based on the Criteria, we have identified, to the best of our knowledge, an exhaustive list of six comparable companies (the "**Comparable Companies**"). The table below sets out the market capitalisation, equity attributable to its owners, the P/S Ratio of each of the Comparable Companies and the Implied P/S Ratio of the Company under the Offer for comparison purposes.

For information purposes, when determining the market capitalisation criteria of the Comparable Companies (the "**Market Capitalisation Criteria**"), we have considered, among others, a market capitalisation which is comparable to that of the Company to ensure the Comparable Companies are fit for our comparison purposes. To this end, we noted that the historical market capitalisation of the Company during the First Review Period was approximately HK\$12.5 million to HK\$64.1 million with an average of approximately HK\$33.1 million as well as the implied market capitalisation of the Company of approximately HK\$73.5 million under the Offer. We have considered the above figures during the First Review Period as a basis to determine the Market Capitalisation Criteria as the historical market capitalisation have not been affected by the Offer, therefore reflects the market value (i.e. market capitalisation) of the Company.

We have not used the market capitalisation of the Company during the Second Review Period to determine the Market Capitalisation Criteria as the closing Share price has increased substantially after the Joint Announcement and given that (i) the Group has been loss making for the past three completed financial years ended 31 December 2022, 2023 and 2024 together with the auditor's opinion on material uncertainty of the related to the Group's going concern for the year ended 31 December 2022, 2023 and 2024 as set out under the section headed "Material uncertainty related to the Group's going concern for the year ended 31 December 2022, 2023 and 2024"; and (ii) no new material financial information has been published by the Company since the publication of the 2024 Annual Report on 29 April 2025 which could justify the significant raise in the Share price during the Second Review Period, save for the 2025 Interim Results Announcement dated 29 August 2025 which set out that the Group recorded a loss attributable to

the owners of the Company of approximately HK\$3.0 million. On this basis, the change in Share price level during the Second Review Period may not be directly reflecting the underlying financial performance of the Group nor the uncertainties around the Group's going concern as expressed by the auditor, to this end, may or may not be sustainable in the long run, therefore we do not consider the market capitalisation of the Company during the Second Review Period to be an appropriate factor to determine the Market Capitalisation Criteria. Based on the above, we have determined the Market Capitalisation Criteria to be in the range of not less than HK\$25 million and not more than HK\$100 million as at the Last Trading Day and the Latest Practicable Date.

Company name (stock code)	Principal business (Revenue contribution from operation of restaurant or food and beverage related business in Hong Kong)	Market capitalisation as at the Latest Practicable Date HK\$' million	Equity attributable to the owners of the company as at latest published financial statements HK\$'	P/S Ratio (Note 1)
Life Concepts Holdings Limited ("Life Concepts") (8056)	Principally engaged in (i) catering operations, including operation of restaurants and trading of food and beverages; (ii) interior design and fitting-out business; (iii) provision of consulting services in relation to organic vegetables research and development, plantation and sales; and (iv) provision of financial institution intermediation services. (approximately 88.1%)	28.2	(67,531,000)	3.82
China Demeter Financial Investments Limited (8120)	Principally engaged in (i) food and beverage business; (ii) money lending business; (iii) financial services business; (iv) securities investment business; (v) alcoholic beverage distribution and miscellaneous business; and (vi) provision of children education services. (approximately 87.9%)	58.3	45,792,000	0.43
Bar Pacific Group Holdings Limited (8432)	Principally engaged in the operation of chain of bars and restaurants in Hong Kong and the PRC under the brands of "Bar Pacific", "Pacific", "Moon Ocean" and "Katachi", as well as property investments in Hong Kong. (approximately 99.1%)	33.9	5,876,000	0.17
MS Concept Limited (8447)	Principally engaged in provision of catering services in Hong Kong (approximately 100%)	42.0	10,901,000	0.17
1957 & Co. (Hospitality) Limited (8495)	Principally engaged in operation of restaurants and provision of catering management and consultancy services. (approximately 100%)	85.6	54,449,000	0.18
XinXiang Era Group Company Limited (8519)	Principally engaged in operation of restaurants in Hong Kong. (approximately 100%)	54.5	650,000	0.22
			Maximum	3.82
			Minimum	0.17
			Average	0.83
The Company				
	Equity attributable to the owners of the Company as at 31 December 2024		9,509,000	
	Implied market capitalisation under the Offer (HK\$' million)		73.5	
	Implied P/S Ratio (times)		2.06	

