MERDEKA 領智

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23 July 2026

To: The Independent Board Committee of Maxicity Holdings Limited

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF
GREENAIR ENERGY GLOBAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
MAXICITY HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
THE PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the composite document dated 23 July 2026 (the "**Composite Document**") jointly issued by GreenAir Energy Global Limited (the "**Offeror**") and Maxicity Holdings Limited (the "**Company**", collectively with its subsidiaries as the "**Group**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in this Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement. The Company was informed by the Vendor that on 21 June 2026, the Vendor, the Vendor's Guarantors and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Offeror agreed to acquire and the Vendor agreed to sell the Sale Shares, being 300,000,000 Shares in aggregate, representing 75% of the entire issued share capital of the Company as at the date of the Joint Announcement, at a consideration of HK$196,350,000.00 in aggregate, equivalent to HK$0.6545 per Sale Share. Completion took place on 22 June 2026.

Under the Sale and Purchase Agreement, the Vendor undertook to the Offeror, amongst other things, that the consolidated net asset value ("**NAV**") of the Group as at 31 May 2026 and as at the Completion Date shall not be less than HK$90 million. In the event that the NAV is less than HK$90 million as at 31 May 2026, or as at the Completion Date, the shortfall shall be paid by the Vendor to the Offeror. The NAV is to be determined based on the management accounts of the Group as at 31 May 2026 or the Completion Date, as the case may be, and prepared in accordance with Hong Kong Financial Reporting Standards. As at the Latest Practicable Date, the management accounts as at 31 May 2026 and as at the Completion Date have already had delivered by the Vendor to the Offeror. Based on such management accounts, the NAV figures of the Group as at 31 May 2026 and as at the Completion Date were approximately HK$105.0 million and HK$99.5 million, respectively. Hence, no shortfall payment would be required to be made to the Offeror. The disclosure of the NAV of the Group as at 31 May 2026 and as at the Completion Date in this Composite Document constitutes information requiring compliance with Rule 10 of the Takeovers Code. Reports from LIF & Wong CPA Limited and Aurelius on such NAV figures have been prepared in accordance with Rule 10. LIF & Wong CPA Limited has reported that, so far as the accounting policies and calculations are concerned, the NAV figures have been properly compiled on a basis consistent in all material respects with the accounting policies normally adopted by the Group and used in the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2025. Aurelius is satisfied that the NAV figures have been made by the Board with due care and consideration. Your attention is drawn to the reports issued by LIF & Wong CPA Limited and Aurelius set out in Appendix V to this Composite Document.

Immediately prior to Completion, the Offeror, Ms. Zhu and parties acting in concert with any of them did not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately after Completion and as at the Latest Practicable Date, the Offeror, Ms. Zhu and parties acting in concert with any of them are interested in an aggregate of 300,000,000 Shares, representing 75% of the entire issued share capital of the Company. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror, Ms. Zhu or parties acting in concert with any of them).

As at the Latest Practicable Date, there are 400,000,000 Shares in issue. Save for the 400,000,000 issued Shares, the Company has no other outstanding securities, options, warrants or derivatives which are convertible or exchangeable into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Chiao Siu Ling, Mr. Kwong Che Sing, Mr. Ling Siu Tsang and Mr. Tso Ping Cheong Brian, has been established in accordance with Rule 2.1 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

OUR INDEPENDENCE

We, Merdeka, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee in this respect and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Merdeka as the Independent Financial Adviser has been approved by the Independent Board Committee. Our role as the Independent Financial Adviser is to give our recommendation to the Independent Board Committee as to (i) whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Offer should be accepted.

We are independent from and not connected with the Company, the Offeror, Ms. Zhu, the Vendor, the Vendor's Guarantors, any of their respective ultimate beneficial owner or substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Offer, there were no other engagements between Merdeka and the Group or the Offeror. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to advise the Independent Board Committee, no arrangement exists whereby we shall receive any other fees or benefits from the Offeror, Ms. Zhu, and the Company, or any of their respective ultimate beneficial owner or substantial shareholders, or any person acting, or deemed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Offer.

BASIS OF OUR ADVICE

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained in or referred to in this Composite Document and the information and representations as provided to us by the Directors and the management of the Company (the "**Management**"). Our review procedures include, among others, review of the annual reports of the Group for each of the years ended 31 December 2025 (the "**2025 Annual Report**") and 31 December 2024 (the "**2024 Annual Report**"), this Composite Document, relevant announcements published by the Company, the industry trends of the Group's principal business, the historical Share price performance and the trading liquidity of the Company, and comparable companies to the Company. We have assumed that all information and representations that have been provided by the Directors and the Management are true, complete and accurate in all material respects at the time when they were made up to the Latest Practicable Date and should there be any material changes thereto or of our opinion, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in this Composite Document were reasonably made after due enquiries and careful consideration.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

The Directors have confirmed that, to the best of their information and knowledge, they believe that no material fact or information has been omitted from the information supplied and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in this Composite Document, including this letter, misleading.

While we have taken reasonable steps to satisfy the requirements under the Takeovers Code and the Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company or the Offeror as set out in this Composite Document, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the Offer.

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

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Offer, and except for its inclusion in this Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Offer, we have considered the principal factors and reasons as set out below:

1. Background information of the Group

1.1 Principal business

As set out in the Letter from the Board, the Company was incorporated in the Cayman Islands as an exempted company with members' limited liability on 30 January 2019. The Group is principally engaged in the undertaking of slope works in Hong Kong. The Group has commenced its business in 2013 and has mainly undertaken slope works in the role of subcontractor through A-City Workshop Limited, the Group's principal operating subsidiary. The slope works undertaken by the Group generally involve landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls.

The Group is experienced in undertaking different kinds of slope works which mainly comprise the following activities: (i) drilling and installation of soil nails; (ii) construction of retaining walls; (iii) installation of debris flow protection rigid barriers; (iv) construction of flexible barrier system; (v) installation of raking drains; (vi) installation of wire meshes and mats for erosion control; (vii) construction of concrete maintenance stairway/access; and (viii) landscape softworks and establishment works.

1.2 Historical financial information

Set out below is a summary of the consolidated results of the Group for the year ended 31 December 2023 ("**FY2023**"), 31 December 2024 ("**FY2024**") and 31 December 2025 ("**FY2025**") as extracted from the 2024 Annual Report and the 2025 Annual Report.

