勝 利 資 本
VS CAPITAL

Room 1105
11/F Yardley Commercial Building
3 Connaught Road West
Sheung Wan
Hong Kong

18 September 2025

To the Independent Board Committee

Dear Sir/Madam,

(1) PROPOSAL FOR THE PRIVATISATION OF PERFECT GROUP INTERNATIONAL HOLDINGS LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT OF THE CAYMAN ISLANDS AND (2) PROPOSED WITHDRAWAL OF LISTING

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee regarding the Proposal and the Scheme, details of which are set out in the letter from the Board contained in the Scheme Document to the Shareholders dated 18 September 2025, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document.

On 30 May 2025, the Offeror requested the Board to put forward the Proposal with the Cancellation Price of HK$0.25 to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 86 of the Companies Act. If the Proposal is approved and implemented, the Scheme Shares will be cancelled and extinguished on the Effective Date in exchange for the payment by the Offeror to each Scheme Shareholder as at the Scheme Record Date of the Cancellation Price of HK$0.25 in cash for each Scheme Share cancelled and extinguished. The Proposal and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions as set out in the section headed "Conditions of the Proposal and the Scheme" in Part VI — Explanatory Memorandum (the "**Explanatory Statement**") of the Scheme Document on or before the Long Stop Date, failing which the Scheme will not become effective and the Proposal will lapse.

The Independent Board Committee, comprising Dr. Ng Wang Pun, Dennis, Ms. Ng Sin Kiu and Mr. Wong Wai Keung Frederick (all being independent non-executive Directors), has been established by the Board to make recommendations to the Independent Shareholders as to whether the Proposal and the Scheme are, or are not, fair and reasonable, and whether to vote in favour of or against the Scheme at the Court Meeting and the resolutions in connection with the implementation of the Proposal at the EGM. We, VS Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

We are not in the same group as the financial or other professional advisers (including a stockbroker) to the Offeror or the Company. Apart from our appointment as the Independent Financial Adviser, we confirm that we are not associated or connected with the Company and/or Offeror or the controlling shareholders of either of them, or any party acting, or presumed to be acting, in concert with any of them within two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser. Save for normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. We consider ourselves independent pursuant to Rule 2 of the Takeovers Code to act as the Independent Financial Adviser to form our independent opinion in respect of the Proposal and the Scheme.

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group, which we have assumed are true, accurate and complete in all material aspects as at the Latest Practicable Date. Should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have reviewed (i) information in relation to the Group, including but not limited to, the financial reports published by the Company, including the annual reports of the Company for the years ended 31 December 2023 (the "**Annual Report 2023**") and 31 December 2024 (the "**Annual Report 2024**") and the announcement of unaudited interim results for the six months ended 30 June 2025 of the Company (the "**Interim Results 2025 Announcement**"), (ii) the information contained in the Scheme Document (including the Property Valuation Report in Appendix II — Property Valuation Report (the "**Property Valuation Report**") of the Scheme Document) and (iii) market information obtained from the websites of the Stock Exchange. We have no reason to doubt the truth, accuracy or completeness of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information which we have received is sufficient for us to reach an informed view. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror and their respective subsidiaries or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied.

We also have not considered the tax and regulatory implications with regard to the Proposal and the Scheme since these depend on individual circumstances. In particular, the Scheme Shareholders and the Disinterested Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation on the Proposal and the Scheme, we have considered the following principal factors.

1. THE GROUP

The Company is an investment holding company. The Group, comprising the Company and its subsidiaries, is principally engaged in the following activities.

(i) Jewellery Business

Designing, manufacturing and sales of high-end fine jewellery (primarily mounted with diamonds) as well as metal refining and purifying process for jewellery.

(ii) Property Business

Investment in and the development and sales of properties for the Group's integrated and comprehensive industry park.

(iii) Energy Business

Sales of electricity generated from the photovoltaic power generation system and provision of energy storage service.

1.1 Profit and Loss

Set out below are the consolidated profit or loss statements of the Group for the years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2024 and 2025 (collectively, the "**Financial Review Period**"), based on the Annual Report 2023, the Annual Report 2024 and the Interim Results 2025 Announcement.

	For the year ended 31 December			For the six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	("FY2022")	**("FY2023")**	**("FY2024")**	**("2024H1")**	**("2025H1")**
HK$ million	*Audited*	*Audited*	*Audited*	*Unaudited*	*Unaudited*
Revenue	374.1	348.7	273.5	154.7	146.2
Cost of Sales	(259.4)	(246.5)	(191.0)	(112.2)	(104.3)
Gross profit ("**GP**")	114.7	102.2	82.5	42.5	41.9
GP margin	*30.7%*	*29.3%*	*30.2%*	*27.5%*	*28.7%*
Other Income	3.5	5.3	6.5	2.9	3.0
Other gains and losses, net	2.9	(2.9)	(3.2)	2.8	(10.7)
(Impairment losses)/Reversal of impairment losses under expected credit loss model, net	(20.7)	(1.0)	(0.8)	—	0.3
Written down on properties held for sale	—	—	(26.3)	—	(2.7)
Selling & distribution costs	(10.8)	(13.6)	(12.6)	(7.1)	(5.8)
General & administrative expenses	(49.3)	(45.6)	(45.9)	(22.7)	(19.2)
Finance costs	(1.0)	(1.1)	(1.8)	(0.8)	(0.8)
Share of results of an associate	(0.9)	—	—	—	—
Profit/(Loss) before income tax	38.4	43.3	(1.6)	17.6	6.0
Income tax (expense)/credit	(11.0)	(9.1)	11.5	7.6	2.0
Profit for the year/period	27.4	34.2	9.9	25.2	8.0
Profit Margin	*7.3%*	*9.8%*	*3.6%*	*16.3%*	*5.5%*

Revenue

Set out below is the Group's revenue from each of the Group's business segments during the Financial Review Period, based on information contained in the Annual Report 2023, the Annual Report 2024 and the Interim Results 2025 Announcement.

HK$' million	**FY2022**	**FY2023**	**FY2024**	**2024H1**	**2025H1**
	Audited	*Audited*	*Audited*	*Unaudited*	*Unaudited*
Jewellery Business	326.6	286.5	232.8	128.3	127.8
Property Business	47.5	59.2	33.5	24.7	12.5
Energy Business	—	3.0	7.2	1.7	5.9
Total revenue	374.1	348.7	273.5	154.7	146.2

Jewellery Business

During the Financial Review Period, the Group's revenue was primarily derived from the Jewellery Business. For FY2023, the revenue of the Jewellery Business amounted to HK$286.5 million, representing a year-on-year decline of 12.3% from the amount of HK$326.6 for FY2022. As reported in the Annual Report 2023, the decline was attributable to the macroeconomic environment and heightened geopolitical tensions, increasing interest rates and declining economic growth expectation which weakened the customer sentiment significantly. For FY2024, the revenue of the Jewellery Business amounted to HK$232.8 million, representing a year-on-year decline of 18.7%. As stated in the Annual Report 2024, the Jewellery Business continued to be affected by the macroeconomic environment and heightened geopolitical tensions, declining economic growth expectation and record high gold prices which weakened the customer sentiment significantly. For 2025H1, the Jewellery Business reported revenue of HK$127.8 million, similar to the level of revenue of the Jewellery Business of HK$128.3 million for 2024H1.

Property Business

In relation to the Property Business, during the Financial Review Period, the Group was engaged in the development, sales and rental of properties and provision of management services in the Perfect Group Jewellery Industry Park in Foshan, the PRC (the "**Perfect Group Jewellery Industry Park**"). As stated in the Annual Report 2023, the Group started to deliver the completed units, including industrial units and dormitory, to its customers in the second half of 2018. For FY2023, the Group's revenue of the Property Business amounted to HK$59.2 million, representing a year-on-year increase of 24.6% from the amount of HK$47.5 million for FY2022. For FY2024, the Group's revenue of the Property Business amounted to HK$33.5 million, representing a year-on-year decline of 43.4%. As explained by the Company, the decrease was mainly due to the overall subdued industrial property market in the PRC. For 2025H1, the revenue of the Property Business amounted to HK$12.5 million, representing a year-on-year decline of 49.4%. The decrease was mainly due to the decrease in sales of properties and property management fee income.

