



Unit 710, 7/F, Wing On House
71 Des Voeux Road Central
Central, Hong Kong

29 September 2026

To 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 VICTOR XU LIMITED, ITS ULTIMATE BENEFICIAL
OWNERS OR PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

Reference is made to the Joint Announcement jointly published by the Offeror and the Company dated 8 September 2026 in relation to, among other things, the Acquisition and the Offer.

As disclosed in the Joint Announcement, on 2 September 2026 (after trading hours of the Stock Exchange), the Offeror (as the purchaser) and the Vendor (as the vendor) entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to acquire, the Sale Shares (i.e. a total number of 1,495,000,000 Shares, being 74.75% of the entire issued share capital of the Company as at the Latest Practicable Date), for total cash consideration of HK\$101,660,000 (equivalent to HK\$0.068 per Sale Share). Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell 1,495,000,000 Sale Shares (representing 74.75% of the entire issued share capital of the Company as at the Latest Practicable Date). The Consideration in the amount of HK\$101,660,000 payable by the Offeror to the Vendor under the Sale and Purchase Agreement at Completion. The Consideration was fully settled by the Offeror by cash from its internal resources immediately upon the signing of the Sale and Purchase Agreement. Such internal resources were neither borrowed from nor provided by any third party.

Completion took place immediately upon the signing of the Sale and Purchase Agreement on 2 September 2026.

Immediately prior to Completion, the Offeror, its ultimate beneficial owners or parties acting in concert with any of them did not own, control or have direction over any Shares or

other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Immediately upon Completion and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owners or parties acting in concert with any of them are interested in a total number of 1,495,000,000 Shares, representing 74.75% of the entire issued share capital of the Company as at the Latest Practicable Date and have become the controlling Shareholders.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make the mandatory unconditional cash offer to acquire all of the Shares in the issued share capital of the Company (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). Rainbow Capital is, on behalf of the Offeror, making the Offer in compliance with the Takeovers Code on the terms set out in this Composite Document.

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offer and the procedures for acceptance and settlement of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" to the Independent Shareholders, the "Letter from the Independent Financial Adviser" to the Independent Board Committee and the Independent Shareholders and the appendices as set out in this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

THE OFFER

Principal terms of the Offer

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

For each Offer Share HK\$0.068 in cash

The Offer Price of HK\$0.068 per Offer Share is equivalent to the Consideration paid by the Offeror (i.e. HK\$101,660,000), divided by the number of the Sale Shares (i.e. 1,495,000,000 Shares).

Save for the acquisition of the Sale Shares under the Sale and Purchase Agreement, the Facility Agreement and the share charges over the Sale Shares in connection with the Facility, neither the Offeror, the Offeror's sole director (i.e. Mr. Xu), the Offeror's ultimate beneficial owners nor any parties acting in concert with any of them (including but not limited to High

Surplus and Mr. Yiu To Wa) had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period.

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.

The Offer is extended to all Independent Shareholders, being Shareholders other than the Offeror, its ultimate beneficial owners and parties acting in concert with any of them in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrance and together with all rights and benefits attached and accrued thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

As at the Latest Practicable Date, there are 2,000,000,000 Shares in issue. The Company does not have any other outstanding Shares, options, derivatives, warrants or other securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code), and has not entered into any agreement for the issue of such Shares, options, derivatives, warrants or securities which are convertible or exchangeable into Shares or other relevant securities in the Company.

The Company confirms that as at the Latest Practicable Date, (i) it has not declared any dividend which is not yet paid; (ii) there was no dividend declared but unpaid; and (iii) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to and including the date of closing of the Offer.

