SORRENTO CAPITAL LIMITED
擎天資本有限公司

24 July 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Madams,

UNCONDITIONAL MANDATORY CASH OFFER BY DL SECURITIES (HK) LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR AND THE OFFEROR CONCERT PARTIES)

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and the acceptance of which, particulars of which are set out in a composite offer and response document (the "**Composite Document**") dated 24 July 2026, in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them in the Composite Document.

On 25 May 2026, Hong Kong Weiye Software Co., Limited, as purchaser (the "**Offeror**"), Mr. Choi King Ting, Charles, as seller, (the "**Seller A**") and JC Fashion International Group Limited, as seller (the "**Seller B**", together with Seller A, the "**Sellers**") entered into the Share Purchase Agreement (as amended and supplemented by the Supplemental Agreement dated 3 June 2026) in relation to the sale and purchase of the Sale Shares, being 23,970,000 Shares, representing approximately 74.91% of the total issued Shares and the Sellers' entire shareholding in the Company as at the date of the Share Purchase Agreement for a total cash consideration of HK$198,519,540. Completion of the Share Purchase Agreement took place on 23 June 2026 pursuant to the terms and conditions of the Share Purchase Agreement after the conditions precedent under the Share Purchase Agreement being fulfilled.

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Immediately before Completion, (i) none of the Offeror, its ultimate beneficial owners, its director and the Offeror Concert Parties (save for the Sellers) held any Shares; and (ii) the Sellers were interested in 23,970,000 Shares, i.e. the Sale Shares. Upon Completion, the Offeror and the Offeror Concert Parties owned a total of 23,970,000 Shares, representing approximately 74.91% of the total issued shares of the Company as at the date of the Joint Announcement and the Latest Practicable Date. Pursuant to Rules 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 and/or agreed to be acquired by the Offeror and the Offeror Concert Parties) immediately after Completion.

DL Securities is, for and on behalf of the Offeror and in compliance with the Takeovers Code, making the Offer on the terms set out in the Composite Document on the following basis:

For each Offer Share .... HK$8.323 in cash

The Offer Price of HK$8.323 per Offer Share under the Offer is equal to the price per Sale Share paid by the Offeror for the 23,970,000 Sale Shares under the Share Purchase Agreement together with the Interest accruing on the Deferred Payment for a period of two months from the Completion Date divided by the number of the 23,970,000 Sale Shares (assuming the Deferred Payment is settled on the date falling two months from the Completion Date), the calculation of which is illustrated below:

$$\text{Price per Sale Share}^{\text{Note (1)}} + \frac{(\text{Interest accruing on the Deferred Payment}^{\text{Note (2)}})}{(\text{Number of the Sale Share}^{\text{Note (3)}})} = \text{HK\$8.323}$$

Notes:

(1) Price per Sale Share under the Share Purchase Agreement is HK$8.282.

(2) Assuming the Deferred Payment (HK$61,000,000) is settled on the date falling two months from the Completion Date, the Interest is equal to (Deferred Payment x 9.6%) x 2 months/ 12 months = approximately HK$976,000.

(3) Number of Sale Shares is 23,970,000.

Further details of the terms and conditions of the Offer, including the procedures for acceptance of the Offer, are set out in the Composite Document.

As set out in the Letter from the Board, the Company has a total of 32,000,000 Shares in issue and as at the Latest Practicable Date and the Company does not have any outstanding options, warrants, 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.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all of the non-executive Directors, namely, Mr. Lai Kwok Hung, Alex, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu, who have no direct or indirect interest in the Offer (except Mr. Lai Kwok Hung, Alex who is interested in 10,000 Shares as at the Latest Practicable Date), has been established by the Company in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to make recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. We, Sorrento Capital Limited, have been appointed, with approval of the Independent Board Committee, as the independent financial adviser to the Independent Board Committee in respect of the Offer.

BASIS AND ASSUMPTIONS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Composite Document and have assumed that all information and representations made or referred to in the Composite Document as provided by the management of the Group, the executive Directors, and/or the Offeror were true at the time they were made and continue to be true as at the date of the Composite Document. We have also relied on our discussion with the management of the Group and the executive Directors regarding the Group and the Offer, including the information and representations contained in the Composite Document. We have also assumed that all statements of belief, opinion and intention made by the management of the Group, the executive Directors and the Offeror respectively in the Composite Document were reasonably made after due enquiry. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Composite Document nor to doubt the truth, accuracy and completeness of the information and representations provided by the management of the Group, the executive Directors and the Offeror. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Group, the Offeror and their respective associates nor have we carried out any independent verification of the information supplied. We have not considered the tax implications on the Independent Shareholders of their acceptances or non-acceptances of the Offer since these are particular to their own individual circumstances. In particular, the Independent Shareholders who are residents outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offer and, if in any doubt, should consult their own professional adviser. Shareholders will be notified as soon as possible of any material change on the information or to our opinion contained in this letter after the Latest Practicable Date throughout the Offer Period.

We are independent from and not connected with the Company, the Offeror, the Vendor, or any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, the Vendor, or any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. During the last two years, we have not been engaged as any financial adviser to the Company and the Offeror. Accordingly we considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer.

PRINCIPAL FACTORS AND REASONS CONCERNED

In considering the fairness and reasonableness of the terms of the Offer, we have taken into account the principal factors and reasons set out below:

(i) Review of financial performance/position of the Group

The Group is principally engaged in the supply of apparel products with design and sourcing services to fashion retailers and the provision of institutional catering. According to the annual reports of the Company for the year ended 30 April 2024 (the "**2024 Annual Report**") and 2025 (the "**2025 Annual Report**", collectively the "**Annual Reports**") and the interim report of the Company for the six months ended 31 October 2025 (the "**2025 Interim Report**"), the business segments of the Group are (i) supply of apparel products (influencer collaboration label and/or branded label) with designing and sourcing services to fashion retailers (the "**Apparel Segment**"); and (ii) provision of institutional catering to private institution (the "**Catering Segment**") which contributed less than 8% of revenue to the Group during each of the abovementioned year or period.

(a) Financial performance of the Group

Set out below is a summary of the consolidated financial information on the Group for each of (i) the three years ended 30 April 2025 as extracted from the Annual Reports; and (ii) the six months ended 31 October 2024 and 2025 as extracted from the 2025 Interim Report.