Energy Business

The Group started its Energy Business with the acquisition of a 55% equity interest in Guangdong Kaisi New Energy Co., Ltd. ("**Guangdong Kaisi**"), which was completed in August 2023. The Energy Business involves sales of electricity which is generated from the photovoltaic power generation system owned by the Group. The operation of Guangdong Kaisi involves design, installation and maintenance of equipment for users. Upon completion of the installation, Guangdong Kaisi charges users for approximately 70% to 90% of the official charge rate stipulated by the local electricity bureau. In case users could not utilize all the electricity generated by the equipment, the unutilized electricity is sold to the local electricity bureau for a reduced rate. As at 31 December 2023, the Group had completed grid connection of eight projects in the PRC with an aggregate maximum capacity of approximately 5,882 kilo-Watt. For FY2023, the Energy Business reported revenue of HK$3.0 million. As at 31 December 2024, the Group had completed the grid connection of 14 projects in the PRC with an aggregate maximum capacity of approximately 12,586 kilo-Watt. For FY2024, the Energy Business reported revenue of HK$7.2 million. As at 30 June 2025, the Group had completed grid connection of 15 projects (as at 30 June 2024: ten projects) in the PRC with an aggregate maximum capacity of approximately 16,953 kilo-Watt (as at 30 June 2024: 8,643 kilo-Watt). The revenue of the Energy Business increased to HK$5.9 million for 2025H1 from HK$1.7 million for 2025H1, as the number of projects increased for 2025H1.

Overall, the Group's total revenue reported a downward trend during 2022–2024, decreasing from HK$374.1 million for FY2022 to HK$348.7 million for FY2023 (representing annual decline of 6.8%) and further to HK$273.5 million for FY2024 (representing an annual decline of 21.6%). The decrease in the Group's total revenue was mainly due to the decline in the revenue of the Jewellery Business as set out above. For 2025H1, the Group's total revenue amounted to HK$146.2 million, representing a year-on-year decline of 5.5%. The decrease was mainly due to the decrease in the revenue of Property Business for 2025H1, which was partially offset by the increase in the revenue of the Energy Business, as set out above.

Gross Profit

During 2022–2024, the Group's gross profit decreased from HK$114.7 million for FY2022 to HK$102.2 million for FY2023 and further decreased to HK$82.5 million for FY2024, following the decrease in total revenue during the Financial Review Period. During 2022–2024, while the gross profit of the Group decreased, the Group's gross profit margin remained stable at 29.3%–30.7%. For 2025H1, the Group reported gross profit of HK$41.9 million, similar to the level of gross profit of HK$42.5 million for 2024H1. The gross profit margin increased from 27.5% for 2024H1 to approximately 28.7% for 2025H1, which was mainly due to the decrease in sales of properties for 2025H1, which had a relatively lower profit margin.

Profit after tax

For FY2023, despite the decrease in revenue and gross profit as set out above, the Group reported profit after tax of HK$34.2 million, representing a year-on-year increase of 24.8% from the profit after tax of HK$27.4 million for FY2022. The profit margin improved from 7.3% for 2022 to 9.8% for 2023. The increase in the profit for FY2023 was mainly the result of the reduction of impairment losses under the expected credit loss model (net), for assessing impairment on financial assets (including trade and other receivables, loan receivable from an associate, rental deposits, bank deposits and cash and cash equivalents) under Hong Kong Financial Reporting Standards issued ("**HKFRSs**") 9 issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") in Hong Kong, to HK$1 million for FY2023 from HK$20.7 million, consisting of impairment provision for trade receivables in the PRC of HK$16.9 million and impairment provision for a loan receivable from an associate in the PRC of HK$3.8 million, for FY2022.

During FY2024, the Group entered into certain gold futures contracts (short position) to hedge and mitigate against the gold price fluctuations on the gold inventories (long position) between the time when they were purchased and the time when they were sold as finished jewellery products. For FY2024, the Group recorded a realised loss and an unrealised loss of HK$4.8 million and HK$0.9 million respectively on the gold futures contracts. The realised loss on the gold futures contracts was recorded when the short position of the gold futures contracts were closed and was offset by the corresponding gain on the finished jewellery products sold where the gold price fluctuation was reflected in the adjusted selling prices and the revenue. The unrealised loss arose on account of the mark-to-market value of the outstanding gold futures contracts (short position).

For FY2024, the Group's profit for the year decreased substantially to HK$9.9 million, representing a year-on-year decline of 71.1%. The Group's profit margin decreased to 3.6% for FY2024 from 9.8% for FY2023. The substantial decrease in the Group's profit for FY2024 was mainly due to the decrease in revenue and gross profit as detailed above and the written down on properties held for sales of HK$26.3 million recognised for FY2024 as a result of the overall industrial property market in the PRC remaining subdued for FY2024 and no significant improvement in the property market up to the date of the annual report for FY2024, although the effects were partially offset by the recognition of income tax credit of approximately HK$11.5 million for FY2024, compared with income tax expense of approximately HK$9.1 million for FY2023. As set out in the Annual Report 2024, the income tax credit was due to (a) the reversal of the over-provision of PRC Tax in previous years; (b) the decrease in income tax expenses due to the decrease in taxable profit of the subsidiaries of the Company; and (c) the reversal of deferred tax in relation to recognition of written down on properties held for sale during FY2024.

The Group's profit decreased to HK$8.0 million for 2025H1 from HK$25.2 million for 2024H1, representing a year-on-year decline of 68.3%. The Group's profit margin decreased to 5.5% for 2025H1 from 16.3% for 2024H1. The decreases in the Group's profit and profit margin were due to the combination of the following.

(i) The Group reported a net loss of other gains and losses of HK$10.7 million for 2025H1, compared to a net gain of HK$2.8 million for 2024H1. For 2025H1, the net loss mainly comprised (a) the realised loss on the gold futures contracts of approximately HK$7.4 million; (b) the gain on disposal of the listed equity securities of approximately HK$1.0 million; (c) the unrealised loss on the gold futures contracts and silver futures contracts of approximately HK$3.9 million and HK$0.6 million, respectively. For 2024H1, the gain mainly comprised a one-off gain from the disposal of a subsidiary company of approximately HK$2.8 million during the period.

(ii) The written down on properties held for sale located in the Perfect Group Jewellery Industry Park in the PRC was approximately HK$2.7 million for 2025H1 (for 2024H1: nil), having regard to the overall industrial property market in the PRC remaining subdued for 2025H1 and no significant improvement in the property market up to the date of the Interim Results 2025 Announcement.

(iii) Income tax credit decreased to HK$2.0 million for 2025H1 from approximately HK$7.6 million for 2024H1. For 2024H1, substantial reversal of over-provision of PRC Tax in previous years was recorded, which did not recur during 2025H1, causing the decrease in income tax credit for 2025H1.

(iv) The above effects on the Group's profit for 2025H1 was partially offset by the decrease in general and administrative expenses to HK$19.2 million for 2025H1 from HK$22.7 million for 2024H1, as a result of the Group's tightening control of administrative expenditure of the Jewellery Business and the Property Business during 2025H1.

1.2 Assets and Liabilities

Set out below is the consolidated statement of financial position of the Company as at 31 December 2024 (based on the Annual Report 2024) and as at 30 June 2025 (based on the Interim Results 2025 Announcement).

	As at	
	31 December 2024	**30 June 2025**
HK$ million	*Audited*	*Unaudited*
ASSETS		
Non-current assets		
Property, plant and equipment	119.2	126.2
Prepayment for acquisition of property, plant and equipment	—	1.0
Right-of-use assets	16.2	14.8
Interest in a joint venture	0.2	0.3
Equity instruments at fair value through other comprehensive income	0.5	0.3
Deferred tax assets	1.4	0.4
Total non-current assets	137.5	143.0
Current assets		
Inventories	122.7	106.8
Properties held for sale	299.1	301.0
Trade and other receivables	61.8	73.8
Financial assets at fair value through profit or loss	3.8	0.6
Restricted deposit	2.4	2.1
Bank deposits	112.9	105.9
Cash and cash equivalents	44.8	67.6
Total current assets	647.5	657.8
TOTAL ASSETS	785.0	800.8

HK$ million	As at 31 December 2024 *Audited*	As at 30 June 2025 *Unaudited*
LIABILITIES		
Current liabilities		
Trade and other payables	45.6	50.1
Contract liabilities	5.1	1.1
Lease liabilities	3.0	3.1
Tax payable	57.5	56.8
Bank loans	31.9	32.8
Dividend payable	—	13.3
Total current liabilities	143.1	157.2
Non-current liabilities		
Lease liabilities	6.8	5.2
Defined benefit plan obligations	1.1	1.1
Deferred tax liabilities	14.5	13.7
Total non-current liabilities	22.4	20.0
TOTAL LIABILITIES	165.5	177.2
NET ASSETS	619.5	623.6

As at 30 June 2025, the total assets amounted to HK$800.8 million and the total liabilities amounted to HK$177.2 million, resulting in net assets of HK$623.6 million.

