HANG YICK HOLDINGS COMPANY LIMITED
恒益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1894)

Executive Directors:
Mr. Sin Kwok Chi Stephen
Mr. Cho Kin Keung Keith

Independent non-executive Directors:
Mr. Chan Chun Wing
Mr. Au Hoi Fung
Mr. Ban Jiu

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Flat 606, 6/F, Sunray Industrial Centre
610 Cha Kwo Ling Road
Yau Tong, Kowloon
Hong Kong

11 November 2026

To the Qualifying Shareholders

Dear Sir/Madam,

CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF MR. NGAI WA PING TO ACQUIRE 30,000,000 SHARES IN HANG YICK HOLDINGS COMPANY LIMITED (OTHER THAN THOSE ALREADY OWNED BY MR. NGAI WA PING AND PARTIES ACTING IN CONCERT WITH HIM)

INTRODUCTION

On 23 September 2026, the Offeror published the Offeror Announcement announcing that Rainbow Capital would, subject to the satisfaction of the Pre-Condition, for and on behalf of the Offeror make the Partial Offer to acquire 30,000,000 Offer Shares (representing approximately 12.86% of the Company's issued share capital as at the date of the Offeror Announcement) not already owned by the Offeror and parties acting in concert with him at the Offer Price of HK$0.600 per Offer Share. On 24 September 2026, the Company published an announcement pursuant to Rules 3.2 and 3.8 of the Takeovers Code in respect of the Partial Offer.

On 9 October 2026, the Offeror announced that the consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code had been obtained and thus the

Pre-Condition was satisfied. On 14 October 2026, the Offeror despatched the Offer Document (accompanied by the Form of Acceptance) setting out, among other things, the terms and conditions of the Partial Offer.

In accordance with Rule 2.1 of the Takeovers Code, the Company is required to establish an independent committee of the Board to advise the Qualifying Shareholders in respect of the Partial Offer. As disclosed in the announcement of the Company dated 24 September 2026, the Independent Board Committee, comprising all the independent non-executive Directors who have no direct or indirect interest in the Partial Offer, namely Mr. Chan Chun Wing, Mr. Au Hoi Fung and Mr. Ban Jiu, has been established to advise the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable and as to the acceptance of the Partial Offer. The Company has no non-executive Directors other than the independent non-executive Directors.

Hooray Capital Limited has been appointed by the Company with the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code as the Independent Financial Adviser to advise the Independent Board Committee and the Qualifying Shareholders in respect of the Partial Offer and, in particular, as to whether the Partial Offer is fair and reasonable and as to the acceptance of the Partial Offer. The letter of advice from the Independent Financial Adviser to the Independent Board Committee is set out in the section headed "Letter from the Independent Financial Adviser" of this Response Document.

The purpose of this Response Document is to provide you with, among other things, information relating to the Group and the Partial Offer, the recommendation of the Board and the Independent Board Committee to the Qualifying Shareholders in respect of the Partial Offer, and the advice from the Independent Financial Adviser to the Independent Board Committee on the Partial Offer.

You are advised to read this Response Document, the recommendation of the Board, the recommendation of the Independent Board Committee and the advice from the Independent Financial Adviser carefully before taking any action in respect of the Partial Offer.

THE PARTIAL OFFER

The terms of the Partial Offer are set out in the Offer Document and the Form of Acceptance. You are recommended to refer to the Offer Document and the Form of Acceptance for further details.

The Partial Offer is being made by Rainbow Capital, for and on behalf of the Offeror, on the basis set out below:

For each Offer Share ..... **HK$0.600 in cash**

As at the Latest Practicable Date, the Company had 233,357,000 Shares in issue, and the Offeror and parties acting in concert with him were interested in 2,000,000 Shares (representing

approximately 0.86% of the issued share capital of the Company). As at the Latest Practicable Date, the Company did not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares.

The Partial Offer is extended to all Qualifying Shareholders in accordance with the requirements of the Takeovers Code.

The making of the Partial Offer was subject to the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. On 9 October 2026, the Offeror announced that the consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code had been obtained and thus the Pre-Condition was satisfied.