	For the six months ended 31 October		For the year ended 30 April		
	2025	2024	2025	2024	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*	*(audited)*
Revenue	80,906	64,393	153,766	122,905	149,362
Cost of sales	(70,350)	(57,636)	(123,419)	(104,586)	(130,689)
Gross profit	10,556	6,757	30,347	18,319	18,673
Other income & Other gains and losses	517	1,105	(259)	(1,474)	(3,088)
Net impairment loss recognised on trade receivables	(42)	(1,690)	(2,126)	(1,381)	(275)
Administrative expenses	(8,878)	(8,081)	(16,676)	(17,176)	(17,707)
Selling and distribution expenses	(7,571)	(7,096)	(17,062)	(15,408)	(13,774)
Finance costs	(383)	(116)	(479)	(239)	(346)
Income tax credit	3	87	214	212	90
Loss for the year/period	(5,798)	(9,034)	(6,041)	(17,147)	(16,427)

Source: The Annual Reports and the 2025 Interim Report

Comparison for the six months ended 31 October 2025 versus the six months ended 31 October 2024

During the six months ended 31 October 2025, the Group recorded a revenue of approximately HK$80.91 million, representing an increase of approximately 25.66% as compared with that of approximately HK$64.39 million for the six months ended 31 October 2024 mainly due to an increase in the sales of womenswear from approximately HK$51.06 million for the six months ended 31 October 2024 to approximately HK$66.72 million for the six months ended 31 October 2025 and apparel products to major customers headquartered in the United Kingdom ("**UK**"). The Group recorded a gross profit of approximately HK$10.56 million for the six months ended 31 October 2025, representing an increase of approximately 56.21%, from approximately HK$6.76 million for the six months ended 31 October 2024 mainly due to the increase in revenue and improvement in gross profit margin as a result of the Group's continuous effort in optimization of both customer and supplier portfolio.

Administrative expenses of the Group primarily consisted of employee benefit expenses, entertainment expenses, travelling expenses, depreciation of property and equipment and right-of-use assets, legal and professional fees and other miscellaneous general and administrative expenses. Such expenses increased from approximately HK$8.08 million for the six months ended 31 October 2024 to approximately HK$8.88 million for the six months ended 31 October 2025, representing an increase of approximately 9.90% mainly attributable to the increase in staff cost to cope with the new market and new customers.

Selling and distribution expenses of the Group increased from approximately HK$7.10 million for the six months ended 31 October 2024 to approximately HK$7.57 million for the six months ended 31 October 2025, representing an increase of approximately 6.62% mainly attributable to the increase in staff cost for service enhancement to better fulfill the Group's commitments to the existing and potential customers.

As a result of the above and particularly the increase in revenue and gross profit margin, the Group recorded a decrease in loss for the period of approximately 35.77% from approximately HK$9.03 million for the six months ended 31 October 2024 to approximately HK$5.80 million for the six months ended 31 October 2025.

Comparison for the year ended 30 April 2025 versus the year ended 30 April 2024

During the year ended 30 April 2025, the Group recorded a revenue of approximately HK$153.77 million, representing an increase of approximately 25.11% as compared with that of approximately HK$122.91 million for the year ended 30 April 2024 mainly due to (i) an increase in the sales of womenswear from approximately HK$82.26 million for the year ended 30 April 2024 to approximately HK$121.51 million for the year ended 30 April 2025 and apparel products to major customers headquartered in the UK and a new customer targeting United States of America ("**US**") market; and (ii) increase in revenue from Catering Segment by approximately HK$9.30 million from approximately HK$1.86 million for the year ended 30 April 2024. The Group recorded a gross profit of approximately HK$30.35 million for the year ended 30 April 2025, representing an increase of approximately 65.67%, from approximately HK$18.32 million for the year ended 30 April 2024 mainly due to the increase in revenue and improvement in gross profit margin as a result of the Group's continuous effort in optimization of both customer and supplier portfolio.

Administrative expenses of the Group primarily consisted of employee benefit expenses, entertainment expenses, travelling expenses, depreciation of property and equipment and right-of-use assets, legal and professional fees and other miscellaneous general and administrative expenses. Such expenses decreased from approximately HK$17.18 million for year ended 30 April 2024 to approximately HK$16.68 million for the year ended 30 April 2025, representing a decrease of approximately 2.91% mainly attributable to the decrease in rental expenses in respect of short-term leases in relation to the Group's optimisation of back office team.

Selling and distribution expenses of the Group increased from approximately HK$15.41 million for year ended 30 April 2024 to approximately HK$17.06 million for the year ended 30 April 2025, representing an increase of approximately 10.71% mainly attributable to the increase in staff cost for service enhancement to better fulfill the Group's commitments to the existing and potential customers.

Finance costs of the Group increased from approximately HK$0.24 million for year ended 30 April 2024 to approximately HK$0.48 million for the year ended 30 April 2025, representing an increase of approximately 100.00% mainly due to the interests incurred on other borrowings obtained during the year with the Group's owned properties and investment properties pledged.

As a result of the above and particularly the increase in revenue and gross profit margin, the Group recorded a decrease in loss for the year of approximately 64.78% from approximately HK$17.15 million for the year ended 30 April 2024 to approximately HK$6.04 million for the year ended 30 April 2025.

Comparison for the year ended 30 April 2024 versus the year ended 30 April 2023

During the year ended 30 April 2024, the Group recorded a revenue of approximately HK$122.91 million, representing a decrease of approximately 17.71% as compared with that of approximately HK$149.36 million for the year ended 30 April 2023 mainly due to (i) a decrease in the sales of womenswear (particularly those branded label and influencer collaboration label) from approximately HK$120.13 million for the year ended 30 April 2023 to approximately HK$82.26 million for the year ended 30 April 2024 and apparel products to major customers headquartered in the UK; and (ii) sales discount granted to customers in Apparel Segment. During the year ended 30 April 2024, the Group commenced its new business in the Catering Segment. The Group recorded a gross profit of approximately HK$18.32 million for the year ended 30 April 2024, representing a decrease of approximately 1.87%, from approximately HK$18.67 million for the year ended 30 April 2023 mainly due to the decrease in revenue notwithstanding the improvement in gross profit margin.