As at 30 June 2025, the majority of assets were current assets amounting to HK$657.8 million, comprising cash, cash equivalents and bank deposits totaling HK$173.5 million, inventories (comprising gold, silver, diamonds, and semi-finished and finished jewellery products) of HK$106.8 million, trade and other receivables of HK$73.8 million, properties held for sale of HK$301.0 million, among other current assets. The properties held for sale, comprising industrial units, dormitory and car parks, are located in the Perfect Group Jewellery Industry Park.

As at 30 June 2025, the Group's non-current assets amounted to HK$143.0 million, comprising mainly property, plant and equipment of HK$126.2 million, which is made up of buildings of HK$54.3 million, plant and machinery of HK$68.7 million, among others. As informed by the Company, the buildings are located in the Perfect Group Jewellery Industry Park, while the plant and equipment were mainly photovoltaic equipment and energy storage equipment for the Energy Business.

As at 30 June 2025, the majority of the Group's total liabilities were current liabilities of HK$157.2 million, comprising mainly bank loans, tax payables and trade and other payables totaling HK$139.7 million. The Group's non-current liabilities of HK$20.0 million comprised mainly deferred tax liabilities of HK$13.7 million and lease liabilities of HK$5.2 million, as at 30 June 2025.

1.3 Valuation on Property Interests of the Group and the Adjusted Net Asset Value

(i) Valuation on property interests of the Group

The valuation of property interests of the Group as at 30 June 2025 has been conducted by APAC Asset Valuation and Consulting Limited, an independent professional valuer (the "**Valuer**") appointed by the Group. The total market value of the aforesaid property interests attributable to the Group as at 30 June 2025 was approximately RMB389.0 million (equivalent to HK$426.56 million based on an exchange rate of HK$1.0 = RMB0.91195 as at 30 June 2025 published on the website of the People's Bank of China for illustrative purposes. Further details of the aforesaid property interests and their corresponding valuation report prepared by the Valuer can be found in Appendix II to this Scheme Document.

We have reviewed the Valuer's qualification and experience in conducting property valuation. We have also reviewed the terms, including the scope of work, of engagement between the Company and the Valuer, which we consider to be appropriate. We noted that the Valuer had also carried out site inspections of the property interests of the Group in July 2025.

We have reviewed the Property Valuation Report and discussed with the Valuer the valuation methodology adopted in the Property Valuation Report. We note that the valuation methodology being adopted, namely the market approach, in the Property Valuation Report, is a common valuation approach and in line with market practice. The Valuer considers the market approach to be appropriate given (i) it is one of the most commonly accepted methods for valuing properties; and (ii) recent comparable sales transactions with similar attributes in terms of size, characteristics and location to the properties are available in the market. We have further discussed with the Valuer in respect of the valuation methodology, basis and assumptions adopted in arriving at the market values of the property interests, in particular, the rationale of selecting the valuation methodology for different types of property interests and the underlying assumptions adopted along with their bases and adjustments made for each property in the Property Valuation Report.

(ii) Adjusted Net Asset Value

By taking into account the effect of revaluation surplus arising from the valuation of all the aforesaid properties interests, set out below is the calculation of the Adjusted Net Asset Value (the "**Adjusted NAV**") of the Group:

	Notes	*HK$ million*
Consolidated net asset value of the Group as of 30 June 2025 (unaudited)		623.65
Adjustments:		
— Net revaluation surplus as of 30 June 2025	*(i)*	71.24
— Estimated deferred tax on revaluation surplus attributable to the Group	*(ii)*	(17.81)
Adjusted NAV		677.08
Adjusted NAV per Share *(HK$)*	*(iii)*	0.51
Cancellation Price *(HK$)*		0.25
Discount of the Cancellation Price to the Adjusted NAV per Share		50.70%

Notes:

(i) Represents the net revaluation surplus arising from the net excess of the market values of the property interests attributable to the Group as at 30 June 2025, over their corresponding book values attributable to the Group as at 30 June 2025. The market values were translated to HK$426,558,474 based on an exchange rate of HK$1.0 = RMB0.91195 as at 30 June 2025 published on the website of the People's Bank of China for illustrative purposes;

(ii) Represents estimated deferred tax on the temporary differences between the market values of the property interests and the corresponding tax base used in computation of taxable profit. Estimated deferred tax is calculated based on the corporate income tax rates applicable to properties in the PRC;

(iii) Based on 1,335,078,000 Shares in issue as at the Latest Practicable Date and an exchange rate of HK$1.0 = RMB0.91195 as at 30 June 2025 published on the website of the People's Bank of China for illustrative purposes.

1.4 Historical Dividend Payments of the Company

We note the dividend policy of the Company from the Annual Report 2024 of the Company that the board of the Company intends to create long term value for the Shareholders through maintaining a balance between dividend distribution, adequate cash flow and reserve to meet its working capital requirement and capturing growth opportunities. The board of the Company may propose or declare the payment of dividends after taking into account the current financial performance, the future financial requirements and any other factors that may deem relevant to the

Company. The board of the Company may decide the frequency of dividend payment and further declare or recommend any special distributions. Dividends may be declared or paid by way of cash or scrip or by other means that the board of the Company considers appropriate. The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of Cayman Islands and the Company's memorandum and articles of association. The board of the Company will review this dividend policy from time to time and there can be no assurance that dividend will be paid in any particular amount for any given period.

Since listing, dividends per Share distributed by the Company are set out as below:

Financial years	**Dividend per Share** *(HK$)*
For the six months ended 30 June 2025	Nil
For the year ended 31 December 2024	0.01
For the year ended 31 December 2023	0.02
For the year ended 31 December 2022	0.02
For the year ended 31 December 2021	0.02
For the year ended 31 December 2020	0.02
For the year ended 31 December 2019	0.03
For the year ended 31 December 2018	0.04
For the year ended 31 December 2017 *(Note 1)*	0.02
For the year ended 31 December 2016 *(Note 2)*	0.02
Total	**0.20**

Note 1: The Company has declared an interim dividend of HK$ 0.03 per share on 21 August 2017 equivalent to HK$0.01 per share after subdivision of share effective from 13 September 2017.

Note 2: Pursuant to the resolution at the extraordinary general meeting of the Company held on 12 September 2017, every one issued and unissued then ordinary shares of HK$0.01 was subdivided into three subdivided shares of one-third Hong Kong cent each which became effective on 13 September 2017. The dividend distributed to the Shareholders by the Company in FY2016 was HK$0.06 per then share (prior to the subdivision of shares), which is effectively HK$0.02 per Share.

1.5 Prospects

Most of the Group's revenue was derived from the Jewellery Business, representing 87.3%, 82.2%, 85.1% and 87.4% for FY2022, FY 2023, FY2024 and 2025H1 respectively. As set out under the section headed "Reasons for and benefits of the Proposal" in Explanatory Memorandum, the Jewellery Business has been hit by the weakened global macroeconomic environment and heightened geopolitical tensions. The Group downsized its operation in the PRC as the market showed no sign of significant recovery in 2024. The global market of the Jewellery Business has also been facing challenges, particularly the US market. The continuing geopolitical tensions between China and the US, coupled with the high tariff on exports imposed by the US administration, have created a highly uncertain and challenging market environment for the Jewellery Business. The geographic markets of the Jewellery Business comprise Hong Kong, the PRC and Dubai, accounting for 73.03%, 6.94% and 20.03% respectively of the total revenue of the Jewellery Business for FY2024 and 63.74%, 16.83% and 19.44% for 2025H1. Based on a report published by the Hong Kong Trade Development Council, we note that Hong Kong's jewellery industry is, by and large, export oriented and Hong Kong's fine jewellery exports declined by 8% year-on-year to HK$80.5 billion in 2024. Based on a report published by the World Gold Council (an industry organisation), we also note that for the first quarter of 2025, the gold jewellery demand by volume reported year-on-year decreases of 32% and 18% in the PRC and the United Arab Emirates (the country where Dubai is located) respectively, due to increasing gold prices which affected affordability. With regard to the global economic conditions, we note that according to a report published by the World Bank Group in June 2025, global economic growth is expected to weaken to 2.3% in 2025, compared to 2.8% (estimate) for 2024, in view of the substantial rise in trade barriers and the pervasive effects of an uncertain global policy environment, which would affect the demand of jewellery products.