The Partial Offer is subject to the Condition that valid acceptances being received (and not, where permitted, withdrawn) in respect of a minimum of 30,000,000 Offer Shares (representing approximately 12.86% of the Company's issued share capital as at the Latest Practicable Date) at or before 4:00 p.m. (Hong Kong time) on the First Closing Date, which shall be at least 28 days following the despatch date of the Offer Document issued by the Offeror in respect of the Partial Offer, or such later date as may be extended by the Offeror in accordance with the requirements of the Takeovers Code.

Based on the Offer Price of HK$0.600 per Offer Share and assuming full valid acceptances of the Partial Offer for the required number of 30,000,000 Offer Shares are tendered by the Qualifying Shareholders, the total cash consideration payable by the Offeror to purchase the 30,000,000 Offer Shares from the Qualifying Shareholders under the Partial Offer will be HK$18,000,000.

As at the Latest Practicable Date, the Company confirmed that it did not have any outstanding dividends which had been declared but not yet paid and the Company did not have any intention to declare or pay any future dividend or make other distribution on the Shares prior to the close of the Partial Offer.

Further details of the Partial Offer including, among others, the expected timetable and the terms and procedures of acceptance of the Partial Offer, are set out in the Offer Document and the Form of Acceptance.

INFORMATION ON THE OFFEROR

Please refer to the Offer Document for the information on the Offeror.

INTENTION OF THE OFFEROR AND THE BOARD REGARDING THE GROUP

Your attention is drawn to the paragraphs headed "Information on the Offeror" and "Reasons for the Partial Offer" in the Offeror Announcement and the Offer Document.

As stated in the Offer Document, subject to the Partial Offer becoming unconditional in all respects, the Offeror intends to nominate himself or other new director(s) to the Board after the close of the Partial Offer, though as at the latest practicable date of the Offer Document he had not reached any final decision as to who would be nominated.

The Directors note the Offeror's stated intention in the Offer Document that as at the latest practicable date of the Offer Document, the Offeror has no intention to (i) downsize, cease or dispose of the existing business of the Company; (ii) introduce any major changes in the principal business, including any redeployment of the fixed assets of the Company other than those in its ordinary and usual course of business; or (iii) discontinue the employment of the employees of the Group following the close of the Partial Offer, and that no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to any assets or business of the Company. The Directors will consider any proposals put forward by the Offeror in the context of the overall direction and strategy of the Group's business development and with in mind the best interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Company is an exempted company incorporated in the Cayman Islands with limited liability and its issued Shares have been listed on the Main Board of the Stock Exchange (stock code: 1894) since 12 October 2018. The Group is principally engaged in the provision of steel and metal engineering services (ranging from design, manufacture, supply to installation of steel and metal products such as roller shutters and metal doors for construction projects in Hong Kong and the PRC) and sales of steel and metal products.

Under Rule 11.1(f) of the Takeovers Code and Practice Note 7 issued by the SFC, except with the consent of the Executive, a valuation will be required of the properties of the offeree company if it has significant property interests when the offeror is an interested party. For the purpose of Rule 11.1(f) of the Takeovers Code, an "interested party" refers to (i) a party holding, or together with parties acting in concert with it holding, immediately before either the commencement of an offer period or an obligation arises to make a mandatory offer under Rule 26.1 of the Takeovers Code, 30% or more of the voting rights of the offeree company; (ii) a director of the offeree company; or (iii) a party acting in concert with any of (i) or (ii).

Immediately before the commencement of the Offeror Period, the Offeror was neither a Director of the Company nor holding (together with parties acting in concert with him) 30% or more of the voting rights of the Company. Accordingly, the Offeror is not an interested party under Rule 11.1(f) of the Takeovers Code and no property valuation report is required to be included in this Response Document.

The financial information of the Group is set out in Appendix I to this Response Document.

In deciding whether or not to accept the Partial Offer, the Independent Shareholders should consider the qualified opinion issued by the independent auditors of the Company on the consolidated financial statements of the Group for the year ended 31 March 2024.