Administrative expenses of the Group primarily consisted of employee benefit expenses, entertainment expenses, travelling expenses, depreciation of property and equipment and right-of-use assets, legal and professional fees and other miscellaneous general and administrative expenses. Such expenses decreased from approximately HK$17.71 million for year ended 30 April 2023 to approximately HK$17.18 million for the year ended 30 April 2024, representing a decrease of approximately 2.99% mainly attributable to the decrease in employee benefit expense and office supplies in relation to the Group's optimisation of back office team.

Selling and distribution expenses of the Group increased from approximately HK$13.78 million for year ended 30 April 2023 to approximately HK$15.41 million for the year ended 30 April 2024, representing an increase of approximately 17.91% mainly attributable to the increase in marketing expenses for the enhancement and diversification of influencer collaboration.

Finance costs of the Group decreased from approximately HK$0.35 million for year ended 30 April 2023 to approximately HK$0.24 million for the year ended 30 April 2024, representing a decrease of approximately 31.43% mainly due to decrease in interests incurred on bank borrowings.

As a result of the above, the Group recorded a loss for the year of approximately HK$17.15 million for the year ended 30 April 2024 representing an increase of approximately 4.38% as compared to the loss of approximately HK$16.43 million for the year ended 30 April 2023.

(b) *Financial position of the Group*

We have further summarised below the audited consolidated statements of financial positions of the Company as at 30 April 2024 and 30 April 2025 and the unaudited consolidated statements of financial positions of the Company as at 31 October 2025 respectively:

	As at 31 October 2025	As at 30 April 2025	As at 30 April 2024
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	*(audited)*	*(audited)*
Non-current assets			
Property, plant and equipment	12,581	13,528	15,944
Right-of-use assets	789	1,230	2,280
Investment properties	4,706	4,760	6,456
Intangible assets	–	514	1,982
Financial instrument at fair value through other comprehensive income ("**FVTOCI**")	–	–	–
	18,076	20,032	26,662
Current assets			
Inventories	7,968	476	45
Trade and other receivables	48,820	65,494	39,888
Tax recoverable	–	15	946
Financial assets at fair value through profit or loss ("**FVTPL**")	52	36	4,326
Bank balances and cash	23,372	30,439	32,430
	80,212	96,460	77,635
Total assets	98,288	116,492	104,297

	As at 31 October 2025	As at 30 April	
		2025	2024
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	*(audited)*	*(audited)*
Non-current liabilities			
Lease liabilities	–	415	1,266
Deferred tax liabilities	10	95	338
	10	510	1,604
Current liabilities			
Contract liabilities	973	2,189	518
Trade and other payables	15,756	16,977	7,586
Lease liabilities	822	853	1,038
Bank borrowings	2,726	2,726	4,094
Other borrowings	–	10,000	–
Tax payables	211	127	113
	20,488	32,872	13,349
Total liabilities	20,498	33,382	14,953
Net assets	77,790	83,110	89,344

Source: The Annual Reports and the 2025 Interim Report

The non-current assets of the Group comprised mainly its property, plant and equipment and investment properties and current assets of the Group comprised mainly its trade and other receivables and bank balances and cash. The net assets of the Group decreased from approximately HK$89.34 million as at 30 April 2024 to approximately HK$83.11 million as at 30 April 2025 mainly due to increase in other borrowings by approximately HK$10.00 million and trade and other payables by approximately HK$9.39 million respectively. As discussed above, the Group pledged its properties and investment properties as collateral for other borrowings during the year ended 30 April 2025. The net assets of the Group further decreased to approximately HK$77.79 million as at 31 October 2025, mainly due to decrease in trade and other receivables and bank balances and cash.

Property, plant and equipment decreased from approximately HK$15.94 million as at 30 April 2024 to approximately HK$13.53 million as at 30 April 2025 and further to approximately HK$12.58 million as at 31 October 2025, mainly due to depreciation and impairment of leasehold improvement.

Trade and other receivables of the Group increased from approximately HK$39.89 million as at 30 April 2024 to approximately HK$65.49 million as at 30 April 2025 mainly due to increase in trade receivables by approximately HK$27.82 million (particularly those within credit period) which is in line with the increase in revenue during the year ended 30 April 2025. Trade and other receivables of the Group then decreased to approximately HK$48.82 million as at 31 October 2025 mainly due to decrease in trade receivables by approximately HK$13.17 million (particularly those within credit period) which is in line with the decrease in revenue during the six months ended 31 October 2025.

Trade and other payables of the Group increased from approximately HK$7.59 million as at 30 April 2024 to approximately HK$16.98 million as at 30 April 2025 mainly due to increase in trade payables by approximately HK$9.73 million (particularly those within credit period) during the year ended 30 April 2025. As advised by the Company, such increase was mainly due to increase in sales of the Group's products and more sourcing from suppliers on credit. Trade and other payables of the Group then slightly decreased to approximately HK$15.76 million as at 31 October 2025 mainly due to decrease in trade payables by approximately HK$1.34 million (particularly those within credit period) during the six months ended 31 October 2025.

Bank borrowings of the Group decreased from approximately HK$4.09 million as at 30 April 2024 to approximately HK$2.73 million as at 30 April 2025 and 31 October 2025 mainly due to repayment of bank borrowings.

Given the above, particularly (i) the Company has been operating at similar scale (in terms of revenue) and making loss for the past three financial years and the latest interim period; and (ii) the continuous decrease in net assets, we considered that the financial performance and position of the Group in near future is unlikely to be promising and the lack of growth driver to the Share price relating to the Group's financials has already been reflected in the historical Share prices. Hence, we have to review additional information such as other public information, outlook and prospect of the Group, trading data of the Shares in open market and comparison of valuation with industry peers to complete our assessment to the fairness and reasonableness of the terms of the Offer.

(ii) Business outlook and prospects of the Group

The Group is principally engaged in the supply of apparel products with design and sourcing services to fashion retailers and the provision of institutional catering. According to the Annual Reports and the 2025 Interim Report, over 90% of total revenue of the Group were attributable to the Apparel Segment. According to the Annual Reports and the 2025 Interim Report, the major product type of the Group was womenswear which represented approximately 67.96%, 85.21% and 89.00% of revenue of the Apparel Segment during each of the year ended 30 April 2024 and 2025 and the six months ended 31 October 2025 respectively. Geographically, the Group mainly carries out its businesses in Hong Kong and the PRC and recognises its revenue from external customers in US, UK, Canada, Germany, Hong Kong, Ireland and other places.