Table 1: Historical financial information of the Group

	For the year ended 31 December		
	2025	**2024**	**2023**
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)
Revenue from provision of slope works	238,557	205,780	168,202
– *Public sector projects*	*224,407*	*193,598*	*146,409*
– *Private sector projects*	*14,150*	*12,182*	*21,793*
Cost of services	(210,431)	(188,092)	(147,543)
Gross profit	28,126	17,688	20,659
Profit and total comprehensive income for the year	12,613	8,745	13,942

As demonstrated above and as referred to the 2024 Annual Report and the 2025 Annual Report, the Group derived all of its revenue from the provision of slope works for the three financial years ended 31 December 2025.

(i) For the financial years ended 31 December 2025 and 2024

The Group's total revenue, comprising the revenue from the provision of the slope works for both public and private sectors, increased by approximately 15.9% from approximately HK$205.8 million for FY2024 to approximately HK$238.6 million for FY2025. As advised by the Management, such increase was mainly attributable to (i) the increase in number of private projects undertaken by the Group during FY2025 as additional private sector projects were awarded to the Group, resulting in an increase of approximately 16.2% in the revenue generated from the private sector projects; and (ii) the progress of the public sector projects undertaken by the Group during FY2025, which resulted in a higher level of works completed and certified during the year and, accordingly, an increase of approximately 15.9% in revenue generated from public sector projects.

According to the 2025 Annual Report, the number of projects with revenue contributions increased from 23 projects in FY2024 to 28 projects in FY2025, among which the number of private sector projects increased from 9 projects in FY2024 to 14 projects in FY2025 while the public projects remained at 14 projects for FY2024 and FY2025, respectively.

In alignment with the growth in revenue, the Group's gross profit increased by approximately 59.0% from approximately HK$17.7 million for FY2024 to approximately HK$28.1 million for FY2025. The Group's gross profit margin also improved from approximately 8.6% for FY2024 to approximately 11.8% for FY2025. Such improvement was mainly attributable to the fact that half of the Group's major projects progressed to their final stages during FY2025, with a significant portion of the works already completed by the Group's direct labour, which reduced the procurement of raw materials for the remaining scope of work. As advised by the Management, the decrease in raw material procurement during FY2025 was mainly due to the completion and certification of certain projects during the year, for which a large amount of raw materials required for installation works had already been procured and consumed during FY2024. Accordingly, the reduced raw material requirements contributed to the improvement in the Group's gross profit margin for FY2025.

The Group recorded profit and total comprehensive income for the year of approximately HK$12.6 million for FY2025, representing an increase of approximately 44.2% as compared to approximately HK$8.7 million for FY2024. Such increase was mainly attributable to the increase in gross profit as mentioned above, which was partially offset by the increase in administrative expenses of approximately HK$5.8 million, mainly contributed by the increase in directors' emoluments, and the increase in income tax expenses driven by the increase in profit before income tax.

(ii) For the financial years ended 31 December 2024 and 2023

The Group's total revenue increased by approximately 22.3% from approximately HK$168.2 million for FY2023 to approximately HK$205.8 million for FY2024. As advised by the Management, such increase was primarily attributable to the increase in the Group's revenue derived from larger scale projects, being projects with revenue recognised of HK$5.0 million or above during the financial year. According to the 2024 Annual Report, although the total number of projects with revenue contributions decreased from 47 projects in FY2023 to 23 projects in FY2024, the number of projects with revenue recognised of HK$10.0 million or above increased from 5 projects in FY2023 to 6 projects in FY2024, and the number of projects with revenue recognised of HK$5.0 million to below HK$10.0 million increased from 1 project in FY2023 to 4 projects in FY2024. As advised by the Management, the Group recognises contract revenue over time by reference to the progress of works completed, the duration of a project may affect the timing of revenue recognition, with longer-term projects generally resulting in revenue being recognised over a longer period.

The Group's gross profit decreased by approximately 14.4% from approximately HK$20.7 million for FY2023 to approximately HK$17.7 million for FY2024. The Group's gross profit margin also decreased from approximately 12.3% for FY2023 to approximately 8.6% for FY2024. As advised by the Management, such decrease was mainly attributable to the fact that a number of the Group's projects were at or near their final stage during FY2024, the remaining works of which were generally labour-intensive and required more manpower. Due to a shortage of labour, the Group redeployed its direct labour to newly commenced projects and engaged additional subcontractors to complete the remaining works, resulting in higher subcontracting charges. In addition, the commencement of several new projects towards the end of FY2024 required additional upfront resources, which further reduced the Group's overall profit margin.

The Group recorded profit and total comprehensive income for the year of approximately HK$8.7 million for FY2024, representing a decrease of approximately HK$5.2 million or 37.3% as compared to approximately HK$13.9 million for FY2023. Such decrease was mainly due to the decrease in gross profit of approximately HK$3.0 million, which was primarily attributable to the increase in subcontracting charges and upfront costs incurred for newly commenced projects.

Table 2: Financial position of the Group

	As at 31 December		
	2025	**2024**	**2023**
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)
Non-current assets	6,741	8,256	6,859
Current assets	116,662	103,661	160,199
Current liabilities	27,654	28,732	23,019
Non-current liabilities	1,311	1,360	959
Net assets	94,438	81,825	143,080

As illustrated above, the Group's net assets decreased by approximately HK$61.3 million or 42.8% from approximately HK$143.1 million as at 31 December 2023 to approximately HK$81.8 million as at 31 December 2024, mainly attributable to the payment of a one-off special dividend of approximately HK$70.0 million during FY2024, which also led to the decrease in the Group's cash and bank balances and current assets during the year. The Group's net assets subsequently increased by approximately 15.4% to approximately HK$94.4 million as at 31 December 2025 due to the profit generated during FY2025.

In addition, the Group's current assets decreased by approximately HK$56.5 million or 35.3% from approximately HK$160.2 million as at 31 December 2023 to approximately HK$103.7 million as at 31 December 2024, mainly due to the decrease in cash and bank balances following the payment of the special dividend. The Group's current assets then increased by approximately HK$13.0 million or 12.5% to approximately HK$116.7 million as at 31 December 2025, which was mainly driven by the increase in cash and bank balances and contract assets during FY2025 and partly offset by the decrease in trade and other receivables.