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

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

Comparison of value

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

- (i) a discount of 93.20% to the last trading price of HK\$1.000 per Share as quoted on the Stock Exchange on 25 September 2026, being 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 2 September 2026, being the Last Trading Day;

- (iii) a discount of approximately 93.95% to the average closing price of HK\$1.124 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 93.70% to the average closing price of HK\$1.079 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 93.98% to the average closing price of HK\$1.130 per Share as quoted on the Stock Exchange for the last thirty (30) 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 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 created a mistaken image towards the intrinsic value of the Group subject to the liquidity of the Company and market's contemplation).

Accordingly, 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.

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 this Composite Document with respect to the Sale and Purchase Agreement and the Irrevocable Undertaking.

Highest and lowest Share Prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.415 per Share on 7 August 2026 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.405 per Share on 13 March 2026.

Irrevocable Undertaking

Immediately following Completion and as at the Latest Practicable Date, the Vendor holds 5,000,000 Shares, representing 0.25% of the entire issued share capital of the Company.

The Vendor's retention of the Undertaking Shares serves as a strategic mechanism to signal confidence in the Group's future prospects, align ongoing interests post-Completion, and facilitate a smooth operational transition by reassuring employees, customers, and key commercial stakeholders. By maintaining a minority foothold in the Group, the Vendor preserves a direct financial incentive to support its growth trajectory and ensure business continuity during the handover phase. Going forward, the Vendor regards this residual shareholding as a passive financial investment for capital appreciation, with no immediate intention of disposal; however, it may consider realizing value through open-market transactions or other exit arrangements as and when appropriate market conditions arise.

The Vendor has given the Irrevocable Undertaking in favour of the Offeror, pursuant to which it has undertaken that it (i) shall not accept the Offer in respect of the Undertaking Shares (i.e. 5,000,000 Shares held by the Vendor); (ii) shall not sell, transfer or otherwise dispose of, or charge, pledge or otherwise encumber, or grant any option or other right over the Undertaking Shares; and (iii) shall not otherwise make the Undertaking Shares available for acceptance under the Offer.

The Irrevocable Undertaking will cease to be binding upon the Offer being closed or withdrawn in compliance with the Takeovers Code.

Total value of the Offer

As at the Latest Practicable Date, there are 2,000,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and based on the Offer Price of

HK\$0.068 per Offer Share, the entire issued share capital of the Company is valued at HK\$136,000,000.

Immediately following Completion, save for the 1,495,000,000 Sale Shares (representing 74.75% of the entire issued share capital of the Company as at the Latest Practicable Date) acquired under the Sale and Purchase Agreement by the Offeror, on the assumption that there is no change in the issued share capital of the Company between the Latest Practicable Date and up to the close of the Offer:

- (i) a total of 505,000,000 Shares are subject to the Offer; and
- (ii) based on a total of 505,000,000 Offer Shares and the Offer Price of HK\$0.068 per Offer Share, the Offer is valued at HK\$34,340,000.

Confirmation of financial resources available for the Offeror

Immediately upon Completion and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owners or parties acting in concert with any of them are interested in a total number of 1,495,000,000 Shares, representing 74.75% of the entire issued share capital of the Company as at the Latest Practicable Date, and accordingly 505,000,000 Shares are subject to the Offer, the maximum amount of cash payable by the Offeror in respect of the consideration payable upon full acceptance of the Offer is HK\$34,340,000.00 (based on the Offer Price of HK\$0.068 per Offer Share).

For the purpose of the Offer and in view of the Irrevocable Undertaking, based on the Offer Price of HK\$0.068 per Offer Share and 500,000,000 Offer Shares (being 505,000,000 Shares held by the Vendor and public Shareholders less the 5,000,000 Undertaking Shares which are subject to the Irrevocable Undertaking), the maximum amount of cash payable by the Offeror in respect of the consideration payable upon full acceptance of the Offer is HK\$34,000,000, assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer.

The Offeror will finance and satisfy the maximum consideration payable under the Offer in the amount of HK\$34,000,000 by means of the Facility provided by High Surplus pursuant to the Facility Agreement in the amount of up to HK\$35,000,000.