As mentioned in the 2025 Interim Report, the Board considered that the Group is subject to the global economic uncertainties and the increase of credit risk and the Group would continue to explore new business opportunities with the existing and potential customers in different regions and continue to strengthen its customized comprehensive apparel designing and sourcing services to better fulfill its commitments to the existing and potential customers. Meanwhile, the Group would continue to expand the peripheral business scope of fashion. The Company also advised that the Group would focus on development of its Apparel Segment and also continue to optimize (i) its display and promote sample products in showroom in Hong Kong, the PRC and the UK for customers' visits; (ii) e-promotion via online platforms tailored for individual customers; and (iii) explore the opportunities of the collaboration between the Group and international influencers to improve the Group's corporate image and recognition.

We noted from a research on global apparel market by Fortune Business Insights, a global consulting firm, that the global apparel market size is expected to grow by approximately 3.11% in 2026 as compared to 2025 and such industry growth is driven by evolving consumer preferences, fast fashion dynamics and omnichannel retail expansion across developed and emerging economies worldwide supported by population growth, rising disposable incomes in emerging economies, and increasing digital penetration. The women end-user segment is expected to dominated the global apparel market with a market share of approximately 41.03% in 2026 and is projected to retain its dominant position.

Although the global apparel market may remain expandable in future as mentioned in the market research above, we were advised by the Company that the Group has been facing (i) continuous economic slowdown as evidenced by the lower growth of gross domestic product of customer countries like US, UK and Germany in recent years; (ii) intense competition of the overall fashion retail and wholesale market which led to intention of customers to place less orders and/or in smaller quantity; and (iii) inflation and relative high interest rate in the abovementioned countries which may lead to pressure on its profit margin and recoverability of its trade receivables. According to the Annual Reports and the 2025 Interim Report, the gross profit margin of the Group decreased from approximately 19.7% for the year ended 30 April 2025 to approximately 13.1% for the six months ended 31 October 2025 and the Group made provision for impairment loss recognised on trade receivables particularly due to customers om US and UK. Given the scale of the Catering Segment has been small and new to the Group, the extent of its contribution to the Group may not be significant in near future. Therefore, we consider that the businesses of the Group will continue to face challenge and the profitability of which remains uncertain in near future.

Furthermore, as the Offeror intends to continue the Group's existing principal business and does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business, we do not expect material change in the business outlook and prospect of the Group in near future.

(iii) Information and principal business of the Offeror

According to the Letter from DL Securities, the Offeror is a company incorporated in Hong Kong with limited liability and its principal activity is investment holding. As at the Latest Practicable Date, the Offeror is directly wholly owned by Sefon Software. Sefon Group is a PRC-based provider of big data and artificial intelligence products and services, offering software solutions across data collection, storage, analytics and visualization to customers in sectors including government, energy, transportation, finance and manufacturing sectors across China including Hong Kong. Mr. Zha has over 25 years of experience in the information technology and business management sectors. Mr. Zha joined Sefon Software in September 2016 and has been serving as the chairman of the board of Sefon Software since then. As at the Latest Practicable Date, Sefon Software is owned by Mr. Zha as to approximately 18.15%, six entities controlled by Mr. Zha as to a total of approximately 20.53%, 南威軟件股份有限公司 (transliterated as Linewell Software Co., Ltd. for identification purpose) as to approximately 11.90%, Mr. Xu Zhenyu as to approximately 5.30% and 42 minority shareholders as to a total of approximately 44.12%. For more details of the shareholding of Sefon Software and biography of Mr. Zha, please refer to the paragraphed headed "INFORMATION OF THE OFFEROR", "INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP" and "PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY" in the Letter from DL Securities.

Although Mr. Zha, Sefon Software and the Offeror do not have any background relating to apparel, fashion and catering as disclosed in the Letter from DL Securities, Mr. Zha has over 25 years of experience in the information technology (particularly via big data and artificial intelligence business of Sefon Software) and business management sectors which we believe that the Group may benefit from. As for the operation of principal business segments of the Group, we believe that the Mr. Zha can participate in the management with his knowledge in business management and work experience while leverage the expertise and experience of the existing senior management and technical staff of the Group in product design and development.

(iv) Intention of the Offeror in relation to the Group

As set out in the Letter from DL Securities, it is the intention of the Offeror that the Group will continue with its existing principal business for long-term purposes. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. As at the Latest Practicable Date, (i) the Offeror does not have any intention, understanding, negotiation, arrangement, and agreements (formal or informal, express or implied) to downsize or dispose of any existing business or assets of the Group; and (ii) no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group.

The Acquisition represents a strategic opportunity for the Offeror and Sefon Software to diversify the revenue stream and business portfolio. The Offeror and Sefon Software intend to explore new industry sectors through strategic investments. Mr. Zha, with his extensive experience in business operations and client relations, will also assist the Group in establishing and maintaining business relationships to enhance the operation of the Group.

Nevertheless, following the close of the Offer, the Offeror will conduct a detailed review on the existing principal operations and business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. Any acquisition or disposal of the assets or business of the Group, if any, will be conducted in compliance with the Listing Rules.

As at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

As at the Latest Practicable Date, the Board comprises Mr. Choi King Ting, Charles, Mr. Choi Ching Shing and Ms. Li Li Mei as executive Directors; and Mr. Lai Kwok Hung, Alex, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu as independent non-executive Directors.

It is intended that, except for Mr. Choi, who will be redesignated as a non-executive Director, all of the executive Directors and independent non-executive Directors would resign with effect from the earliest time permitted under the Takeovers Code.

As at the Latest Practicable Date, the Offeror intends to nominate Mr. Zha, Mr. Wang Chunbin, Mr. Zhang Denghui and Mr. Jiang Hongqing as executive Directors for appointment to the Board with effect from a time no earlier than that as permitted under the Takeovers Code (i.e. immediately after the posting of the Composite Document) or such later date as the Offeror considers to be appropriate. Any changes to the members of the Board will be made in compliance with the Takeovers Code and/or the Listing Rules and further announcement(s) will be made as and when appropriate. Upon appointment of the proposed Directors becomes effective immediately after the posting of the Composite Document, (i) Mr. Choi will also resign from his positions as the chairman of the Board, a member of the remuneration committee of the Board ("**Remuneration Committee**"), the chairman of the nomination committee of the Board ("**Nomination Committee**"), the authorised representative of the Company as required under Rule 3.05 of the Listing Rules, and the chief executive officer of the Company; (ii) Mr. Zha will be appointed as the chairman of the Board, a member of the Remuneration Committee, the chairman of the Nomination Committee, and the authorised representative of the Company as required under Rule 3.05 of the Listing Rules; and (iii) Mr. Wang Chunbin will be appointed as the chief executive officer of the Company. For details of the proposed directors, please refer to their biography as set out in Letter from DL Securities.