Having considered the financial position of the Group that (i) the decrease in the Group's net assets and current assets from 31 December 2023 to 31 December 2024 was mainly attributable to the payment of a one-off special dividend of approximately HK$70.0 million during FY2024, rather than any material deterioration in the Group's operating performance; (ii) the Group's net assets subsequently increased to approximately HK$94.4 million as at 31 December 2025 mainly due to the profit generated during FY2025; and (iii) the current assets of the Group increased during FY2025, mainly driven by the increase in cash and bank balances and contract assets; we consider that the Group maintained a positive net asset position and recorded improvements in both net assets and current assets during FY2025, indicating that the Group's financial position remains healthy.

2. Background and intention of the Offeror

2.1 Background information of the Offeror and parties acting in concert with it

As set out in the "Letter from Lego Securities", the Offeror is incorporated in the British Virgin Islands with limited liability on 20 April 2026 and is an investment holding company incorporated to hold shares of the Company. As at the Latest Practicable Date, the Offeror is directly, wholly and beneficially owned by Ms. Zhu, who is also the sole director of the Offeror. As at the Latest Practicable Date, the Offeror is interested in 300,000,000 Shares.

Ms. Zhu, aged 39, is the sole ultimate beneficial owner and sole director of the Offeror. She has over 15 years of experience with extensive expertise in large-scale engineering projects and investments. She holds limited partnership interests in Ningbo Zhuoshuo Investment Partnership (Limited Partnership) (寧波卓碩合夥投資企業(有限合夥)) since July 2020, Gongqing City Fuyuan Equity Investment Partnership (Limited Partnership) (共青城福源股權投資企業(有限合夥)) since December 2020, and Zhuhai Gaolin Jinyuan Venture Capital Partnership (Limited Partnership) (珠海高林錦源創業投資合夥企業(有限合夥)) since January 2022. She has been serving as an executive director at Minhou County Tianshun Second Hand Car Trading Co., Ltd. (閩侯縣天順二手車交易有限公司) since September 2011, a director at Shenzhen Gaotai Technology Co., Ltd. (深圳市高臺科技有限公司) from September 2016 to November 2021, a senior project manager at Zhongding International Engineering Co., Ltd. (中鼎國際工程有限責任公司) from June 2019 to January 2023, a senior project manager at Xiamen Tairuikun Construction Engineering Co., Ltd. (廈門泰睿坤建設工程有限公司) from March 2024 to March 2026, and an engineer at Foshan Huapin Precision Component Co., Ltd. (佛山華品精密元件有限公司) from July 2009 to June 2011. Ms. Zhu graduated from Hunan Electrical College of Technology (湖南電氣職業技術學院) in the PRC in June 2008.

Through her prior positions as senior project managers in various companies, Ms. Zhu accumulated substantial experience in construction engineering projects in the PRC. While the work scope differs from that of the Group's principal business, namely slope works, Ms. Zhu is of the view that experience and expertise in different types of engineering projects are transferable and offer potential synergies, and she believes that she would be able to create value for the Group's continuous development.

2.2 Future intention of the Offeror regarding the Group

As set out in the "Letter from Lego Securities", upon Completion, the Offeror became a controlling shareholder (as defined under the Listing Rules) of the Company. The Offeror intends that the Group will continue the principal business of the Group and will maintain the listing status of the Company. The Group is principally engaged in the undertaking of slope works in Hong Kong. By leveraging Ms. Zhu's extensive expertise in large-scale engineering projects, management and investment experience in the construction engineering sector in the PRC, the Offeror intends to provide values to the Group's continuous development by exploring diversification and other potential business opportunities that will be synergised with the current businesses of the Group. The Offeror will conduct a review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group.

Subject to the results of the review, the Offeror may explore other business 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 Group. 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. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) make material changes to the employment of the management and employees of the Group; and (ii) dispose of or redeploy the assets of the Group other than those in its ordinary and usual course of business.

2.3 Proposed change of the Board composition

As at the Latest Practicable Date, the Board is made up of six Directors, comprising two executive Directors, being Mr. Sieh Shing Kee and Mr. Ho Ka Ki ("**Mr. Ho**"); and four independent non-executive Directors, being Ms. Chiao Siu Ling, Mr. Kwong Che Sing, Mr. Ling Siu Tsang and Mr. Tso Ping Cheong Brian.

It is intended that, save for Mr. Ho, all other Directors will resign after Completion and with effect from the earliest time permitted under the Takeovers Code, being immediately upon the close of the Offer on 13 August 2026. The Offeror intends to nominate new Directors to the Board to replace the existing Directors immediately upon the resignation of the existing Directors. The Offeror is in the process of identifying suitable candidates. The appointments will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made as and when appropriate.

As at the Latest Practicable Date, the Offeror has not reached any final decision as to the identities of the new Director(s).

2.4 Our view

Having considered the background of the Offeror and its intention regarding the Group, we note that the Offeror is wholly owned by Ms. Zhu, who has over 15 years of experience in large-scale engineering projects and investments. We also note that the Offeror intends to continue the existing principal business of the Group and maintain the listing status of the Company. Further, the Offeror has no intention to make material changes to the employment of the management and employees of the Group, or to dispose of or redeploy the assets of the Group other than in its ordinary and usual course of business.

In addition, we note from the 2025 Annual Report and our discussion with the Management that Mr. Ho, being the chief executive officer and an executive Director of the Company, is responsible for the overall management, strategic planning and day-to-day business operations of the Group, including maintaining client relationships and reviewing technical documents. He has played a key role in the Group's strategic development and business achievements since rejoining the Group in September 2016. We also noted that he is intended to remain on the Board after Completion. Given Mr. Ho's experience and familiarity with the Group's existing business operations as well as his important role in overseeing the Group's business operations, maintaining client relationships and formulating strategic development, we consider that his retention is expected to provide continuity to the Group's management and operations after Completion, and assist the Group in maintaining its established reputation, brand awareness and long-term business relationships with its customers in the slope works services industry in Hong Kong.

Although we are not aware of any long-term business development strategies for the Group have been formulated by the Offeror as at the Latest Practicable Date, having considered that (i) the Offeror intends that the Group will continue its existing principal business of providing slope works services in Hong Kong; (ii) the Offeror's background in large-scale engineering projects, management and investment experience in the construction engineering sector in the PRC may potentially contribute to the Group's continued development by exploring suitable diversification opportunities and other potential business opportunities that may be synergistic with the Group's existing business operations; and (iii) Mr. Ho, who is responsible for the overall management, strategic planning and day-to-day business operations of the Group, will be retained as a Director to assist the Offeror in overseeing and managing the business of the Group after the change in Board composition, we believe that the Group should be able to maintain its established reputation, brand awareness and long-term business relationships with its customers in the slope works services industry in Hong Kong after Completion.