*Note:*

1. For illustration purpose, the market capitalisation, P/S Ratio are calculated based on, where applicable, the closing price of the share of the respective Comparable Companies on the Latest Practicable Date, the total number of issued shares based on the then latest monthly return of the subject listed company published on the website of the Stock Exchange, and their respective revenue for the latest completed financial year as at the Latest Practicable Date.

*Analysis on P/S Ratio*

We have also conducted analysis on the P/S Ratio under the Offer against that of the Comparable Companies. P/S Ratio is one of the valuation multiples for evaluating the value of a subject company based on the size of its revenue, which is not an uncommon method to assess loss making companies. In this connection, we have also conducted additional analysis on the P/S Ratio with a view to further assess the fairness and reasonableness of the Offer Price.

It is noted from the above table that the P/S Ratio of the Comparable Companies ranged from approximately 0.17 times to 3.82 times, with an average of approximately 0.83 times (“**P/S Ratio Range**”). Based on their respective latest published consolidated financial statements, the revenue recorded by the Comparable Companies for the latest completed financial year ranged from approximately HK\$7.4 million to approximately HK\$470.4 million, compared to approximately HK\$35.7 million of the Group. The Implied P/S Ratio of the Company as represented by the Offer Price of approximately 2.06 times, is higher than all of the P/S Ratio of the Comparable Companies except for the P/S Ratio of Life Concepts, within the P/S Ratio Range and higher than the average P/S Ratio of the Comparable Companies.

*Summary*

Having considered (a) the Offer Price is at a premium to the average closing price of Shares and above the First Review Period Price Range; (b) the Offer Price is at a notable discount to the average closing price of Shares during the Second Review Period and substantially below the closing Share price of HK\$3.850 as at the Latest Practicable Date; (c) the Offer Price is at a premium to the average closing price of Shares of approximately HK\$0.899 during the Review Period; (d) the historical trading liquidity of the Shares has been generally low in the open market during the First Review Period, but both price and liquidity has increased since the publication of the Joint Announcement during the Second Review Period, which may be attributable to market reactions to the Offer and/or prospects of the Group being controlled by the Offeror after the Offer, such level of liquidity and/or price may or may not be sustainable; and (e) the Implied P/S Ratio is higher than all of the P/S Ratio of the Comparable Companies except for the P/S Ratio of Life Concepts, within the P/S Ratio Range and above the average P/S Ratio of the Comparable Companies, we consider the Offer Price to be not fair and reasonable so far as the Independent Shareholders are concerned.

## **5. Information on the Offeror and the intention of the Offeror in relation to the Group**

The following information of the intention of the Offeror regarding the Group has been extracted from the Letter from Silverbricks Securities.

### ***(a) Information of the Offeror***

As stated in the Letter from Silverbricks Securities contained in the Composite Document, the Offeror was incorporated in BVI with limited liability. The Offeror is principally engaged in investment holding and the Offeror's group is principally engaged in restaurant operations in Hong Kong. The directors of the Offeror are Mr. Kwok Chun Kwan, Mr. Chan Benson, and Ms. Ho Helen Kayee. The Offeror is directly and beneficially owned as to 53%, 27%, 10%, 7% and 3% by Mr. Kwok Chun Kwan, Mr. Chan Benson, Ms. Ho Helen Kayee, Mr. Wong Kin Man, and Ms. Kwok Li Fa Eva, respectively.