Regarding the Property Business, as set out under the section headed "Reasons for and benefits of the Proposal" in the Explanatory Memorandum, the Group commenced the delivery of the completed units to its buyers in the second half of 2018 and the vast majority of the revenue from the possible sale of properties has already been recognised by the Group. In light of the weak market sentiment of the PRC property market, the Group does not have any new property development project on hand nor any plan to commence or acquire any new project. As such, no significant revenue is expected from the Property Business, and the Property Business will primarily rely on revenue generated from the sale of remaining units and car parks held by the Group and income from property management business in the coming few years. The Group has developed only one property project which is the Perfect Group Jewellery Industry Park. Based on the published annual reports of the Company, since 2018 and the Interim Results 2025 Announcement, the revenue from the sale of properties in the Perfect Group Jewellery Industry Park totalled HK$1,024.5 million up to 30 June 2025. Based on the consolidated statement of financial position of the Company as at 30 June 2025, the Group's properties held for sale amounted to HK$301.0 million. As the Group is not undertaking or acquiring any new projects, the scope of development of the Property Business to the overall business of the Group would be limited to the sale and/or rental of the Group's remaining property stocks in the Perfect Group Jewellery Industry Park and the provision of management services in the Perfect Group Jewellery Industry Park.

As to the Energy Business, as set out under the section headed "Reasons for and benefits of the Proposal" in the Explanatory Memorandum and based on further information provided by the Company, the Energy Business has only a relatively short period of operation with a relatively small scale compared to the Group's other business segments and due to the keen market competition in the PRC arising from the generalization of photovoltaic power and lower entry barriers, it is expected that the pace of growth of Energy Business will be restricted. The Group started its Energy Business with the acquisition of a 55% equity interest in Guangdong Kaisi in August 2023. We note that the Energy Business recording revenue of HK$7.2 million for FY2024 and HK$5.9 million for 2025H1, representing 2.6% and 4.0% of the Group's total revenue for FY2024 and 2025H1 respectively, remains small in business scale relative to the overall business of the Group. Furthermore, based on a report entitled China PV Industry Development Roadmap 2024-2025 (中國光伏產業發展路線圖2024–2025) published by China Photovoltaic Industry Association (中國光伏行業協會) in February 2025, we noted that the photovoltaic power application market in the PRC is undergoing changes amid implementation of regulations on the development and construction of distributed photovoltaic power generation system and pricing reform of electricity generated by renewable energy in the PRC, which would pose uncertainty to the market.

2. PRINCIPAL TERMS OF THE PROPOSAL

2.1 The Scheme

Subject to the satisfaction or waiver (where applicable) of the Conditions and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders will be entitled to receive from the Offeror:

For every Scheme Share cancelled . . . . HK$0.25 in cash

If the Proposal is approved and implemented, under the Scheme, all Scheme Shares will be cancelled on the Effective Date. In compliance with Rule 20.1(a) of the Takeovers Code, after the Scheme has become effective, the Cancellation Price for the cancellation of the Scheme Shares will be paid to the relevant Scheme Shareholders whose names appear in the Register on the Scheme Record Date as soon as practicable, but in any event no later than seven (7) Business Days after the Effective Date.

As set out in the section headed "Terms of the Proposal" in the Explanatory Statement, the Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

2.2 Dividend payment by the Company

On 24 March 2025, the Board proposed the payment of a final dividend of HK$0.01 per Share for FY2024. The last annual general meeting of the Company was held on 2 June 2025, at which, the resolution was passed for the approval of the payment of dividend for FY2024. The final dividend of the Company for FY2024 was paid on 7 July 2025.

As at the Latest Practicable Date, save for the final dividend of the Company for FY2024, the Company has not declared any dividend which remains unpaid, and the Company does not intend to declare and/or pay any dividend before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses or is withdrawn (as the case may be).

Save for the final dividend of the Company of HK$0.01 per Share for FY2024, which will not be deducted from the Cancellation Price, if, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or other return of capital, as the case may be, after consultation with the Executive, in which case any reference in this Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

2.3 Conditions of the Proposal and the Scheme

The Proposal and the Scheme will only become effective and binding on the Company and all of the Scheme Shareholders if the following Conditions are fulfilled or waived (as applicable):

(a) the approval of the Scheme (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders entitled to vote at the Court Meeting, present and voting either in person or by proxy at the Court Meeting;

(b) the approval of the Scheme (by way of poll) at the Court Meeting by the Disinterested Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders that are cast either in person or by proxy at the Court Meeting and the number of votes cast by Disinterested Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Disinterested Scheme Shareholders;

(c) the passing of (i) a special resolution by a majority of at least 75% of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to any reduction of the issued share capital of the Company as a result of cancelling and extinguishing the Scheme Shares and (ii) an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme and the application of the credit arising in the Company's books of accounts as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par value the new Shares issued to the Offeror;

(d) the sanction of the Scheme (with or without modification) by the Grand Court and if necessary its confirmation of any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of (and if necessary, minutes approved by) the Grand Court for registration;

(e) all Approvals which are (i) required in connection with the Proposal by (1) the Applicable Laws or (2) any licenses, permits or contractual obligations of the Company; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;

(f) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal);

(g) all the Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date; and

(h) since the date of the Announcement, there having been no adverse change to the business, financial or trading position of the Group taken as a whole, to an extent that is material in the context of the Proposal or the Scheme.

The Conditions set out in paragraphs (a) to (d) and (e)(i)(1) above cannot be waived. The Offeror reserves the right to waive all or any of the Conditions in paragraphs (e) to (h) (other than (e)(i)(1)) in whole or in part. The Company does not have the right to waive any of the Conditions. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct), failing which the Scheme will not become effective and the Proposal will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal or the Scheme if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal or the Scheme.

If approved, the Scheme will be binding on the Company and all the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

Further information relating to the conditions of the Proposal and the Scheme is set out under the section headed "Conditions of the Proposal and the Scheme" in the Explanatory Statement.

2.4 Irrevocable Undertakings

On 3 June 2025, the Offeror received the respective Irrevocable Undertakings from each of the IU Shareholders (comprising Classic Amber, Richemont Asset Management and Cachet Asset Management), pursuant to which each of the IU Shareholders has undertaken to, among other things, (i) for Classic Amber, (a) to vote in favour at the Court Meeting and (b) exercise (or procure the exercise of) all voting rights attached to the IU Shares held or owned by it at the EGM in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal, (ii) for each of Richemont Asset Management and Cachet Asset Management, (a) abstain from voting at the Court Meeting and (b) exercise (or procure the exercise of) all voting rights attached to the IU Shares held or owned by it at the EGM in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable). Each of the IU Shareholders also undertook that it will not, on or before the Effective Date, and other than in connection with the Scheme, sell, transfer, charge, encumber, create or grant any option, right, warrant or lien over or otherwise dispose of, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the legal, beneficial or economic consequences of ownership of, or grant any proxy or enter into any voting agreement or similar arrangement with respect to the voting of, or permit any such action to occur in respect of, all or any of the IU Shares or any interest therein.

Further information on the IU Shareholders is set out in under the section headed "Irrevocable Undertakings" in the Explanatory Statement.

3. REASONS FOR AND BENEFITS OF THE PROPOSAL

The section headed "Reasons for and benefits of the Proposal" in the Explanatory Statement sets out the reasons for and benefits of the Proposal and is summarised as follows.

For Scheme Shareholders

In view of the unfavourable business conditions facing the Group, it is unrealistic to expect the Group to attain steady growth in terms of revenue considering the developments of the Group in response to the uncertainties of business conditions, as also set out in the section headed "1.5 Prospects" in this letter. In particular, the Group had downsized its operation of Jewellery Business in the PRC as the market showed no sign of significant recovery in 2024 and the Group does not have any new property development project on hand nor any plan to commence or acquire any new project for its Property Business in light of the weak market sentiment of the PRC property market. The Proposal provides Scheme Shareholders with an opportunity to realise their investments in the Company for cash at an attractive premium to the prevailing trading prices of the Shares as set out in the section headed "TERMS OF THE PROPOSAL" in Part III — Letter from the Board of this Scheme Document. Furthermore, the trading liquidity of the Shares has been low. The low trading liquidity of the Shares could make it difficult for the Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares, or to dispose of a large number of Shares if an event that has an adverse impact on the Share price occurs. The Offeror sees the Scheme as a unique opportunity to unlock significant value for the Scheme Shareholders. The Proposal is an opportunity for the Scheme Shareholders to monetise their Shares amidst challenging and uncertain market conditions.