3. Prospects and outlook of the Group

Based on the section headed "1. Background information of the Group" above in this letter and our discussion with the Management, the Group is principally engaged in undertaking slope works in Hong Kong, with majority revenue generated from public sector projects for each of FY2023, FY2024 and FY2025 (i.e. approximately 87.0%, 94.1% and 94.1%). The demand for the Group's slope works services is generally affected by the level of construction activities in Hong Kong, which may in turn be influenced by, among others, the overall economic environment, government infrastructure spending, landslip prevention and mitigation works, public housing development, private sector property development and land supply.

Hong Kong economic environment

Table 3: Hong Kong's real GDP

Year	2021	2022	2023	2024	2025
GDP growth rate	6.4%	(3.7)%	3.2%	2.6%	3.6%

Source: Census and Statistics Department of Hong Kong

According to the Census and Statistics Department of Hong Kong ("**C&SD**"), Hong Kong's real Gross Domestic Product ("**GDP**") grew by approximately 6.4% in 2021, followed by a contraction of approximately 3.7% in 2022. The economy then resumed growth, with real GDP increasing by approximately 3.2% in 2023, approximately 2.6% in 2024 and approximately 3.6% in 2025. This represented three consecutive years of economic expansion from 2023 to 2025.

With reference to the publication of Hong Kong Government (the "**Government**") dated 15 May 2026 and titled "Economic Situation in the First Quarter of 2026 and Latest GDP and Price Forecasts for 2026", Hong Kong's real GDP further increased by approximately 5.9% year-on-year in the first quarter of 2026, accelerating from 4.0% in the preceding quarter. The Government maintained its real GDP growth forecast for 2026 at approximately 2.5% to 3.5%. The Government also noted that expenditure on building and construction turned to an increase in the first quarter of 2026, driven by a pick-up in the public sector.

GDP is a general macroeconomic indicator reflecting the overall level of economic activity in Hong Kong. As the Group principally operates in Hong Kong, the GDP trend provides broad context on the economic environment in which the Group conducts its business. As demand for the Group's slope works services is also affected by the level of construction activity, Government infrastructure spending and landslip prevention and mitigation works, we have also considered other indicators including the gross value of public and private sector construction works and Government-led landslip prevention and mitigation works, as discussed below.

Government-led landslip prevention and mitigation works

According to the listing document of the Company dated 23 December 2021 (the "**Listing Document**"), it is noted that public sector slope works have been the main source of revenue of the Hong Kong slope works industry. Public sector slope works projects are mainly initiated by Government departments.

According to the 2026–27 Budget Estimates published on the Government's website on 25 February 2026 (the "**Budget Estimates**"), under Head 33 – Civil Engineering and Development Department, the Government's actual expenditure for landslip prevention and mitigation amounted to approximately HK$1,268.6 million in 2024 and approximately HK$1,391.9 million in 2025, while the estimated expenditure in 2026 is approximately HK$1,400.0 million. Such estimated expenditure for 2026 is closely comparable to the actual expenditure in 2025 and higher than that in 2024, indicating that Government expenditure on landslip prevention and mitigation is expected to remain at a substantial level.

We also reviewed the information published by the Civil Engineering and Development Department ("**CEDD**"). The Geotechnical Engineering Office ("**GEO**") launched a rolling Landslip Prevention and Mitigation Programme ("**LPMitP**") in

2010 to systematically deal with the landslide risk associated with both man-made slopes and natural hillsides. According to the CEDD's Report (No. 2/2025), which covers progress up to 30 September 2025, the GEO had incurred approximately HK$31.0 billion on landslip prevention and mitigation studies and works, and had continued to carry out upgrading works for Government man-made slopes, safety-screening studies for private man-made slopes and mitigation measures for natural hillside catchments. According to CEDD's Summary of active landslip prevention and mitigation works contracts under the LPMitP, as at 1 June 2026, there were 50 active works and ground-investigation contracts under the LPMitP across Hong Kong, with aggregate contract sums of approximately HK$6.0 billion and scheduled completion dates ranging from June 2026 to September 2030. In addition, according to the Budget Estimates, the number of slope features upgraded and landscaped was 150 in 2024 and 151 in 2025, and is estimated to be 156 in 2026. The number of natural hillside catchments with mitigation measures implemented increased from 37 in 2024 to 46 in 2025 and is estimated to further increase to 54 in 2026, while the number of safety-screening studies of private man-made slopes completed was 101 in 2024 and 102 in 2025 and is estimated to be 105 in 2026. Given the relevance of Government-led slope works to the Hong Kong slope works industry as mentioned in the Listing Document, the ongoing LPMitP contracts and the Government's continued commitment to slope safety-related works are relevant to the Hong Kong slope works market and are expected to support the general demand for slope works services in Hong Kong.

Construction market in Hong Kong

We have also reviewed the gross value of construction works performed by main contractors in Hong Kong, which is a broad construction market indicator, comprising construction works at private sector sites, construction works at public sector sites and construction works at locations other than construction sites, as extracted from the C&SD.

Table 4: Gross value of construction works by main contractors

	2021 *(HK$ billion)*	**2022** *(HK$ billion)*	**2023** *(HK$ billion)*	**2024** *(HK$ billion)*	**2025** *(HK$ billion)*
Private sector sites	62.2	66.9	85.5	85.1	70.7
Public sector sites	74.5	92.4	92.6	118.1	131.0
Locations other than construction sites	97.0	89.8	92.9	87.3	85.7
Total	233.7	249.1	270.9	290.6	287.5

Source: Census and Statistics Department of Hong Kong

The total gross value of construction works performed by main contractors in Hong Kong increased from approximately HK$233.7 billion in 2021 to approximately HK$287.5 billion in 2025, representing a compound annual growth rate ("**CAGR**") of approximately 5.3%. Such increase was mainly driven by (i) the growth in public sector construction works, which increased from approximately HK$74.5 billion in 2021 to approximately HK$131.0 billion in 2025, representing a CAGR of approximately 15.2%; and (ii) the growth in private sector construction works, which recorded a CAGR of approximately 3.3% from approximately HK$62.2 billion in 2021 to approximately HK$70.7 billion in 2025.