The following is an extract of the independent auditor's report on the Group's financial statements for the year ended 31 March 2024:

*"In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the Group's consolidated financial position as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.*

Comparability of the current year's figures and the corresponding figures for the Group's Consolidated Financial Performance and Consolidated Cash Flows

*As stated in our Independent Auditor's Report on the Group's consolidated financial statements for the year ended 31 March 2024 dated 28 June 2024, regarding the matters described in Note 2(a) to the consolidated financial statements for the year ended 31 March 2024, the board of directors of the Company (the "**Board**") as of the date of this report was of the opinion that certain payments of prepayments, deposits and advances ("**PPDA**") transactions (also known as "**Incident Transactions**") that occurred during the years ended 31 March 2019 and 2020, involving HY China Investment Company Limited ("**HY China**"), a wholly-owned subsidiary of the Company and its subsidiaries (the "**HY China Group**") were considered to be suspicious and may not have been entered into under normal commercial arrangement. As further explained matters described in Note 2(b) to the Group's consolidated financial statements for the year ended 31 March 2024, the Board advised that since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of the HY China Group in 2020, whom the Group were unable to contact after their departure, the Company has retained the basic business records of the HY China Group, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentations (collectively referred to as the "**Basic Records**"), that were left behind by the former key management personnel and accounting departments of the HY China Group as far as possible. The Basic Records were not considered to be of a sufficient level for our audit purposes. More specific business records and supporting explanations of the HY China Group's accounting records were needed for our audit, including but not limited to, (i) certain supporting documents of certain business transactions, such as invoices, receipts and purchase orders; (ii) detailed explanation of the accounting entries made (collectively, the "**Specific Records**").*

In the absence of the Specific Records of the HY China Group following the departure of certain former key management personnel in 2020, the Board considered that they could only use their best endeavor to preserve the books and records that were left behind by the former

*key management personnel and the accounting department and they were unable to determine whether these Specific Records were complete in the first place, and they had no other access to such Specific Records despite they have taken all reasonable steps and have used their best endeavor to locate such Specific Records. The Board has resolved to voluntarily wind up HY China on 18 January 2023. The joint and several liquidators (the "**HY China Liquidators**") were appointed to HY China, pursuant to the written resolutions of the sole shareholder of HY China dated 23 February 2023. The HY China Liquidators are empowered to, inter alia, preserve the assets of HY China and take control of and exercise all rights which HY China may have in relation to entities in which HY China holds an interest.*

Accordingly, HY China Group was de-consolidated from the consolidated financial statements of the Group with effect from 24 February 2023. The operation of HY China Group was discontinued on the same date. The result of the discontinued operation, including the recovery of loss on Incident Transactions and the loss on the de-consolidation of the HY China Group is presented as a single amount in the consolidated statement of profit or loss and other comprehensive income in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. As a result of the above matters, we have not been able to obtain sufficient appropriate audit evidence to ascertain whether the result for the year from discontinued operation and other related disclosure notes in relation to the HY China Investment Company Limited, a former wholly-owned subsidiary of the Company and its subsidiaries, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements for the year ended 31 March 2023. Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2023. Because of this matter has a possible effect on the comparability of the current year's figures and the corresponding figures in the consolidated statements of profit or loss, comprehensive income and cash flows for the year ended 31 March 2024, our opinion on the consolidated financial statements for the year ended 31 March 2024 is therefore qualified.

*We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (the "**Code**") issued by the HKICPA, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion."*

Pursuant to Note 3 to Rule 2 of the Takeovers Code, the Board draws the attention of the Qualifying Shareholders to the fact that the report of the independent auditor of the Company, Global Link CPA Limited, for the financial year ended 31 March 2024 contained a qualified opinion relating to the comparability of the current year's figures and the corresponding figures for the Group's consolidated financial performance and consolidated cash flows for the year

ended 31 March 2024 (as extracted above and set out in full in Appendix I to this Response Document).