Details of the Group's financial performance and prospects are set out in the section headed "1. The Group" above in this letter. Details of our review of the trading prices and the liquidity of the Shares are set out in the sections headed "5.1 Historical price performance of the Shares" and "5.2 Trading liquidity of the Shares" below in this letter.

For the Offeror and the Company

The Company has not conducted any equity fund raising activities in recent years due to the relatively low liquidity in the trading of the Shares as aforesaid and the downward trend of the trading price of the Shares in the past years. Under such circumstances, the Company is unable to fully utilise its current listing platform as a source of funding for its long-term growth. It is expected that continued listing of the Shares may not provide any meaningful benefit to the

Company in the near future. The Proposal is expected to permit the Offeror to make strategic decisions focusing on the long-term growth and benefits, free from the pressure of market expectations, share price fluctuations and compliance requirements which arise from the Company being a publicly listed company. The Proposal, which entails the delisting of the Company, is also expected to reduce the administrative costs and management resources associated with maintaining the Company's listing status and compliance with regulatory requirements.

4. INFORMATION ON AND INTENTION OF THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability and has been one of the controlling shareholders of the Company since the Listing. The entire issued share capital of the Offeror is ultimately and beneficially owned by Mr. Kan. As at the Latest Practicable Date, the Offeror held 729,000,000 Shares and 54.60% of the issued share capital of the Company. Immediately upon the Scheme becoming effective, the Company and its subsidiaries will continue to be subsidiaries of the Offeror. As at the Latest Practicable Date, the sole director of the Offeror is Mr. Kan. Mr. Kan is the chairman of the Board and an executive Director of the Company, and is the spouse of Ms. Shek Mei Chun, an executive Director of the Company.

Following the implementation of the Proposal, the Offeror intends that the Group will continue to carry on its current business. The Offeror has no intention of making any major changes to the business of the Group, including any major redeployment of fixed assets or making any material change to the continued employment of employees of the Group, other than those in the ordinary course of business of the Group. The Offeror will continue to monitor the Group's performance and implement appropriate strategies for the Group and its business.

5. THE CANCELLATION PRICE

The Cancellation Price of HK$0.25 per Scheme Share represents:

(a) a premium of approximately 5.04% over the closing price of HK$0.238 per Share as quoted on the Stock Exchange on 15 September 2025, being the Latest Practicable Date;

(b) a premium of approximately 61.29% over the closing price of HK$ 0.155 per Share as quoted on the Stock Exchange on 30 May 2025, being the Last Trading Date;

(c) a premium of approximately 61.71% over the average closing price of HK$0.155 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Date;

(d) a premium of approximately 58.29% over the average closing price of HK$0.158 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;

(e) a premium of approximately 48.71% over the average closing price of HK$0.168 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;

(f) a premium of approximately 44.04% over the average closing price of HK$0.174 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;

(g) a discount of approximately 46.08% to the audited consolidated net asset value attributable to Shareholders per Share of HK$0.464 as at 31 December 2024, calculated based on the audited consolidated net asset value attributable to shareholders of HK$619,518,000;

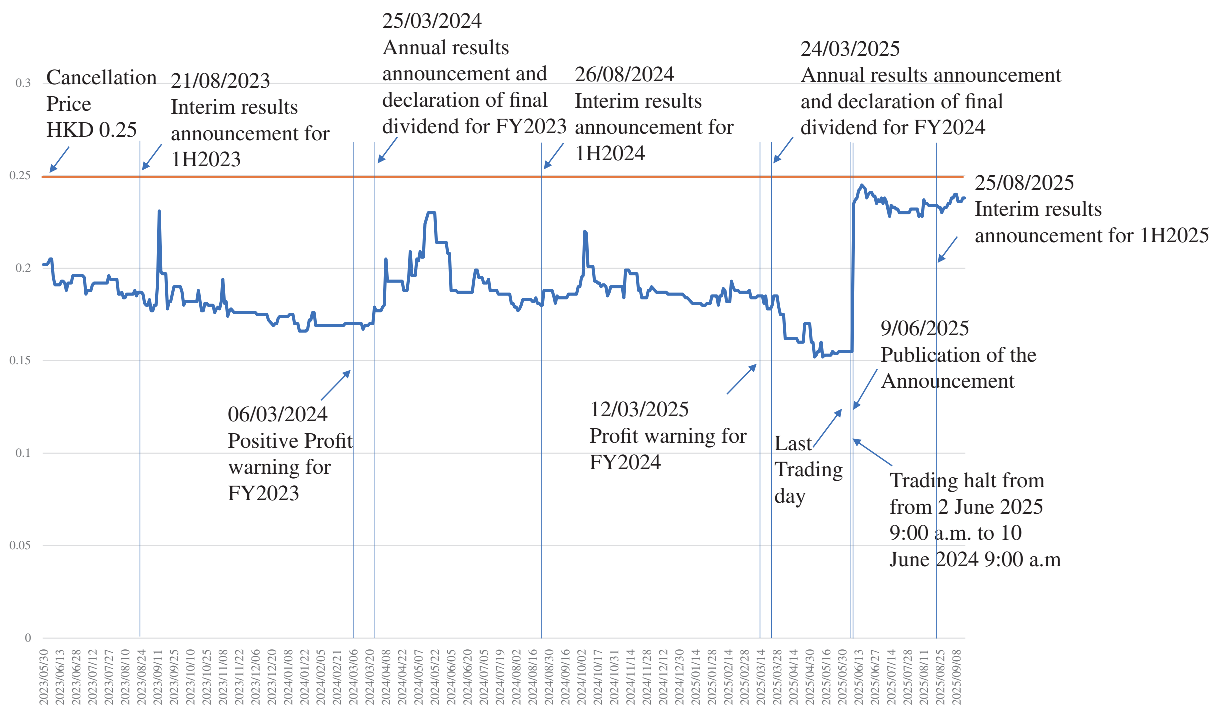
(h) a discount of approximately 46.48% to the unaudited consolidated net asset value attributable to Shareholders per Share of HK$0.467 as at 30 June 2025, calculated based on the unaudited consolidated net asset value attributable to shareholders of HK$623,649,000; and

(i) a discount of approximately 50.70% to the Adjusted NAV per Share (as defined in the section headed 1.3 (ii) Adjusted Net Asset Value in this letter) of HK$0.51.

According to the Announcement, the Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

5.1 Historical price performance of the Shares

Set out below is a chart illustrating the historical closing prices of the Shares as quoted on the Stock Exchange during the period commencing from 30 May 2023 (being the trading day two years before the Last Trading Day) to the Last Trading Date (" **Pre-Announcement Period** "), and subsequently up to and including the Latest Practicable Date ("**Post-Announcement Period**") (collectively, the "**Review Period**"). We consider a period of approximately two years is adequate and representative to illustrate the recent price movements of the Shares which reflect (i) market and investors' reaction towards the latest developments of the Group, including its financial performance and position, outlook and prospects; and (ii) prevailing market sentiment. We are of the view that this allows us to conduct a meaningful comparison between these closing prices of the Shares and the Cancellation Price.



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

During the Pre-Announcement Period, the highest and lowest closing prices of the Shares were HK$0.231 recorded on 12 September 2023 and HK$0.152 per Share recorded on 14 May 2025 respectively. The average daily closing price per Share over the Pre-Announcement Period was approximately HK$0.184 per Share. The Cancellation Price, being HK$0.25 per Scheme Share, represents a premium of approximately 35.97% over such average of closing prices.

Following the Company's publication of the Announcement in relation to the Proposal and the Scheme and resumption of trading of the Shares at 9:00 a.m. on 10 June 2025, the Share closing price increased to a level below the Cancellation Price. During the Post-Announcement Period, the highest and lowest closing prices of the Shares were HK$0.245 recorded on 17 June 2025 and HK$0.228 per Share recorded on 11 July 2025 and 6 and 8 August 2025 respectively. The average daily closing price per Share over the Post-Announcement Period was approximately HK$0.235 per Share. As at the Latest Practicable Date, the Share price closed at HK$0.238 per Share. The Cancellation Price, being HK$0.25 per Scheme Share, represents a premium of approximately 6.39% and 5.04% over the average of closing prices during the Post-Announcement Period and the closing price at the Latest Practicable Date respectively.

The average daily closing price per Share over the Review Period was approximately HK$0.190 per Share. The Cancellation Price, being HK$0.25 per Scheme Share, represents a premium of approximately 31.73% over such average of closing prices.