Save for the potential change(s) to the composition of the Board, as at the Latest Practicable Date, the Offeror has no intention to make material changes to the employment of the employees or other personnel of the Group. However, the Offeror reserves the right to make any changes that they deem necessary or appropriate to the benefit of the Group.

As set out in the Letter from DL Securities, 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.

(v) The Offer Price and historical Share price performance

The Offer Price of HK$8.323 per Offer Share represents:

i. a discount of approximately 84.76% to the closing price as quoted on the Stock Exchange on the Latest Practicable Date of HK$54.60 per Share;

ii. a discount of approximately 72.26% to the closing price as quoted on the Stock Exchange on the Last Trading Day of HK$30.00 per Share;

iii. a discount of approximately 72.75% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) trading days up to and including the Last Trading Day of HK$30.54 per Share;

iv. a discount of approximately 73.13% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) trading days up to and including the Last Trading Day of HK$30.97 per Share;

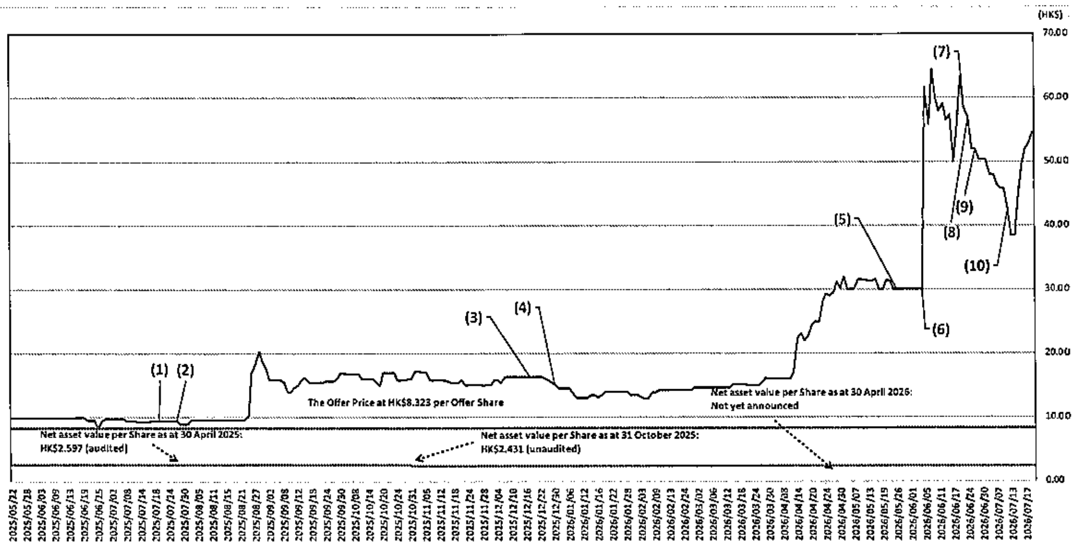
v. a discount of approximately 70.21% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day of HK$27.940 per Share;

vi. a premium of approximately 220.12% over the audited consolidated net asset value attributable to Shareholders of approximately HK$2.60 per Share, based on the audited consolidated net assets attributable to Shareholders as at 30 April 2025 and the number of Shares in issue as at the Latest Practicable Date; and

vii. a premium of approximately 242.51% over the unaudited consolidated net asset value attributable to Shareholders of approximately HK$2.43 per Share, based on the unaudited consolidated net assets attributable to Shareholders as at 31 October 2025 and the number of Shares in issue as at the Latest Practicable Date.

As we are of the view that the price performance of the Shares during the past full year can sufficiently and fairly reflect the market perception on the Company's performance, outlook and effects of certain specific events without the possible effect from the announcements of the Offer, which may be relevant to our analysis, we have plotted the closing price level of the Shares traded on the Stock Exchange for a 12 month period (**"Pre-Announcement Period"**) from 22 May 2025 to 22 May 2026, being the date immediately before the trading halt in the morning trading session on 26 May 2026, and further up to the Latest Practicable Date (the **"Post-Announcement Period"**, collectively the **"Review Period"**) for the purpose of further comparing the Offer Price of HK$8.323 per Share with the market price of the Shares as follows:

Closing price of the Shares during the Review Period



The numbers (1) to (10) in the chart above represent the announcements below:

1. Announcement of the profit alert in relation to the results for the year ended 30 April 2025 dated 21 July 2025;

2. Announcement of the annual results for the year ended 30 April 2025 dated 29 July 2025;

3. Announcement of the profit alert in relation to the results for the six months ended 31 October 2025 dated 17 December 2025;

4. Announcement of the unaudited results for the six months ended 31 October 2025 dated 30 December 2025;

5. Announcement of the trading halt dated 26 May 2026;

6. Joint Announcement in relation to, among others, the Acquisition, the Offer and resumption of trading in the Shares dated 4 June 2026;

7. Joint Announcement in relation to, among others, the Completion and the Offer dated 23 June 2026;

8. Announcement in relation to the appointment of independent financial adviser in respect of the Offer dated 24 June 2026;

9. Announcement of the delay in despatch of the Composite Document dated 25 June 2026; and

10. Announcement of the delay in despatch of the Composite Document dated 10 July 2026.

Source: The Stock Exchange

(a) Pre-Announcement Period

As shown in the chart above, closing prices of the Shares were above the Offer Price during the entire Pre-Announcement Period. From the beginning of the Pre-Announcement Period to 25 August 2025, the closing prices of the Shares generally fluctuated between HK$8.34 and HK$10.20 per Share. During this period, the Company announced (i) the profit alert in relation to the results for the year ended 30 April 2025 on 21 July 2025; and (ii) the annual results for the year ended 30 April 2025 on 29 July 2025.