As at the Latest Practicable Date, the Offeror, its ultimate beneficial shareholders and parties acting in concert with any of them are interested in 36,615,125 Shares, representing approximately 65.7% of the total issued share capital of the Company.

Mr. Kwok Chun Kwan, aged 36, has over 15 years of experience in the food and beverage industry in Hong Kong. He currently serves as the chairman and founder, and is also one of the directors, of THAC Group. Since 2025, Mr. Kwok has been serving as the vice chairperson of the board of directors of Yan Oi Tong.

THAC Group founded by Mr. Kwok in 2016, is a diversified catering group in Hong Kong. THAC Group is principally engaged in the operation of more than 30 restaurants across 11 distinctive restaurant brands, including Jasmine Cuisine (茶皇殿), Seasons Café (四季冰室), Pearl Castle (圓香), and T Goose Factory (一木燒鵝), offering a wide variety of innovative dining experiences in Hong Kong. Its customer base covers local families, students, working professionals, and international visitors seeking authentic Hong Kong flavours.

As at the Latest Practicable Date, Mr. Kwok does not hold any directorship in any listed company in Hong Kong and is not a substantial shareholder of any listed company in Hong Kong. Mr. Kwok is the spouse of Ms. Ho Helen Kayee.

Mr. Chan Benson, aged 36, has approximately 8 years of experience in the food and beverage industry in Hong Kong. He is one of the directors of THAC Group. Mr. Chan holds a bachelor's degree from the University of California, Irvine.

As at the Latest Practicable Date, Mr. Chan Benson does not hold any directorship in any listed company in Hong Kong and is not a substantial shareholder of any listed company in Hong Kong.

Ms. Ho Helen Kayee, aged 35, has approximately 8 years of experience in the food and beverage industry in Hong Kong. She is one of the directors of THAC Group.

As at the Latest Practicable Date, Ms. Ho Helen Kayee does not hold any directorship in any listed company in Hong Kong and is not a substantial shareholder of any listed company in Hong Kong. Ms. Ho Helen Kayee is the spouse of Mr. Kwok.

Immediately before the Completion, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them are third parties independent of, and not connected with, either the Company or any of its connected persons.

***(b) Intention of the Offeror in relation to the Group***

As set out in the Letter from Silverbricks Securities, it is the intention of the Offeror to continue with the Group's existing principal business activities.

Upon Completion, while continuing the principal business of the Group, the Offeror will conduct a review of the existing principal businesses, operations, financial position, investments, proposed investments of the Group for the purpose of formulating long-term business plans and strategies for the future business development of the Group.

Further, subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, 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 Group. As at the Latest Practicable Date, the Offeror has no intention to introduce major changes to the existing business of the Group and intends to maintain the Company's existing principal activities.

As at the Latest Practicable Date, no material investment or business opportunity has been identified nor has the Offeror, its ultimate beneficial shareholders or any party acting in concert with any of them entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any asset or business into the Group.

The Offeror will, depending on the business operations and development of the Group in the future, constantly review the employee structure of the Group so as to meet the needs of the Group from time to time. As at the Latest Practicable Date, the Offeror has no intention to (i) discontinue the employment of any employees of the Group (who are not Directors of the Company); or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business. However, the Offeror reserves the right to make such changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.



***(c) Proposed change to the Board composition***

As set out in the Letter from Silverbricks Securities, it is intended that all seven Directors will resign with effect from the earliest time permitted under the GEM Listing Rules and Rule 7 of the Takeovers Code (i.e. after the publication of the closing announcement on the closing date of the Offer). The Offeror intends to nominate new Directors to the Board immediately upon the said resignation becoming effective and any such appointment will be made in compliance with the Takeovers Codes and the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

The Offeror proposes to nominate Mr. Kwok Chun Kwan, Mr. Chan Benson and Ms. Ho Helen Kayee as executive Directors.