Considering that (i) the Cancellation Price is higher than the closing price of the Shares during the Pre-Announcement Period, and that it represents a premium of approximately 35.97% over the average closing prices of the Shares during the Pre-Announcement Period and (ii) the Cancellation Price is higher than the closing price of the Shares during the Post-Announcement Period, and that it represents a premium of approximately 6.39% over the average closing prices of the Shares during the Post-Announcement Period, we are of the view that the Cancellation Price is fair and reasonable from the point of view of the historical trading price of the Shares.

5.2 Trading liquidity of the Shares

Set out below is the average daily trading volume of the Shares on a monthly basis and the respective percentage of the average daily trading volume of the Shares as compared to the total number of issued Shares and Shares held by the Disinterested Shareholders during the Review Period.

Month	**Average daily trading volume** *(number of Shares)*	**Average daily trading volume as a percentage to the total number of issued Shares**[(1)]	**Average daily trading volume as a percentage to the total number of issued Shares held by the Disinterested Shareholders**[(2)]
2023			
May (30 May 2023)	202,500	0.015%	0.067%
June	56,571	0.004%	0.019%
July	44,700	0.003%	0.015%
August	70,696	0.005%	0.023%
September	203,526	0.015%	0.068%
October	160,665	0.012%	0.053%
November	126,136	0.009%	0.042%
December	59,842	0.004%	0.020%
2024			
January	27,955	0.002%	0.009%
February	10,579	0.001%	0.004%
March	61,950	0.005%	0.021%
April	124,800	0.009%	0.042%
May	38,286	0.003%	0.013%
June	28,737	0.002%	0.010%
July	38,864	0.003%	0.013%
August	75,409	0.006%	0.025%
September	72,000	0.005%	0.024%
October	177,857	0.013%	0.059%
November	73,143	0.005%	0.025%
December	60,595	0.005%	0.021%

Month	Average daily trading volume *(number of Shares)*	Average daily trading volume as a percentage to the total number of issued Shares[(1)]	Average daily trading volume as a percentage to the total number of issued Shares held by the Disinterested Shareholders[(2)]
2025			
January	37,421	0.003%	0.013%
February	85,350	0.006%	0.029%
March	99,143	0.007%	0.034%
April	21,000	0.002%	0.007%
May	25,800	0.002%	0.009%
June[(3)]	1,645,600	0.123%	0.559%
July	434,500	0.033%	0.148%
August	209,143	0.016%	0.071%
September (up to the Latest Practicable Date)	178,091	0.013%	0.060%

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

Notes:

(1) The calculation is based on the average daily trading volume divided by total number of issued Shares as at the end of each relevant month.

(2) The calculation is based on the average daily trading volume divided by total number of issued Shares held by the Disinterested Shareholders as at the end of each relevant month.

(3) The Shares were suspended for trading from 2 June 2025 9:00 a.m. to 10 June 2025 9:00 a.m.

As illustrated in the above table, the percentage of average daily trading volume on a monthly basis to (i) the total number of issued Shares; and (ii) the total number of Shares held by the Disinterested Shareholders, ranged from approximately 0.001% to approximately 0.015% and approximately 0.004% to approximately 0.068% respectively during the Pre-Announcement Period. The average daily trading volume of the Shares during the Pre-Announcement Period was approximately 74,921 Shares, representing approximately 0.006% of the total number of issued Shares and approximately 0.0254% of the total number of Shares held by the Disinterested Shareholders as at the Last Trading Date.

We note that the trading volume of Shares increased after the publication of the Announcement where during the Post-Announcement Period, the average daily trading volume of Shares amounted to approximately 588,319 Shares, representing approximately 0.044% of the total number of issued Shares and approximately 0.200% of the total number of Shares held by the Disinterested Shareholders as at the Latest Practicable Date. It can be concluded that, without the Proposal, the Shares were generally illiquid.

In the absence of the Proposal, Disinterested Shareholders will only be able to dispose of their Shares on-market to realise their investment in the Company. Considering the thin trading volume of Shares during the Pre-Announcement Period, Disinterested Shareholders may experience difficulty in disposing of their Shares, and any sale of a significant number of the Shares on the market may result in downward pressure on the market price of Shares. The Proposal therefore represents an opportunity for the Disinterested Shareholders to exit at a fixed cash price, which also represents premium over the closing price of the Shares during the Review Period.

5.3 Comparable analysis

Comparable analysis involves determining the relative value of a company by comparing it to other companies in the similar industries and of similar scale.

To assess the fairness and reasonableness of the Cancellation Price, we have performed analysis on the price-to-earnings ratio (the "**P/E Ratio(s)**") and price-to-book ratio (the "**P/B Ratio(s)**"), both being the common parameters in assessing a company's value, of companies which are listed on the Hong Kong Stock Exchange and are engaged in similar business of the Group for comparison purpose (the "**Comparable(s)**").

We have set the following selection criteria for the purpose of identifying Comparables:

5.3.1 company whose shares are listed on the Main Board of the Stock Exchange and were not being suspended from trading as at the Latest Practicable Date;

5.3.2 over 50% of its latest financial year revenue was derived from the sale of jewellery products;

5.3.3 of comparable operating scale to the Group with latest financial year revenue ranging from HK$100 million to HK$500 million (the Group's revenue in FY2024 was approximately HK$273.5 million); and

5.3.4 of comparable market cap to the Company less than HK$500 million (the average market cap of the Company was approximately HK$246.33 million in the Pre-Announcement Period).

Based on the above criteria, we have identified two Comparables, being Domaine Power Holdings Limited and Continental Holdings Limited. The list is exhaustive based on those selection criteria above. Cognisant that there exists no company which can be of exactly the same business model, scale of operation, trading prospect, target markets, product mix and capital structure as the Company and we have not conducted any in-depth investigation into the business and operations of the Comparables save for the aforesaid selection criteria. Notwithstanding this, we believe the Comparables selected, are appropriate to serve as a benchmark reference for our comparable analysis purpose, which reflects the prevailing market sentiment towards this business sector.

Our relevant findings are summarised in the following table:

Stock code	**Company name**	**Principal business**	**Market capitalisation**[1] *(HK$ million)*	**Revenue**[2] *(HK$ million)*	**Net profit/ (loss)**[3] *(HK$ million)*	**Net asset value**[4] *(HK$ million)*	**P/E Ratio**[5] *(times)*	**P/B Ratio**[6] *(times)*
513	Continental Holdings Limited	designing, manufacturing, marketing and trading of fine jewellery and diamonds. Also, the Group maintains an investment portfolio including property investment and development, mining and other investments.	109	360	(305)	1,952	N/A	0.06
442	Domaine Power Holdings Limited	designing, manufacturing, processing and exporting fine jewelleries to jewellery wholesalers, retailers and high-net-worth customers mainly in Hong Kong and the Chinese Mainland	164	185	(9)	74	N/A	2.22
						Mean	**N/A**	**1.14**
						Maximum	**N/A**	**2.22**
						Minimum	**N/A**	**0.06**

Stock code	Company name	Principal business	Market capitalisation[1] *(HK$ million)*	Revenue[2] *(HK$ million)*	Net profit/ (loss)[3] *(HK$ million)*	Net asset value[4] *(HK$ million)*	P/E Ratio[5] *(times)*	P/B Ratio[6] *(times)*
3326	**The Company**[7]	(a) designing, manufacturing and sales of high-end fine jewellery (primarily mounted with diamonds) as well as metal refining and purifying process for jewellery (the "**Jewellery Business**"); (b) investment in and the development and sales and rental of properties for the Group's integrated and comprehensive industry park located at 1st Ring Road South Extension Foshan, Guangdong Province, the People's Republic of China (the "**PRC**") (the "**Property Business**") as an integrated and comprehensive industry park (the "**Perfect Group Jewellery Industry Park**"); and (c) sales of electricity generated from the photovoltaic power generation system as well as energy storage business (the "**Photovoltaic Power Generation Business**") with the Acquisition of Guangdong Kaisi.	318	273	9.86	676	33.85	0.49

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

Notes:

1. Market capitalisation is calculated based on the share closing price times the total number of shares in issue as at the Latest Practicable Date.

2. The revenue of the Comparables are extracted from their respective latest published annual results announcement/report prior to the Latest Practicable Date.

3. The net profit/(loss) attributable to shareholders of the Comparables are extracted from their respective latest published annual results announcement/report prior to the Latest Practicable Date.

4. The net asset value attributable to shareholders of the Comparables are extracted from their respective latest published annual/interim results announcement/report prior to the Latest Practicable Date.