As disclosed in the 2023/24 Annual Report of the Company, the qualified opinion was technical and historical in nature, resulting strictly from the carry-over effect of scope limitations in the comparative figures for the year ended 31 March 2023 following the departure of certain former management personnel of the PRC business. The auditor did not qualify the Group's consolidated statement of financial position as at 31 March 2024. The qualification did not have any adverse impact on the day-to-day operations, business relationships, solvency, or cash flows of the Group's core engineering business in Hong Kong. In addition, the qualification was completely resolved in subsequent financial periods, and the independent auditor issued unmodified audit opinions on the consolidated financial statements of the Group for both the years ended 31 March 2025 and 31 March 2026, without any qualification, emphasis of matter, or going concern uncertainty.

Based on the foregoing, the Board considers that the qualified opinion issued by Global Link CPA Limited would not have any material implication on the Partial Offer and the Company.

PUBLIC FLOAT OF THE COMPANY

The Stock Exchange has stated that:

(a) if, at the close of the offer, the Stock Exchange believes that:

- a false market exists or may exist in the trading of the shares; or
- an orderly market does not exist or may not exist;

it will consider exercising its discretion to suspend dealings in the shares; and

(b) if, at the close of the offer, the listed issuer has a Significant Public Float Shortfall (as defined in rule 13.32F of the Listing Rules), then:

- the Stock Exchange will add a designated marker to the stock name of the listed shares; and
- the Stock Exchange will cancel the listing of the issuer's shares if the issuer fails to re-comply with rule 13.32B for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

As at the Latest Practicable Date, the Company had a public float of approximately 88.56% of the Shares in issue. Assuming (i) full acceptances of the number of Offer Shares under the Partial Offer by the Qualifying Shareholders; and (ii) that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing

Date, the Company will have a public float of approximately 77.08% (or approximately 86.29% if Mr. Chen Yuerong ceases to be a substantial Shareholder holding 10% or more of the issued Shares upon completion of the Partial Offer), which is well above 25% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 13.32B of the Listing Rules.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Partial Offer (assuming that there will be no change to the issued share capital of the Company and no other change to the shareholding structure of the Company between the Latest Practicable Date and the Final Closing Date, and assuming all Qualifying Shareholders tender 100% of their Shares for acceptance under the Partial Offer, subject to pro-rata scaling):

Name of Shareholder	**As at the Latest Practicable Date** *No. of Shares*	**As at the Latest Practicable Date** *Approx. %*	**Immediately upon completion of the Partial Offer** *No. of Shares*	**Immediately upon completion of the Partial Offer** *Approx. %*
The Offeror and parties acting in concert with him *(Note 1)*	2,000,000	0.86%	32,000,000	13.71%
Mr. Chen Yuerong *(Note 2)*	24,695,000	10.58%	21,492,806	9.21%
Other public Shareholders	206,662,000	88.56%	179,864,194	77.08%
Total	**233,357,000**	**100.00%**	**233,357,000**	**100.00%**

Notes:

1. As at the Latest Practicable Date, the Offeror beneficially held 2,000,000 Shares (acquired pursuant to the exercise of 2,000,000 share options of the Company on 25 August 2026 at an exercise price of HK$0.545 per Share), representing approximately 0.86% of the total issued share capital of the Company. Save as aforesaid, neither the Offeror nor any party acting in concert with him held any Shares as at the Latest Practicable Date.

2. As at the Latest Practicable Date, Mr. Chen Yuerong is a substantial Shareholder holding 24,695,000 Shares, representing approximately 10.58% of the total issued share capital of the Company. Immediately upon completion of the Partial Offer (assuming Mr. Chen Yuerong tenders 100% of his Shares for acceptance under the Partial Offer), his shareholding would be reduced to approximately 9.21% of the total issued share capital of the Company.

ADDITIONAL INFORMATION

Your attention is drawn to the section headed "Letter from the Independent Board Committee" and the section headed "Letter from the Independent Financial Adviser" set out in this Response Document, which contain, among other things, their respective recommendations and advice in relation to the Partial Offer and the principal factors considered by them in arriving at their recommendation, as well as the additional information set out in the Appendices to this Response Document.

By order of the Board
Hang Yick Holdings Company Limited



Cho Kin Keung Keith
Executive Director