The drawdown of the Facility is not subject to any subjective conditions. The Facility is secured by (i) a personal guarantee of Mr. Xu, the ultimate beneficial owner of the Offeror; and (ii) share charges over the Sale Shares and the Offer Shares to be acquired by the Offeror pursuant to the Offer (if any). The value of the Facility will not be affected by the value of the Charged Shares.

The Offeror (as borrower) has entered into the Facility Agreement with High Surplus (as lender), pursuant to which High Surplus has granted the Facility in the amount of up to

HK\$35,000,000 to the Offeror, which can fully cover the maximum amount of cash payable by the Offeror under the Offer.

Rainbow Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the amount of funds required upon full acceptance of the Offer.

High Surplus is a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is wholly- and beneficially-owned by Mr. Yiu To Wa, who is a Hong Kong citizen and an investor with investments mainly in listed securities and properties in Hong Kong and with experience in the money lending sector in Hong Kong.

Accordingly, High Surplus and Mr. Yiu To Wa are parties acting in concert with the Offeror under class (9) of the presumptions in the definition of “acting in concert” under the Takeovers Code. Save as aforesaid, the Offeror confirms that the Offeror, its ultimate beneficial owners or parties acting in concert with any of them have no other relationship with High Surplus and Mr. Yiu To Wa. High Surplus and Mr. Yiu To Wa were not Shareholders as at the Latest Practicable Date.

Effect of accepting the Offer

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

By accepting the Offer, the Independent Shareholders will be deemed to warrant that all Offer Shares to be sold by such person under the Offer are fully paid and free from all encumbrances and together with all rights and benefits attaching thereto as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the right to receive in full all dividends, distributions and any return of capital, if any, which may be made or declared or agreed to be made or declared, and the record date of which falls on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

Acceptances of the Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code, details of which are set out in the paragraph headed “6. RIGHT OF WITHDRAWAL” in Appendix I to this Composite Document.

Payment and settlement

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

No fractions of a cent (HK\$) will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent (HK\$).

Hong Kong's stamp duty

In Hong Kong, seller's ad valorem stamp duty payable by the Shareholders who accept the Offer is calculated at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to the relevant Independent Shareholders accepting the Offer. The Offeror will arrange for payment of the sellers' Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of (i) the Offeror, the Offeror's ultimate beneficial owners or parties acting in concert with any of them; (ii) the Company; (iii) Rainbow Capital; (iv) High Surplus; (v) the Independent Financial Adviser; (vi) the Registrar; and (vii) as the case may be, any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Independent Shareholders

The Offeror intends to make the Offer available to all Independent Shareholders including the Overseas Independent Shareholders. However, as the Offer to persons not being resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, the Overseas Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the sole responsibility of the Overseas Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting Overseas Independent Shareholders in respect of such jurisdictions).

Any acceptance by Overseas Independent Shareholders will be deemed to constitute a representation and warranty from such Overseas Independent Shareholders to the Offeror that the local laws and requirements have been complied with and such acceptance shall be valid and

binding in accordance with all applicable laws and regulations. Such Overseas Independent Shareholders should consult their respective professional advisers if in doubt.

According to the register of members of the Company as at the Latest Practicable Date, there were (i) one Overseas Independent Shareholder with registered address located in the PRC, who held 20,000,000 Shares as at the Latest Practicable Date (representing approximately 1% of the entire issued share capital of the Company as at the Latest Practicable Date); and (ii) one Overseas Independent Shareholder with registered address located in the British Virgin Islands, who held 5,000,000 Shares as at the Latest Practicable Date (representing approximately 0.25% of the entire issued share capital of the Company as at the Latest Practicable Date).