Given that the majority of the Group's revenue was generated from public sector projects during FY2023, FY2024 and FY2025, we consider that the level of public sector construction works is relevant to the overall operating environment of the Group. Although not all public sector construction projects require slope works, certain public sector projects, involving site formation, infrastructure, roadworks and landslip prevention and mitigation, may include slope works or related geotechnical works. Accordingly, the gross value of construction works at public sector sites provides a general reference to the potential demand in the public sector for the

Group's slope works services. In addition, with reference to the Budget Estimates, the Government's annual expenditure for landslip prevention and mitigation exceeded HK$1,200 million in each of 2024 and 2025, and is estimated to reach approximately HK$1,400 million in 2026. Such expenditure level indicates the Government's continued financial commitment to landslip prevention and mitigation works. Accordingly, the LPMitP launched by the GEO is considered one of the key drivers of demand for Government-led slope safety-related works in Hong Kong. Hence, we consider that the continued growth in public sector construction works, together with the Government's ongoing slope safety-related programmes, is expected to support the demand for the Group's slope works services.

The gross value of construction works performed by main contractors at private sector sites in Hong Kong also recorded a CAGR of approximately 3.3% from approximately HK$62.2 billion in 2021 to approximately HK$70.7 billion in 2025. As the Group also undertakes private sector slope works projects, the increase in private sector construction activities may provide certain business opportunities for the Group where such projects involve site formation, slope works or related geotechnical works. In contrast, construction works at locations other than construction sites generally comprise minor new construction works, decoration, repair and maintenance of buildings, and electrical equipment installation and maintenance works carried out at locations other than designated construction sites. As such works are generally less directly related to slope works, this category is considered less relevant to the Group's principal business.

Our view

In view of (i) Hong Kong's macroeconomic environment having generally improved, as indicated by the real GDP recording three consecutive years of growth from 2023 to 2025 and further growth of approximately 5.9% year-on-year in the first quarter of 2026; (ii) the gross value of construction works performed by main contractors in public sector sites from 2021 to 2025 recording a CAGR of approximately 15.2% indicating potential increase in demand in the public sector for the Group's slope works services; (iii) the Government's continuing implementation of landslip prevention and mitigation works, including the ongoing LPMitP projects with aggregate contract sums of approximately HK$6.0 billion and scheduled completion dates up to September 2030; and (iv) the Government's estimated expenditure for landslip prevention and mitigation in 2026 is approximately HK$1,400.0 million; we consider that the continued growth in public sector construction works and Government-led slope safety programmes are expected to support the demand for the Group's principal activity in the provision of slope works services.

4. Principal terms of the Offer

Lego Securities is, for and on behalf of the Offeror, making the Offer to acquire all the Offer Shares in compliance with the Takeovers Code on the following basis:

For each Offer Share . . . . HK$0.6545 in cash

The Offer Price of HK$0.6545 per Offer Share is the same as the purchase price per Sale Share under the Sale and Purchase Agreement, which was arrived at after arm's length negotiations between the Offeror and the Vendor.

The Offer is unconditional in all respects. The Offer is extended to all Shares in issue other than those Shares held by the Offeror and parties acting in concert with it.

As at the Latest Practicable Date, there are 400,000,000 Shares in issue. Save for the 400,000,000 issued Shares, the Company has no other outstanding securities, options, warrants or derivatives which are convertible or exchangeable into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights and benefits attached thereto, including but not limited to the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company has not declared any dividend which is outstanding and not yet paid and the Company does not intend to declare, make or pay any dividend or other distributions prior to close of the Offer.

4.1 Analysis on the Offer Price

The Offer Price of HK$0.6545 per Offer Share represents:

(i) a discount of approximately 90.4% to the closing price of HK$6.80 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 65.6% to the closing price of HK$1.90 per Share as quoted on the Stock Exchange on the Last Trading Day (i.e. 18 June 2026);

(iii) a discount of approximately 65.6% to the average closing price of HK$1.90 per Share (the "**5-day Average Price**") 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 65.7% to the average closing price of HK$1.91 per Share (the "**10-day Average Price**") as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

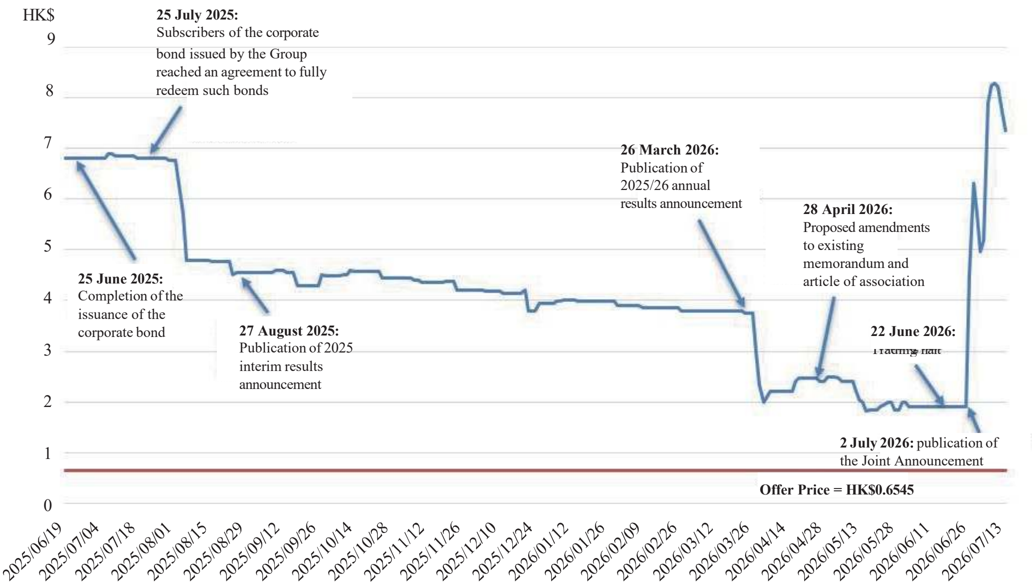
(v) a discount of approximately 67.8% to the average closing price of approximately HK$2.03 per Share (the "**30-day Average Price**") as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day; and

(vi) a premium of approximately 172.7% over the audited consolidated net asset value of the Group of approximately HK$0.24 per Share (the "**NAV per Share**") as at 31 December 2025 (being the date to which the latest audited consolidated annual results of the Group were made up), calculated based on the Group's audited consolidated net assets of approximately HK$94,438,000 as at 31 December 2025 and 400,000,000 Shares in issue as at the Latest Practicable Date.

4.2 Historical performance of the Shares

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 19 June 2025, being the twelve-month period prior to the Last Trading Day (i.e. 18 June 2026), up to and including the Latest Practicable Date (the "**Review Period**"):

Share price performance during the Review Period



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

Note: The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 22 June 2026 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 3 July 2026.