On 26 August 2025, the closing price of the Shares surged to HK$17.00 per Share and further to HK$20.28 per Share on 28 August 2025 and has then fluctuated between HK$13.00 and HK$20.28 per Share until 13 April 2026. During this period, the Company announced (i) the profit alert in relation to the results for the six months ended 31 October 2025 on 17 December 2025; and (ii) the unaudited results for the six months ended 31 October 2025 on 30 December 2025.

On 14 April 2026, the closing price of the Shares surged to HK$22.40 per Share and further to HK$31.98 per Share on 4 May 2026 and has then fluctuated between HK$30.00 and HK$31.50 per Share until 22 May 2026. During this period, the Company did not make any announcements. As confirmed by the Directors, the Directors were not aware of any specific event that caused the substantial change in prices of the Shares during this period.

Since 9:00 a.m. on 26 May 2026, trading of the Shares was halted pending the release of an announcement by the Company in relation to inside information of the Company and pursuant to Takeovers Code. Before the time of trading halt, the closing price of the Shares was HK$30.00 per Share.

Having considered the public information of the Company and Share prices during the Pre-Announcement Period, we consider that the general upward price trend of the Shares during the Pre-Announcement Period was mainly due to market reaction to the updates to financial performance and position of the Company and the then market sentiment.

(b) *Post-Announcement Period*

At 9:00 a.m. on 5 June 2026, trading of the Shares was resumed with the closing price of the Shares reached HK$61.60 per Share after the publication of the Joint Announcement in relation to, among others, the Acquisition and the Offer on 4 June 2026. Since then, the closing prices of the Shares have been generally fluctuated between HK$38.40 and HK$64.40 per Share. On 23 June 2026, a joint announcement was made by the Company and the Offeror in respect of the Completion and the Offer. On 24 June 2026, the Company announced the appointment of independent financial adviser. On 25 June 2026 and 10 July 2026, joint announcements were made by the Company and the Offeror in respect of the delay in despatch of composite document of the Offer. Afterward, the closing price of the Shares became HK$54.60 per Share as at the Latest Practicable Date. The Offer Price represents a discount of approximately 84.76% to the closing price per Share as at the Latest Practicable Date. The closing prices of the Shares were above the Offer Price during the entire Post-Announcement Period. As confirmed by the Directors, save for the release of the announcement relating to the Acquisition and the Offer since 4 June 2026, the Directors were not aware of any specific event that caused the recent substantial increases in prices of the Shares.

Having considered the public information of the Company and Share prices during the Post-Announcement Period, we consider that the recent surge of the Share prices in the Post-Announcement Period may reflect the market reaction to the change in controlling Shareholders of the Company as a result of the Acquisition and the Offer. Therefore, the recent Share prices are more relevant for assessing the fairness and reasonableness of the Offer Price.

(vi) Historical trading volume of the Shares

The following table sets out the historical monthly trading volume of the Shares and the percentage of the number of Shares traded compared to the total number of the Shares in issue during the Review Period:

Months/period	Number of trading days	Total trading volume (Number of Shares)	Average daily trading volume (Number of Shares) *(Note 1)*	% of average daily trading volume to the total number of Shares in issue *(Note 2)*	% of average daily trading volume to the total number of Shares held by the public Shareholders (%) *(Note 3)*
2025					
May	7	20,500	2,929	0.0092	0.0365
June	21	413,000	19,667	0.0615	0.2452
July	22	71,000	3,227	0.0101	0.0402
August	21	564,500	26,881	0.0840	0.3352
September	22	147,000	6,682	0.0209	0.0833
October	20	43,000	2,150	0.0067	0.0268
November	20	18,500	925	0.0029	0.0115
December	21	87,500	4,167	0.0130	0.0520
2026					
January	21	43,000	2,048	0.0064	0.0255
February	17	16,000	941	0.0029	0.0117
March	22	93,000	4,227	0.0132	0.0527
April	19	342,500	18,026	0.0563	0.2248
May *(Note 4)*	15	144,585	9,639	0.0301	0.1202
June *(Note 4)*	17	24,958,910	1,446,995	4.5219	18.0423
(excluding the Sale Shares)		628,910	36,995	0.1156	0.4613
July *(up to the Latest Practicable Date)*	14	87,000	6,214	0.0194	0.0775

Source: The Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole day, if any.

2. The calculation is based on the average daily trading volume of the Shares divided by the balance of total number of issued Shares at the end of the respective month/period.

3. The calculation is based on the average daily trading volume of the Shares divided by the total number of Shares held by the public Shareholders (i.e. excluding those Shares held by core connected persons of the Company) at the end of the respective month/period based on the public information on the Stock Exchange.

4. Trading in the Shares was halted from 9:00 a.m. on 26 May 2026 pending the publication of the Joint Announcement and resumed from 9:00 a.m. on 5 June 2026.

As illustrated in the table above, the daily trading volume of the Shares for the respective month/period was generally thin during the Pre-Announcement Period and such thin trading volumes may indicate a low trading liquidity in the Shares and the Shareholders with sizeable shareholdings may not find immediate and sufficient demand on the Shares in the open market. The average daily trading volume of the Shares ranged from approximately 925 Shares in November 2025 to approximately 26,881 Shares recorded in August 2025, representing approximately 0.0029% to approximately 0.0840% of the total number of the Shares in issue as at the end of the relevant month/period. The percentage of average daily trading volume to the total number of Shares held by the public Shareholders as at the end of the relevant month/period during the Pre-Announcement Period ranged from approximately 0.0115% to approximately 0.3352%. We have reviewed the daily trading volume of the Shares in June and August 2025 and noted that most of their trading volume were recorded in late June 2025 and throughout the entire August 2025. As confirmed by the Directors, save for the release of the profit alert and results announcement in relation to the results for the year ended 30 April 2025 in July 2025, the Directors were not aware of any specific event around those periods which may have caused the substantial increases in trading volume of the Shares.

The Joint Announcement was published on 4 June 2026 and trading in the Shares was resumed from 9:00 a.m. on 5 June 2026. The trading volume of the Shares was 319,010 Shares on 5 June 2026 and the average daily trading volume of the Shares was 1,446,995 (or 36,995 Shares if transfer of the Sale Shares is excluded) Shares from 5 June 2026 to 30 June 2026. The average daily trading volume of the Shares was 6,214 Shares from 2 July 2026 to the Latest Practicable Date.