5. P/E Ratios of the Comparables are calculated based on their respective market capitalisation as described in note 1 above and divided by their respective net profit as described in note 3 above.

6. P/B Ratios of the Comparables are calculated based on their respective market capitalisation as described in note 1 above and divided by their respective net asset value as described in note 4 above.

7. The implied market capitalisation of the Company is calculated based on the Cancellation Price and 1,335,078,000 issued Shares. The implied P/E Ratio of the Company (the "**Implied P/E Ratio**") is calculated based on the implied market capitalisation and divided by the Group's net profit attributable to owners of the Company in FY2024. The implied P/B Ratio of the Company (the "**Implied P/B Ratio**") is calculated based on the implied market capitalisation, divided by the Group's Adjusted NAV.

As shown in the above table, from a P/B Ratio perspective, we first note that one of the Comparables, namely Continental Holdings Limited, has a relatively lower P/B ratio of 0.06 time than the Implied P/B ratio of the Company. However, when comparing this Comparable with the Company, we note there are significant differences in size and major composition of assets and liabilities and profitability including: (i) as at 31 December 2024, the amount of total assets of Continental Holdings Limited is HK$3,195.67 million with major assets of investment properties at HK$1,990.40 million and mining right at HK$479.53 million. As of 31 December 2024, the amount of total assets of the Company is HK$785.00 million with major assets of properties held for sale at HK$299.15 million, inventories at HK$122.67 million and property, plant and equipment at HK$119.17 million; (ii) As of 31 December 2024, Continental Holdings Limited recorded net current liabilities at HK$372.52 million with bank loans at HK$879.73 million while the Company recorded net current assets at HK$504.41 million with bank loan at HK$31.90 million; and (iii) Continental Holdings Limited recorded net losses for the year ended 30 June 2024 and six months ended 31 December 2024 while the Company recorded net profit for the year ended 31 December 2024. Considering the above characteristics of this Comparable, the P/B Ratio analysis with this Comparable provides a limited direct comparable analysis due to difference in fundamentals of this Comparable with those of the Company including size and major composition of the assets and liabilities and profitability.

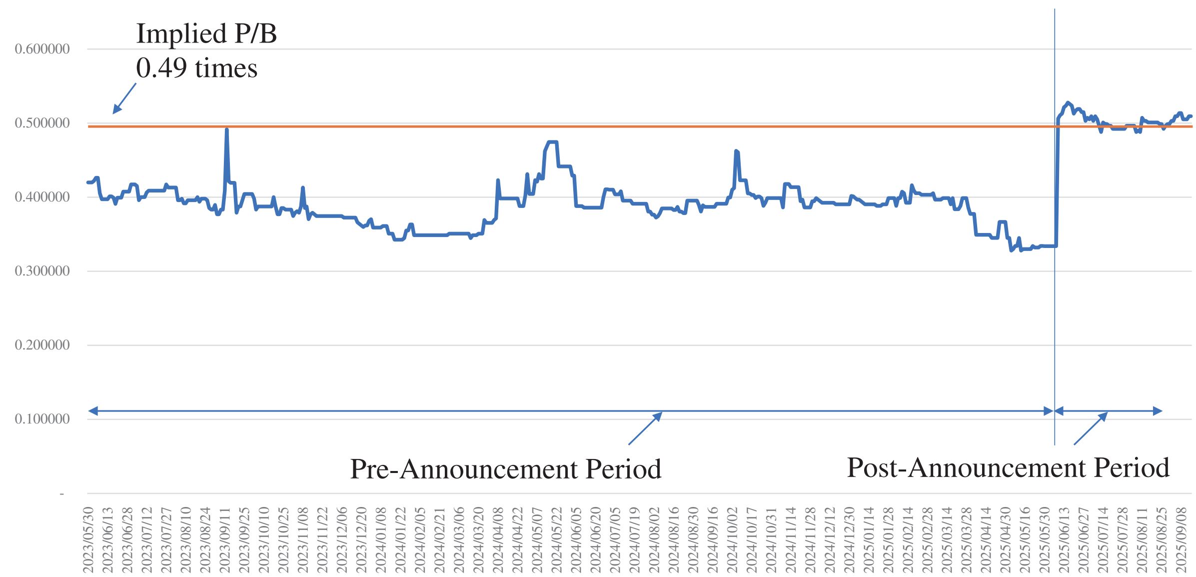
Another Comparable, namely, Domaine Power Holdings Limited, has a relatively higher P/B ratio of 2.22 times than the Implied P/B ratio of the Company. However, when comparing this Comparable with the Company, we also note there are significant differences in size and major composition of assets and liabilities, sources of revenue and related profitability including: (i) As of 31 December 2024, the amount of total assets of Domaine Power Holdings Limited is HK$92.19 million with major assets of cash and bank balances at HK$36.39 million. As of 31 December 2024, the amount of total assets of the Company is HK$785.00 million with major assets of properties held for sale at HK$299.15 million, inventories at HK$122.67 million and property, plant and equipment at HK$119.17 million; (ii) sales of jewellery products and sales of precious metals and raw jewellery materials accounted for approximately 90% and 10% of revenue of Domaine Power Holdings Limited for the year ended 31 March 2025 respectively and over 99.9% of the total revenue recorded by Domaine Power Holdings Limited for the year ended 31 March 2025 is derived from customers in Chinese Mainland. Domaine Power Holdings Limited recorded net loss in recent five consecutive years from FY2020 to FY2024. On the other hand, sales of jewellery products and sales of properties accounted for approximately 81.70% and 5.17% of the Company for the year ended 31 December 2024 respectively and approximately 20% of the total revenue recorded by the Company for the year ended 31 December 2024 is derived from the PRC. The Company recorded net profit in recent five consecutive years from FY2020 to FY2024; (iii) there is a change of controlling shareholding of Domaine Power Holdings Limited completed in November 2021 while the new controlling shareholder have shown no background in jewelry industry according to the announcement of Domaine Power Holdings Limited dated 8 October 2021. Considering the above characteristics of this Comparable, the P/B Ratio analysis with this Comparable provides a limited direct comparable analysis due to difference in fundamentals of this Comparable with those of the Company including size and major composition of the assets and liabilities, sources of revenue and related profitability and continuity of controlling shareholding.

The valuation of the Company based on the implied market capitalisation arrived at using the Cancellation Price and the Group's Adjusted NAV translate into an implied P/B Ratio of approximately 0.49 times. This is within the P/B Ratio range of the two Comparables of approximately 0.06 times to 2.22 times, and below the Comparables' P/B Ratio mean of approximately 1.14 times. However, considering the further specific characteristics of the Comparables, the above P/B Ratio analysis provides little value to the direct comparable analysis due to difference in fundamental background of the Comparables with the Company such as size and major composition of the assets and liabilities, sources of revenue with related profitability and continuity of controlling shareholders.

From a P/E Ratio perspective, we note that the Group reported profits in FY2024 while both Comparables, namely the Continental Holdings Limited and Domaine Power Holdings Limited, reported losses in FY2024 rendering the P/E Ratio not applicable.

5.4 Premium/(discount) of the Implied P/B Ratios to the historical P/B Ratios

In assessing the fairness and reasonableness of the Cancellation Price, we have reviewed, as set out in the table below, the historical P/B Share prices during the Review Period. The historical P/B Ratios of the Company are calculated based on their respective market capitalization, calculated based on the share closing price times the total number of shares in issue, divided by the respective net asset value attributable to shareholders of the Company extracted from the respective latest published annual/interim results announcement/report.