We have reviewed the movements in the closing price of the Shares for the Review Period. We consider the length of the Review Period to be reasonably long enough to illustrate the relationship between the historical trend of the closing price of the Shares and the Offer Price.

The Shares have been trading above the Offer Price during the entire Review Period. The lowest and highest closing prices of the Shares during the Review Period were HK$1.83 per Share recorded on 20 May 2026 and HK$8.29 per Share recorded on 14 July 2026, as quoted on the Stock Exchange. The average daily closing price of the Shares during the Review Period is approximately HK$4.20 per Share. The Offer Price of HK$0.6545 per Share represents (i) a discount of approximately 64.23% to the lowest closing price of HK$1.83 per Share; (ii) a discount of approximately 92.10% to the highest closing price of HK$8.29 per Share; and (iii) a discount of approximately 84.42% to the average daily closing price of approximately HK$4.20 per Share during the Review Period.

Pre-Announcement Period

During the period under review from 19 June 2025 to 18 June 2026 (being the Last Trading Day) (the "**Pre-Announcement Period**"), the closing prices of the Shares fluctuated and experienced an overall downward trend, decreasing from HK$6.80 per Share on 19 June 2025 to HK$1.90 per Share on the Last Trading Day.

As illustrated in the above chart, the Share price demonstrated a clear downward trend throughout the Pre-Announcement Period. The Share price was recorded at HK$6.80 on 19 June 2025 and, following the publication of the announcement in relation to the completion of the issuance of corporate bonds by a Hong Kong wholly-owned subsidiary of the Company on 25 June 2025, remained relatively stable within the range of HK$6.80 to HK$6.90 up to late July 2025. The highest closing price during the Pre-Announcement Period of HK$6.90 was recorded on 8 July 2025 and 9 July 2025.

Thereafter, following the publication of the voluntary announcement in relation to the Group's recent strategic developments and redemption of bonds on 25 July 2025, the Share price began to decline significantly from HK$6.80 on 28 July 2025 to HK$4.80 on 7 August 2025. Following the publication of the interim results announcement for the six months ended 30 June 2025 on 27 August 2025, the closing price of the Shares decreased to HK$4.55 on 28 August 2025 and subsequently declined to HK$4.30 on 19 September 2025. The Share price then fluctuated within a relatively narrower range of HK$4.15 to

HK$4.59 from late September 2025 to late December 2025, before decreasing to HK$3.80 on 24 December 2025.

Subsequently, the Share price recovered slightly to HK$4.00 on 12 January 2026 but thereafter resumed its downward trend. Following the publication of the annual results announcement for the year ended 31 December 2025 on 26 March 2026, the closing price of the Shares decreased to HK$3.74 on 30 March 2026, followed by a further decrease to HK$2.00 on 8 April 2026. The Share price then fluctuated within the range of HK$2.00 to HK$2.50 from early April 2026 to mid-May 2026, before reaching its lowest closing price during the Pre-Announcement Period of HK$1.83 on 20 May 2026. During the period from 8 June 2026 up to and including the Last Trading Day, the Share price remained at HK$1.90.

We have made enquiries with the Management and were advised that save for the publication of announcements of the Company as described above, the Directors were not aware of any specific reasons which may have an impact on the fluctuations of Share prices during the Pre-Announcement Period.

Post-Announcement Period

During the period under review from 3 July 2026 (i.e. being the date of the resumption in trading of the Shares after publication of the Joint Announcement) and up to and including the Latest Practicable Date (the "**Post-Announcement Period**"), the Offer Price of HK$0.6545 per Share represents (i) a discount of approximately 65.55% to the lowest closing price of HK$1.90 per Share; (ii) a discount of approximately 92.10% to the highest closing price of HK$8.29 per Share during the Post-Announcement Period; and (iii) a discount of approximately 89.80% to the average daily closing price of approximately HK$6.42 per Share during the Post-Announcement Period. We believe that the aforesaid recent surge in the Share prices was likely linked to the market reaction to the Joint Announcement, which might be a temporary and unsustainable market reaction to the Offer.

Although the Offer Price represents a premium of approximately 172.7% over the NAV per Share of HK$0.24 as at 31 December 2025, we consider such premium to be less representative in assessing the fairness and reasonableness of the Offer Price as compared with the day-to-day market value of the Shares. This is because the Share price had been trading at a premium over the audited NAV per Share throughout the entire Review Period, indicating that investors might not have valued the Shares solely by reference to the underlying value of the Group's assets. Instead, investors might have taken into account other factors in valuing the Shares, including but not limited to the historical price performance of the Shares, macroeconomic environment, industry trend and peers' performance. Having considered that the Shares had been trading above the Offer

Price throughout the entire Review Period, we are of the view that the Offer Price is unattractive and therefore not fair and not reasonable so far as the Independent Shareholders are concerned.

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

4.3 Historical trading volume of the Shares

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

Table 6: Trading volume of the Shares during the Review Period

Month/Period	**Total trading volume for month/period** *(number of Shares)*	**Number of trading days during the month** *(days)*	**Average daily trading volume for month/period** *(number of Shares)*	**Percentage of average daily trading volume to total number of the Shares in issue as at the end of each month or period** *(note 3)*	**Percentage of average daily trading volume to total number of the Shares held by public Shareholders as at the end of each month or period** *(note 4)*
2025 *(note 1)*					
19 June to 30 June	15,000	8	1,875	0.0005%	0.0019%
July	330,000	22	15,000	0.0038%	0.0150%
August	795,000	21	37,857	0.0095%	0.0379%
September	1,330,000	22	60,455	0.0151%	0.0605%
October	165,000	20	8,250	0.0021%	0.0083%
November	135,000	20	6,750	0.0017%	0.0068%
December	70,000	21	3,333	0.0008%	0.0033%
2026					
January	705,000	21	33,571	0.0084%	0.0336%
February	65,000	17	3,824	0.0010%	0.0038%
March	125,000	22	5,682	0.0014%	0.0057%
April	540,000	19	28,421	0.0071%	0.0284%
May	1,375,000	19	72,368	0.0181%	0.0724%
1 June to 18 June (i.e. the Last Trading Day)	115,000	14	8,214	0.0021%	0.0082%
3 July to 20 July (i.e. the Latest Practicable Date)	7,230,001	13	556,154	0.1390%	0.5562%
			Maximum	0.1390%	0.5562%
			Minimum	0.0005%	0.0019%
			Average	0.0150%	0.0601%

Source: www.hkex.com.hk

Notes:

1. The Review Period commenced on 19 June 2025.

2. The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 22 June 2026 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 3 July 2026.