Due to the generally low percentage of average trading volume to the total number of the Shares held by the public Shareholders during the Review Period, we are of the opinion that the trading liquidity in the Shares is low and the Shareholders with sizeable shareholdings, may not immediately find sufficient demand on the Shares in the open market. However, there were moments like June and August 2025 and June 2026 when trading volume of the Shares can be exceptionally high and it might be possible for the Independent Shareholders to dispose of their Shares at prices higher than the Offer Price in open market during the Offer Period. Therefore, Independent Shareholders should be mindful as to whether there will be sufficient liquidity in the Shares for those who wish to realise part or all of their investment in the Company at the prevailing market price of the Shares and whether the size of disposal of their Shares will significantly exceed the prevailing market demand and exert a downward pressure on their selling prices of the Shares lower than the Offer Price Shares if they decide not to accept the Offer.

(vii) Market comparable analysis

The Group is principally engaged in the supply of apparel products with design and sourcing services to fashion retailers and the provision of institutional catering. According to the Annual Reports and the 2025 Interim Report, the business segments of the Group are Apparel Segment and Catering Segment (as described above). The Group commenced its new business in the Catering Segment which contributed less than 8% of revenue to the Group during the each of the two years ended 30 April 2025 and the six months ended 31 October 2025. In light of the short history and insignificance of the Catering Segment, we have conducted research on the companies listed on the Stock Exchange with business model, product nature and size similar to the Apparel Segment and exhaustively identified 11 companies listed on the Stock Exchange. In selecting these companies (the "**Market Comparables**"), we take into account those (i) with not less than 90% of revenue generated from business similar to the Group (i.e. sale of apparel/garment products other than mainly intimate wear and with no retail business) in the latest financial year as the Company solely recorded over 90% of revenue from the Apparel Segment and we considered a 90% benchmark already represents a high degree of similarity without casting out comparable companies that also recorded immaterial revenue from other sources; (ii) with trading of ordinary shares not being suspended on the Stock Exchange for the whole trading day as at the Latest Practicable Date as such companies normally possess inside information yet to be announced and the resumption of trading is not guaranteed; and (iii) with market capitalisation of not more than HK$5 billion as at the Latest Practicable Date which we consider a reasonable benchmark for size comparison as the companies within such range of market capitalisation (including the Company which had market capitalisation of approximately HK$1.75 billion based on the closing price of the Shares and the total number of the Shares in issue as at the Latest Practicable Date). In determining the abovementioned requirement on market capitalisation, we have taken into account the 12 month average market value of those constituents of Hang Seng Composite SmallCap Index ranging from approximately HK$6 billion to HK$20 billion. Given the market capitalisation of the Company fell below this range as at the Latest Practicable Date, we consider setting a requirement on market capitalisation of not more than HK$5 billion is reasonable as companies with market capitalisation within such range are also commonly regarded as small-cap companies in Hong Kong.

In view of that the Market Comparables are exhaustively identified and principally engaged in sales of apparel/garment products, we consider that the Market Comparables are sufficient, fair and representative sample for comparison to the Company. Shareholders should note that the principal activities, profitability and financial positions of each of the Market Comparables are different which may affect how they are actually valued and their respective market multiple valuations in the market. Therefore, the comparison with the Market Comparables set out in this letter is solely for general reference to the market trend when assessing the fairness and reasonableness of the Offer Price.

In assessing the fairness and reasonableness of the Cancellation Price, we have considered the use of price-to-earnings ratio (the "**P/E Ratio**") analysis, which is one of the most widely used and accepted methods for valuing a business with recurrent income. However, the Company was loss making in the last financial year and we were unable to apply P/E Ratio analysis. Hence, we considered another common valuation approach of non-profitable companies by reference the latest published net asset value of the Group per Share, i.e. the price-to-book ratio (the "**P/B Ratio**") as an alternative and appropriate approach to compare the Company with the Market Comparables. Given the Company (i) has been loss-making; (ii) had total assets of approximately HK$116.49 million (audited) as at 30 April 2025 and approximately HK$98.29 million (unaudited) as at 31 October 2025 respectively with over 90% of them were bank balances and cash, tangible assets like property, plant and equipment and investment properties and trade and other receivables; and (iii) positive net asset value, we consider that the Company had significant amount of assets and the P/B Ratio is suitable for comparison of the Company with the Market Comparables.

As illustrated in the table below, the P/B Ratios of the Market Comparables range from approximately 0.11 time to approximately 29.42 times and with average of approximately 3.67 times and median of approximately 1.27 times as at the Latest Practicable Date. The P/B Ratio implied by the Offer Price of approximately 3.20 times (based on the audited net asset value per Share as at 30 April 2025) and approximately 3.42 times (based on the unaudited net asset value per Share as at 31 October 2025) are within the range but below the average of the Market Comparables.

Company/ Stock Code	Principal business activities	Market capitalisation *(HK$' million)* *(Note 1)* *(a)*	Profit (Loss) attributable to shareholders during the latest full financial year *(HK$' million)* *(b)*	Net asset value attributable to shareholders as according to the latest published financial report *(HK$' million)* *(Note 2)* *(c)*	P/E Ratios *(times)* *(a)/(b)*	P/B Ratios *(times)* *(a)/(c)*
Pou Sheng International (Holdings) Limited (3813.HK)	(1) sales of sportswear and footwear products; and (2) commissions from concessionaire sales	1,833.85	233.36	9,728.52	7.86	0.19
Speedy Global Holdings Limited (0540.HK)	apparel supply chain servicing business which offers a wide range of woven wear, cut-and-sewn knitwear and sweater knitwear products to a number of owners or agents of global reputable brands	119.40	7.627	93.99	15.65	1.27