The proposed term of office and level of remuneration of each of the proposed new Directors shall be determined and announced by the Company in due course. As at the Latest Practicable Date, the Company has not entered into a service contract with any of the proposed new Directors in respect of his/her proposed appointment as a Director.

Save as the 36,615,125 Shares (representing approximately 65.7% of the total issued share capital of the Company) held by the Offeror and disclosed in the Letter from Silverbricks Securities, as at the Latest Practicable Date, each of the proposed new Directors nominated by the Offeror (i) does not hold any other position in the Company or its subsidiaries nor have any relationship with any Director, senior management, substantial shareholders or controlling shareholders of the Company; (ii) has not held any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or other major appointments and professional qualifications; and (iii) does not have, and is not deemed to have, any interests in any shares, underlying shares or debentures of the Company and/or its associated corporation(s) within the meaning of Part XV of the SFO and under the Takeovers Code.

Save as disclosed above, there is no information that needs to be disclosed pursuant to the requirements under Rules 17.50(2)(h) to (w) of the GEM Listing Rules, and there is no other matter that needs to be brought to the attention of the Shareholders in relation to the appointment of the proposed new Directors nominated by the Offeror.

For further details, please refer to the Letter from Silverbricks Securities.

***(d) Public float and maintaining the listing status of the Company***

As stated in the Letter from Silverbricks Securities, the Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer and has no intention to privatise the Company. It 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, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury shares), are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

Therefore, it should be noted that upon the close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror and any new Director(s) to be appointed to the Board of the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's Shares.

We recommend the Shareholders, prior to deciding on whether to accept the Offer, dispose its/his/her Shares in the open market or maintain as a Shareholder, to also consider the information summarised under this section, namely, (i) the Group is principally engaged in restaurant operations in Hong Kong; (ii) THAC Group is principally engaged in the operation of more than 30 restaurants across 11 restaurant brands in Hong Kong offering a wide variety of innovative dining experiences in Hong Kong, which may have potential synergies between the Offeror's group (i.e. THAC Group) and the Group going forward depending on the Offeror's future strategy of the Offeror's group (i.e. THAC Group) and the Group respectively; (iii) the Offeror intends to continue with the Group's existing principal business activities; (iv) the Offeror proposes to nominate Mr. Kwok Chun Kwan, Mr. Chan Benson and Ms. Ho Helen Kayee as executive Directors who have over 15 years, 8 years and 8 years of experience, respectively, in the food and beverage industry in Hong Kong based on the Letter from Silverbricks Securities; and (v) the Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. For those Shareholders who holds the view that the prospects of the Group under the control of the Offeror is favourable, please take note of the principal factors and reasons considered by us as set out in point (a) to (g) and the recommendation under the section headed "RECOMMENDATION" in this letter before deciding on whether to maintain as a Shareholder. For those Shareholders who holds the view that the Group under the control of the Offeror is unfavourable, they should take into account the principal factors and reasons considered by us as set out in point (a) to (g) and the recommendation under the section headed "RECOMMENDATION" in this letter below carefully before deciding on whether to dispose the Shares in the market, in part or in whole, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer, or accept the Offer in part or in whole, if the net proceeds from the sale of such Shares in the open market would be less than the net proceeds receivable under the Offer.

## RECOMMENDATION

Having considered the abovementioned principal factors and reasons for the Offer, in particular that:

- (a) the Offer Price was higher than the First Review Period Price Range and represents (i) a premium of approximately 14.6% over the highest closing price of Shares; (ii) a premium of approximately 485.8% over the lowest closing price of Shares; and (iii) a premium of approximately 121.7% over the average daily closing price of Shares, during the First Review Period;
- (b) the Offer Price represents (i) a discount of approximately 72.4% to the highest closing price of Shares; (ii) a discount of approximately 12.1% to the lowest closing price of Shares; and (iii) a discount of approximately 60.1% to the average daily closing price of Shares, during the Second Review Period;
- (c) the Offer Price was within the range of the closing price per Shares during the Review Period and represents (i) a discount of approximately 72.4% to the highest closing price of Shares; (ii) a premium of approximately 485.8% over the lowest closing price of Shares; and (iii) a premium of approximately 46.7% over the average daily closing price of Shares, during the Review Period;
- (d) the Offer Price of HK\$1.318 represents (a) a premium of approximately HK\$1.147 (being approximately 672.6%) over the audited consolidated net asset value of the Group of approximately HK\$0.1706 per Share as at 31 December 2024; and (b) a premium of approximately HK\$1.201 (being approximately 1,025.9%) to the unaudited consolidated net asset value of the Group of approximately HK\$0.1706 per Share as at 30 June 2025;
- (e) the Implied P/S Ratio under the Offer of approximately 2.06 times is higher than all of the P/S Ratio of the Comparable Companies except for the P/S Ratio of Life Concepts, within the P/S Ratio Range, being from approximately 0.17 times to approximately 3.82 times; and
- (f) the closing price was increased from HK\$1.090 per Share on the Last Trading Day to HK\$1.50 per Share on the day immediately following the date of the Joint Announcement and reached the highest closing price per Share of HK\$4.77 on 22 August 2025 during the Second Review Period,

we are of the opinion that the Offer is, on balance, not fair and reasonable so far as the Independent Shareholders are concerned.

On the other hand, having considered,

- (a) despite the current stable economic environment in Hong Kong as set out in the section headed “(b) Prospects and outlook of the restaurant sector in Hong Kong” in this letter, a majority of the Comparable Companies, which are with similar size and scale to that of the Group, has not generated profit for their latest completed financial year;
- (b) the Group has recorded loss for each of the years ended 31 December 2022, 2023 and 2024, and the material uncertainties related to the Group’s going concern as set out under section headed “Material uncertainty related to the Group’s going concern for the year ended 31 December 2022, 2023 and 2024” in this letter. In addition, the Group recorded a loss attributable to the owners of the Company of approximately HK\$3.0 million for the six months ended 30 June 2025 as set out in the 2025 Interim Results Announcement dated 29 August 2025; and
- (c) the thin historical trading volume of the Shares on the Stock Exchange during the First Review Period as discussed under the section headed “3. Liquidity of Shares” in this letter, and that the Independent Shareholders may experience difficulties in disposing significant number of their Shares in the open market without creating downward pressure on the price of Shares and that there is no assurance on whether the Shares price and liquidity can maintain at the prevailing level beyond the Latest Practicable Date and/or the Offer Period,

the Independent Shareholders are recommended to sell their Shares in the open market instead of 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. Taking into account the factors above, we recommend the Independent Board Committee to recommend, and we recommend, the Independent Shareholders not to accept the Offer.

Shareholders should note that the closing price of Shares experienced a general upward trend during the First Review Period and was significantly increased to HK\$1.50 per Share on the day immediately following the date of the Joint Announcement and reached the highest closing price per Share of HK\$4.77 on 22 August 2025 during the Second Review Period. In view of the recent volatility of the closing share price during the Second Review Period, Independent Shareholders who wish to take the opportunity of the market price of the Shares to realise their investment in the Shares in the open market are reminded to closely monitor the market price and the trading liquidity of Shares during the Offer Period.

For Independent Shareholders who decide to remain as a Shareholder, they should be aware there are material uncertainties relating to going concern of the Group as expressed by the auditor of the Group.

As each individual Independent Shareholder would have different investment objectives and/or circumstances, we recommend any Independent Shareholders who may require advice in relation to any aspect of the Offer and/or 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. Furthermore, for Independent Shareholders wishes to accept the Offer, they should carefully read the procedures for accepting the Offer as set out in the Composite Document, its appendices and the accompanying Forms of Acceptance.

Yours faithfully,  
For and on behalf of  
**Red Sun Capital Limited**



**Lewis Lai**  
Managing Director

*Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 18 years of experience in the corporate finance industry.*