3. Based on the number of Shares in issue as at the end of each month or period.

4. Based on the number of Shares held by public Shareholders as at the end of each month or period.

As illustrated above, the average daily trading volume of the Shares as a percentage of the total number of the Shares in issue as at the Latest Practicable Date ranged from the lowest of approximately 0.0005% in June 2025 to the highest of approximately 0.1390% recorded in July 2026, with an average daily trading volume throughout the whole Review Period of approximately 0.0150% of the total number of issued Shares as at the end of each month or period. If only Shares held by public Shareholders (the "**Free Float Shares**") are considered in calculating the percentage of average daily trading volume of the Shares as at the respective month/period under the Review Period, the average trading volume of the Free Float Shares during the Review Period ranged from the lowest of approximately 0.0019% in June 2025 to the highest of approximately 0.5562% recorded in July 2026, with an average daily trading volume throughout the whole Review Period of approximately 0.0601% of the total number of Free Float Shares as at the end of each month or period. We noted that the trading volume of the Shares in September 2025, May 2026 and July 2026 was relatively higher than that of the other months during the Review Period. In this regard, we made enquiries with the Management and were advised that the Directors were not aware of any specific reasons for the relatively higher trading volume in September 2025 and May 2026. As for July 2026, the Management advised that the relatively higher trading volume may have been attributable to the publication of the Joint Announcement.

Therefore, the trading volume of the Shares was generally thin in the Review Period and illiquid in the open market.

Taking into account the historical daily trading volume of the Shares during the Review Period as mentioned above represented not more than approximately 0.1390% and 0.5562% respectively as compared to the total number of the Shares in issue as at the end of each month or period and the Free Float Shares as at the end of each month or period, we are of the view that the trading volume of Shares can be considered generally low, and in normal circumstances, if the Independent Shareholders are to dispose of a large number of Shares in the market, it may exert downward pressure on the market price of Shares.

Therefore, the Independent Shareholders, especially those with relatively sizeable shareholdings, should note that they may find it difficult to dispose of a large volume of Shares in the open market at a fixed cash price within a short period of time without exerting downward pressure on the Share price, given the generally thin trading liquidity of the Shares during the Review Period. Accordingly, those Independent Shareholders who intend to dispose of their Shares or capitalise on their investments in the Company are advised to closely monitor the market price and liquidity of the Shares during the Offer Period and, having regard to their own circumstances, consider selling their Shares in the open market instead of accepting the Offer, if the net proceeds from such sale of Shares would be higher than the net amount receivable under the Offer, after taking into account the possible downward pressure on the Share price when selling in bulk.

4.4 Comparable Analysis

In order to further assess the fairness and reasonableness of the Offer Price, we have considered the price-to-book ratio (the "**P/B Ratio**"), the price-to-sales ratio (the "**P/S Ratio**"), the price-to-earnings ratio (the "**P/E Ratio**") and dividend yield which are commonly adopted trading multiple analyses in assessing the financial valuation of a company as the data for calculating such ratios can be obtained fairly and directly from publicly available information and reflect the value of the companies as determined by the open market.

We attempted to identify comparable companies based on the following criteria: (i) their shares are listed on the Stock Exchange; (ii) trading in their shares had not been suspended for more than three months up to and including the Latest Practicable Date; (iii) they are principally engaged in the provision of slope works services, with more than 50% of their total revenue for the latest financial year derived from such services, as disclosed in their respective latest published annual reports; and (iv) such slope works services revenue was generated solely in Hong Kong. Based on the above criteria and our research on the website of the Stock Exchange, we identified one comparable company (the "**Comparable Company**"), which represents the exhaustive list of companies satisfying the above criteria.

In determining the appropriate valuation methodology for assessing the Offer Price, we note that no dividend was distributed by the Group for the latest financial year. Accordingly, dividend yield analysis is not applicable. In addition, as both the Group and the Comparable Company recorded net profit for the latest financial year, we consider the P/E Ratio to be a meaningful and appropriate valuation benchmark. We have not adopted the P/S Ratio analysis as a primary valuation benchmark because P/S Ratio analysis is revenue-based and does not reflect profitability, cost structure or earnings-generating capability. In this case, as both companies are profit-making, we consider the P/E Ratio to be more relevant in assessing the Offer Price.

We have also considered the P/B Ratio. However, having considered the business nature of the Group, which is principally engaged in slope works in Hong Kong on a project basis, we consider that the P/B Ratio is less suitable as a primary valuation benchmark due to a substantial portion of the Group's assets comprising cash and working capital-related balances, i.e. the aggregate amount of the cash and cash equivalent accounts for approximately 66.2% of the total assets of the Group as at 31 December 2025 while the contract assets and trade and other receivables only accounted for approximately 28.3% of the total assets of the Group, which indicates that a material portion of the Group's assets is related to liquid assets, rather than fixed operating assets. Accordingly, we consider that the P/B Ratio may not fully reflect the Group's revenue-generating capability and project execution capacity and therefore the P/B Ratio is less suitable for our analysis.

In view of the above, while we consider the P/S Ratio and P/B Ratio to be less suitable as primary valuation benchmarks for our analysis, given that only one Comparable Company was identified, we have also included the P/S Ratio and P/B Ratio in the table below for reference only.

In view of the above, based on the Offer Price of HK$0.6545 per Offer Share and the total number of issued Shares of 400,000,000 as at the Latest Practicable Date, the Company is valued at approximately HK$261,800,000. The P/E Ratio of the Company implied by the Offer Price is approximately 20.76 times (the "**Implied P/E Ratio**") based on the audited net profit of the Company of approximately HK$12,613,000 for the year ended 31 December 2025. The P/S Ratio of the Company implied by the Offer Price is approximately 1.10 times (the "**Implied P/S Ratio**") based on the audited total revenue of the Company of approximately HK$238,557,000 for the year ended 31 December 2025, and the P/B Ratio of the Company implied by the Offer Price is approximately 2.77 times (the "**Implied P/B Ratio**") based on the net assets of the Group of approximately HK$94,438,000 as at 31 December 2025.