Advice has been obtained from legal advisers respectively qualified to advise on the laws of British Virgin Islands and that of the PRC, which opined that there is no requirement to obtain any prior approval, consent or registration with any governmental, regulatory or such other authority in the relevant jurisdictions in relation to the despatch of this Composite Document and the Form of Acceptance and to make the Offer to the Overseas Independent Shareholders in the British Virgin Islands and the PRC. The Offeror will therefore despatch this Composite Document and Form of Acceptance to such Overseas Independent Shareholders.

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and the Shares are listed on the main board of the Stock Exchange (stock code: 6063) since 15 April 2020. The Company is an investment holding company and its subsidiaries are principally engaged in the provision of design, supply and installation services for façade works and building metal finishing works.

Further information on the Group is set out in the “Letter from the Board” as contained in this Composite Document. Financial Information on the Group is set out in Appendix II to this Composite Document. Your attention is also drawn to the further information in relation to the Group as set out in Appendix III to this Composite Document.

INFORMATION ON 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 whom 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.

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 following section headed “Intention of the Offeror regarding the Group” in this Composite Document.

The Offeror and its ultimate beneficial owners (i.e. Mr. Xu and Ms. Lam Sin Shi), were Independent Third Parties prior to Completion.

* For identification purpose only

Immediately before Completion, none of the Offeror, its ultimate beneficial owners, its director or the parties acting in concert with any of them held any Shares. Immediately following the Completion, save and except for the total number of 1,495,000,000 Shares acquired by the Offeror under the Sale and Purchase Agreement, none of the Offeror, the ultimate beneficial owners and director of the Offeror and the parties acting in concert with any of them holds any other Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

As at the Latest Practicable Date, save and except as disclosed above, none of the Offeror, its ultimate beneficial owners or parties acting in concert with any of them is a substantial shareholder of any listed company in Hong Kong nor a director of any listed company in Hong Kong.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Upon Completion, the Offeror and parties acting in concert with it (i.e. Mr. Xu) became the controlling Shareholders of the Company and are interested in 74.75% of the issued share capital of the Company.

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, (i) the Offeror did not have any intention, understanding, negotiation, arrangement, and agreements (whether formal or informal, express or implied, verbal or in writing) to downsize or dispose of any existing business or assets of the Group; and (ii) no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation (whether formal or informal, express or implied, verbal or in writing) in relation to the disposal of any assets or business of 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. It is intended that Mr. Xu will be appointed as a Director, and the Offeror is in the course of identifying additional candidates for the Board. As at the Latest Practicable Date, save for the above, 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.

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

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

PUBLIC FLOAT AND MAINTENANCE OF 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. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

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

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

the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares; and if, at the close of the Offer, the Company has a Significant Public Float Shortfall, then:

- (i) the Stock Exchange will add a designated marker to the stock name of the Shares; and

- (ii) the Stock Exchange will cancel the listing of the Company's Shares if the Company fails to re-comply with Rule 13.32B of the Listing Rules for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

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

The steps that the Offeror may take include but not limited to placing down or selling sufficient number of accepted Shares which it will acquire from the Offer to selected independent third parties or in the market. No arrangements have been confirmed or put in place as at the Latest Practicable Date.

ACCEPTANCE AND SETTLEMENT OF THE OFFER

Your attention is drawn to the details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired under the Offer.

GENERAL

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

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

Attention of the Overseas Independent Shareholders is drawn to the paragraph headed "7. OVERSEAS INDEPENDENT SHAREHOLDERS" in Appendix I to this Composite Document. All communications, notices, Form of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or

sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. None of the Offeror and the parties acting in concert with it, the Company, Rainbow Capital, the Independent Financial Adviser, the Registrar or (as the case may be) their respective ultimate beneficial owners, directors, officers, agents and associates nor any other person involved in the Offer will be responsible for any loss or delay in postage or any other liabilities that may arise as a result thereof or in connection therewith. Further details have been set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

ADDITIONAL INFORMATION

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

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

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

A handwritten signature in black ink, appearing to read 'Larry Choi', is positioned above the printed name and title.

Larry Choi
Managing Director