Company/ Stock Code	Principal business activities	Market capitalisation *(HK$' million)* *(Note 1)* *(a)*	Profit (Loss) attributable to shareholders during the latest full financial year *(HK$' million)* *(b)*	Net asset value attributable to shareholders as according to the latest published financial report *(HK$' million)* *(Note 2)* *(c)*	P/E Ratios *(times)* *(a)/(b)*	P/B Ratios *(times)* *(a)/(c)*
High Fashion International Limited (0608.HK)	(1) manufacture and trading of garments and related products; (2) property investment and development	366.74	69.77	3,256.98	5.26	0.11
Carry Wealth Holdings Limited (0643.HK)	manufacturing and trading garment products for internationally renowned brand names	189.87	(46.24)	105.67	N/A	1.80
KNT Holdings Limited (1025.HK)	manufacturing and trading of garment products	79.26	(45.66)	59.71	N/A	1.33
Huicheng International Holdings Limited (1146.HK)	design, manufacturing, marketing and sale of apparel products and accessories	196.39	(103.46)	986.63	N/A	0.20
Lever Style Corporation (1346.HK)	providing supply chain solutions in different apparel categories for customers (sales of garments)	952.26	123.51	542.79	7.71	1.75
Justin Allen Holdings Limited (1425.HK)	manufacturing and sales of products, which included sleepwear products, loungewear products, greige fabric and processing services	762.50	166.75	934.72	4.57	0.82
Hang Pin Living Technology Company Limited (1682.HK)	(1) garment Sourcing; (2) Provision of Financial Services	275.07	(1.04)	89.24	N/A	3.08
MBV International Limited (1957.HK)	(1) wholesaling of imprintable apparel and gift products; (2) manufacturing of imprintable apparel	169.56	(1.36)	410.26	N/A	0.41

Company/ Stock Code	Principal business activities	Market capitalisation *(HK$' million)* *(Note 1)* *(a)*	Profit (Loss) attributable to shareholders during the latest full financial year *(HK$' million)* *(b)*	Net asset value attributable to shareholders as according to the latest published financial report *(HK$' million)* *(Note 2)* *(c)*	P/E Ratios *(times)* *(a)/(b)*	P/B Ratios *(times)* *(a)/(c)*
i.century Holding Limited (8507.HK)	sales of apparel products with the provision of apparel supply chain management services to customers	456.00	(0.80)	15.50	N/A	29.42
			Statistics:	Min	4.57	0.11
				Max	15.65	29.42
				Mean	8.21	3.67
				Median	7.71	1.27
The Company		1,747.20	(6.04)	83.11	N/A	3.20 *(based on the latest audited net asset value per Share, see Note 3)*
						3.42 *(based on the latest unaudited net asset value per Share, see Note 4)*

Source: The Stock Exchange

Notes:

1. Unless otherwise specified, market capitalisation is calculated based on the closing price of shares on the Stock Exchange and the number of ordinary shares in issue of the Market Comparables as at the Latest Practicable Date.

2. The net asset value attributable to shareholders refers to the latest published accounts set out in the latest interim reports of the Market Comparables.

3. Based on the Offer Price of HK$8.323 per Offer Share and the audited net asset value per Share of approximately HK$2.597 calculated with reference to the consolidated audited net asset value of the Company of approximately HK$83.11 million as at 30 April 2025 per the 2025 Annual Report and 32,000,000 Shares issued as at the Latest Practicable Date.

4. Based on the Offer Price of HK$8.323 per Offer Share and the unaudited net asset value per Share of approximately HK$2.431 calculated with reference to the consolidated unaudited net asset value of the Company of approximately HK$77.79 million as at 31 October 2025 per the 2025 Interim Report and 32,000,000 Shares issued as at the Latest Practicable Date.

5. In the calculation above, figures denominated in RMB, US$ and RM as stated in the relevant annual reports or interim reports of the Market Comparables are translated into HK$ at the exchange rate of as at the end of December 2025 according to the rates cited from People's Bank of China.

The Shares have been traded at premium to net asset value per Share of over 200% (i.e. P/B Ratio has been over 3 times) for all the time in the Review Period and the average P/B Ratio of the Market Comparables is approximately 3.67 times as mentioned before. From this perspective, although the P/B Ratio implied by the Offer Price of approximately 3.42 times (by reference to the higher one) is higher than the median P/B Ratio of approximately 1.27 times, we do not consider the P/B Ratio implied by the Offer Price is attractive. Especially when comparing with the higher P/B Ratio of approximately 22.46 times represented by the closing price of the Shares as at the Latest Practicable Date and the latest unaudited net asset value per Share.

RECOMMENDATION

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

(i) the Offer Price was below all closing prices of the Shares during the entire Review Period and represents a deep discount of over 70% to (a) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day; (b) the average closing prices of the Shares during the 5, 10 and 30 trading days up to and including the Last Trading Day; and (c) the Latest Practicable Date;

(ii) given the significant high closing prices of the Shares as compared to the Offer Price as mentioned above, particularly the premium of approximately 556.01% represented by the closing price as at the Latest Practicable Date over the Offer Price, and the general uptrend of the closing price of the Shares during the Review Period, it might be possible for the Independent Shareholders to dispose of their Shares at prices higher than the Offer Price in open market during the Offer Period although the Shareholders with sizeable shareholdings may not immediately find sufficient demand on the Shares in the open market which results in pressure on their selling prices; and

(iii) the Offeror intends to continue the Group's existing principal business and does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. Nevertheless, we believe that the Group's business may be benefited given the experiences in business management of Mr. Zha. Therefore, the most recent Share prices, particularly during the Post-Announcement Period, may have already reflected the investors' expectation to the Company's business performance and future prospects.

We consider that the Offer (including the Offer Price) is not fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer.

We would like to remind the Independent Shareholders that if they consider retaining their Shares or tendering less than all their Shares under the Offer should carefully consider the potential difficulties they may encounter in disposing their investments in the Shares after the close of the Offer in view of the historical low liquidity of the Shares and there is no guarantee that the prevailing level of the Share price will sustain during and after the Offer Period.

Those Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period when the Offer remains open for acceptance and should consider selling 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 after having regard to the market price and the liquidity of the Shares.

The Independent Shareholders are strongly advised that the decision to accept the Offer or to hold their investment in the Shares is subject to individual circumstances and investment objectives. The Independent Shareholders are also reminded to read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the relevant form of acceptance and transfer, if they wish to accept the Offer and to closely monitor to the business development of the Group according to the publications to be made by the Company, if any.

Yours faithfully,
For and on behalf of
Sorrento Capital Limited

Aaron Wong	**Wesker Poon**
Managing Director	*Managing Director*

Note: Mr. Aaron Wong is a responsible officer of type 6 (advising on corporate finance) regulated activity and has more than ten years of experience in corporate finance and investment banking. Mr. Wesker Poon is a responsible officer of type 6 (advising on corporate finance) regulated activity and has more than 15 years of experience in corporate finance and investment banking. Mr. Wong and Mr. Wesker Poon have participated in and completed various advisory transactions in respect of the Takeovers Code.