The following table sets out the details of the Comparable Company:

Table 7: Details of the Comparable Company

No.	Company name (Stock code)	Principal activities	Market capitalisation as at the Last Trading Day *(Note 1)* *(HK$' million)*	Net profit *(HK$' million)*	(Net liabilities) *(HK$' million)*	Total revenue *(Note 2)* *(HK$' million)*	P/E Ratio *(Note 2)* *(times)*	P/S Ratio *(Note 2)* *(times)*	P/B Ratio *(Note 2)* *(times)*
1.	Zhejiang United Investment Holdings Group Ltd. (stock code: 8366)	The group is a contractor principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong.	47.3	1.0	(23.9)	279.9	46.85	0.17	N/A
	The Company		**261.8** *(Note 3)*	**12.6**	**94.4**	**238.6**	**20.76**	**1.10**	**2.77**

Sources: the website of the Stock Exchange (www.hkex.com.hk) and the financial reports of the Comparable Company

Notes:

1. The market capitalisation of the Comparable Company was calculated based on the closing share prices and the total issued shares of the Comparable Company as at the Last Trading Day.

2. The P/E Ratio, P/S Ratio and P/B Ratio were based on the then market capitalisation of the Comparable Company as at the Last Trading Day, divided by the net profit, total revenue and net assets of the Comparable Company as stated in its latest available annual report, respectively. Given that the Comparable Company recorded net liabilities of approximately HK$23,888,000 as at 31 October 2025, its P/B Ratio is not applicable.

3. The market capitalisation of the Company is calculated based on the Offer Price of HK$0.6545 and the number of issued Shares as at the Last Trading Day (i.e. 400,000,000 Shares).

As set out in the above table, the P/E Ratio of the Comparable Company is approximately 46.85 times, which is higher than the Implied P/E Ratio of the Company of approximately 20.76 times, this indicates that the Offer Price implies a relatively low valuation of the Company as compared with the Comparable Company. Accordingly, from the Comparable Company analysis perspective, we consider that the Offer Price is unattractive and is not fair and not reasonable so far as the Independent Shareholders are concerned.

5. **Public float and maintaining listing status of the Company**

As stated in the "Letter from Lego Securities" contained in this Composite Document, the Stock Exchange has stated (a) if, at the close of the offer, the 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 of the Listing Rules for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The sole director of the Offeror (i.e. Ms. Zhu), Mr. Ho (being an executive Director) and the new Directors to be appointed to the Board 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 Offeror does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares after the close of the Offer.

RECOMMENDATION

Having considered the following factors and reasons:

(a) the Group has recorded net profit for three consecutive financial years as mentioned in the section headed "1.2 Historical financial information" above in this letter;

(b) the Group would be able to maintain its existing business operations and market position after Completion, given the Offeror's intention to continue the Group's principal business, Ms. Zhu's relevant background in engineering projects and investments, and the continued involvement of Mr. Ho in overseeing the Group's operations, details of which are mentioned in the section headed "2. Background and intention of the Offeror" in this letter;

(c) as referred to the section headed "3. Prospects and outlook of the Group" in this letter, after considering that (i) Hong Kong's macroeconomic environment having generally improved, as indicated by the real GDP recording three consecutive years of growth from 2023 to 2025 and further growth of approximately 5.9% year-on-year in the first quarter of 2026; (ii) the gross value of construction works performed by main contractors in public sector sites from 2021 to 2025 recording a CAGR of approximately 15.2% indicating potential increase in demand in the public sector for the Group's slope works services; (iii) the Government's continuing implementation of landslip prevention and mitigation works, including the ongoing LPMitP projects with aggregate contract sums of approximately HK$6.0 billion and scheduled completion dates up to September 2030; and (iv) the Government's estimated expenditure for landslip prevention and mitigation in 2026 is approximately HK$1,400.0 million, it is believed that the demand for the Group's slope works services is expected to remain positive supported by the favourable market environment and the ongoing LPMitP projects;

(d) the Offer Price is unattractive, given that (i) the closing prices of the Shares have been trading above the Offer Price during the entire Review Period; (ii) and the Offer Price represents discount to the average closing price during each of the Pre-Announcement Period and the entire Review Period, the 5-day Average Price, the 10-day Average Price and the 30-day Average Price, respectively; and (iii) the Offer Price represents a discount of approximately 90.4% to the closing price of the Shares of HK$6.80 as at the Latest Practicable Date;

(e) although the Offer Price represents a premium of approximately 172.7% over the NAV per Share of HK$0.24 as at 31 December 2025, we believe that the premium of the Offer Price over the NAV per Share is less representative in assessing the fairness and reasonableness of the Offer Price as compared to the day-to-day market value of the Shares given that the Company's share price has been trading at a premium over its audited NAV per Share for the entire Review Period, reflecting that investors might not have valued the Shares based solely on the underlying value of the Group's assets but considering various factors including but not limited to historical price performance, macroeconomic environment, industry trends and peer performance; and

(f) as referred to the section headed "4.4 Comparable Analysis", the Offer Price represents a relatively low valuation of the Company as compared with the valuation of the Comparable Company and is therefore unattractive and is not fair and not reasonable so far as the Independent Shareholders are concerned,

we consider that the Offer is not fair and not reasonable. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer.

Nevertheless, the Independent Shareholders should also note that (i) there is no guarantee that the Share price will sustain at a level above the Offer Price and/or after the Offer Period; and (ii) the Independent Shareholders (regardless of the size of their shareholdings) may not be able to realise their investments in the Shares at a price higher than the Offer Price when they dispose of their partial or entire holdings. In such circumstance, the Offer might provide an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares at the Offer Price of HK$0.6545. However, for those Independent Shareholders who intend to accept the Offer, we would remind them to closely monitor the market price and liquidity of the Shares during the Offer Period, and having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from such sale of Shares would be higher than that receivable under the Offer.

For those Independent Shareholders who intend to dispose of large blocks of Shares in the open market, we would also remind them of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the market prices of the Shares as a result of the thin trading in the Shares.

Those Independent Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the financial performance of the Group and be aware of the potential difficulties they may encounter in disposing of their investments in the Shares at a price higher than the Offer Price after the Offer Period, given the generally low trading volume during the Review Period.

Yours Faithfully,
For and on behalf of
Merdeka Corporate Finance Limited

Wallace So
Managing Director

Mr. Wallace So is a licensed person registered with the Securities and Futures Commission of Hong Kong, a responsible officer of Merdeka Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and a licensed representative of Merdeka Investment Management Limited to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. Mr. Wallace So has over 13 years of experience in the corporate finance industry.