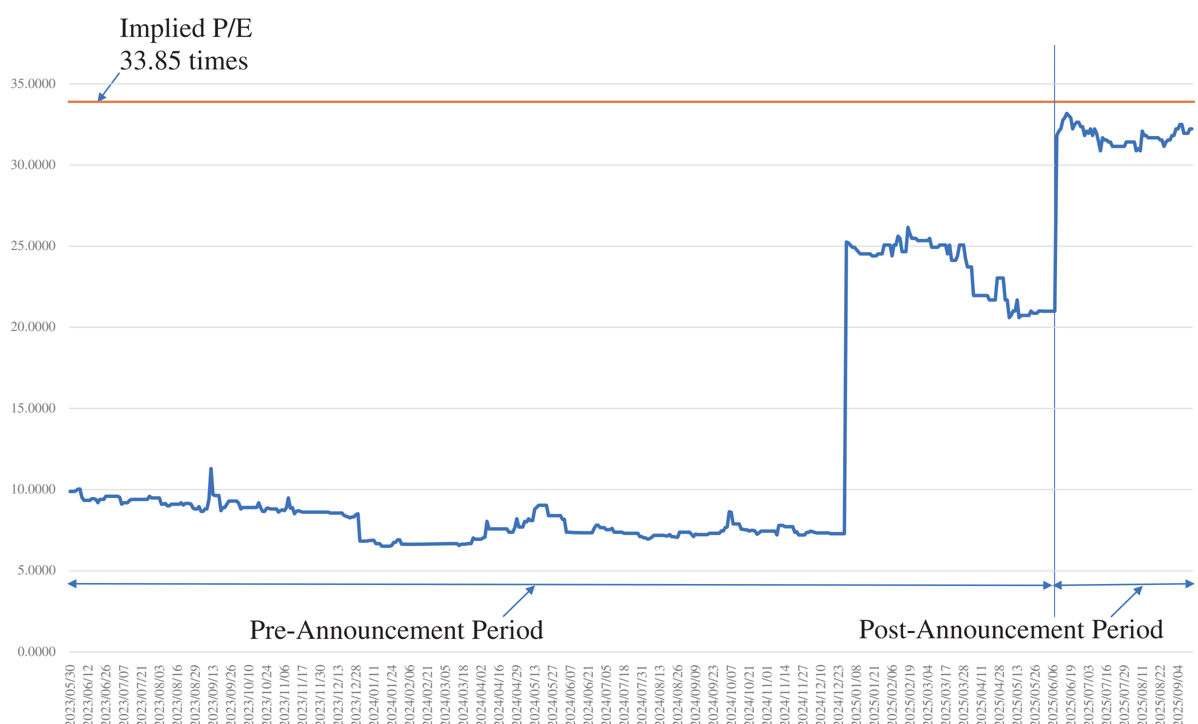


During the Pre-Announcement Period, the highest and lowest P/B Ratios were 0.49 times and 0.33 times recorded on 12 September 2023 and 7 May 2025 respectively. This implies that the market has persistently valued the Company below its NAV at the average P/B Ratios over the Pre-Announcement Period at approximately 0.39 times. During the Post-Announcement Period, the highest and lowest P/B Ratios were 0.53 times and 0.49 times recorded on 17 June 2025 and 11 July 2025 and 6 and 8 August 2025 respectively. This implies that the market has also valued the Company below its NAV at the average P/B Ratios over the Post-Announcement Period at approximately 0.50 times. There are 57 trading days (including 18 trading days with nil trading volume) out of total 69 trading days during the Post-Announcement Period when the P/B Ratios are above the Implied P/B Ratio. But the Implied P/B Ratio of the Cancellation Price at approximately 0.49 times represents a slight discount of approximately 2.14% over the average P/B Ratios at approximately 0.50 times during the Post-Announcement Period. Considering that (i) the market has persistently valued the Company below its NAV at the average P/B Ratios over the Pre-Announcement Period at approximately 0.39 times and the Implied P/B Ratio of the Cancellation Price at approximately 0.49 times is higher than the historical P/B Ratios during the Pre-Announcement Period and represents a premium of approximately 27.12% over the average

P/B Ratios during the Pre-Announcement Period; (ii) the market has also persistently valued the Company below its NAV at the average P/B Ratios over the Post-Announcement Period at approximately 0.50 times and, in spite of 57 trading days (including 18 trading days with nil trading volume) out of total 69 trading days during the Post-Announcement Period when the P/B Ratios are above the Implied P/B Ratio, the Implied P/B Ratio of the Cancellation Price at approximately 0.49 times represents a slight discount of approximately 2.14% over the average P/B Ratios during the Post-Announcement Period, we are of the view that the Cancellation Price is fair and reasonable from the point of view of the historical P/B Ratios of the Shares.

5.5 Premium/(discount) of the Implied P/E Ratios to the historical P/E Ratios

In assessing the fairness and reasonableness of the Cancellation Price, we have reviewed, as set out in the table below, the historical P/E Share prices during the Review Period. The historical P/E Ratios of the Company are calculated based on their respective market capitalization, calculated based on the share closing price times the total number of shares in issue, divided by the respective profit for the year of the Company extracted from the respective latest published annual results announcement/report.



During the Pre-Announcement Period, the highest and lowest P/E Ratios were 26.16 times and 6.52 times recorded on 18 February 2025 and 17 to 23 January 2024 respectively. The average P/E Ratios over the Pre-Announcement Period is at approximately 11.17 times. During the

Post-Announcement Period, the highest and lowest P/E Ratios were 33.18 times and 30.88 times recorded on 17 Jun 2025 and 11 July 2025 and 6 and 8 August 2025 respectively. The average P/E Ratios over the Post-Announcement Period is at approximately 31.82 times. Considering that the Implied P/E Ratio of the Cancellation Price at approximately 33.85 times is higher than the historical P/E Ratios during the Review Period, and that it represents a premium of approximately 203.04% and 6.39% over the average P/E Ratios during the Pre-Announcement Period and Post-Announcement Period respectively, we are of the view that the Cancellation Price is fair and reasonable from the point of view of the historical P/E Ratios of the Shares.

6. PRIVATISATION PRECEDENTS

It is disclosed in the section headed "Explanatory memorandum" of the Scheme Document that the Cancellation Price has been determined, among others, with reference to other privatisation transactions in Hong Kong in recent years. From our perspective in this case, past privatisation transactions of companies listed on the Stock Exchange are less of a reference for assessing the fairness and reasonableness of the Cancellation Price considering these companies are from different industries, which therefore have different market fundamentals and prospects compared to those faced by the Group at this moment. In addition, the fact that past privatisation transactions were conducted at periods of different economic, industry and financial market cycles, and depending on the outlook at that point in time, will result in different considerations for their respective shareholders at that time. There are also variations in terms of scale of operations, financial performance and position as well as trading prospects and hence difference in risk premiums afforded by the market. Accordingly, we consider that the analysis in other sections above to be more relevant for the Disinterested Shareholders to make an informed assessment on the fairness and reasonableness of the Cancellation Price.

RECOMMENDATIONS

In summary, in relation to the Proposal and the Scheme, we have considered the below factors and reasons in reaching our conclusion and recommendations:

(a) the Group's revenue had shown a decreasing trend from FY2022 to FY2024 while the profitability had declined drastically for FY2024. The Group's profit for FY2024 decreased substantially to HK$9.9 million, representing a year-on-year decline of 71.1%. The Group's profit margin decreased to 3.6% for FY2024 from 9.8% for FY2023. The substantial decrease in the Group's profit for FY2024 was mainly due to the decrease in revenue and gross profit and the written down on properties held for sales of HK$26.3 million recognised for FY2024. The Group's revenue and profit for the six months ended 30 June 2025 had also shown a decreasing trend compared to the corresponding period of 2024. The Group's profit decreased from approximately HK$25.2 million for the six months ended 30 June 2024 to approximately HK$8.0 million for the six months ended 30 June 2025, representing a decrease of approximately HK$17.2 million or 68.3%;

(b) despite that the Group had been maintaining a strong financial and liquid position, taking into account the Group may not be generating operating profit and cash flow to meet its liabilities, in particular the current liabilities of tax payables and bank loan, if the market downturn as set out in the section headed "1.5 Prospects" above in this letter persists, the Group's current bank balances and cash could be significantly depleted. Due consideration for the aforesaid precarious situation must be given when comparing the Group's consolidated net asset value per Share with the Cancellation Price which represents a discount to the consolidated net asset value per Share;

(c) from our independent industry research, we note that according to a report titled Global Economic Prospects, June 2025 published by the World Bank Group on 10 June 2025, global economic growth is expected to weaken to 2.3% in 2025, compared to 2.8% (estimate) for 2024, in view of the substantial rise in trade barriers and the pervasive effects of an uncertain global policy environment. We also note that Hong Kong's fine jewellery exports declined by 8% year-on-year to HK$80.5 billion in 2024 according to the data published by Hong Kong Trade Development Council. From the industry, and more specifically the Group's perspective, such situation may entail protracted difficult operating environment. The Jewellery Business of the Group has been hit by the weakened global macroeconomic environment and heightened geopolitical tensions. The Group downsized its operation in the PRC as the market showed no sign of significant recovery in 2024;

(d) The Group declared the payment of final dividend of HK$0.02 per share for each of the years ended 31 December 2022 and 31 December 2023. However, the Group recorded a significant decline in net profit and a reduction of dividend payout by 50% to HK$0.01 per Share in FY2024. The Group had not declared any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil). The Group's dividend policy, as set out in the section headed "1.5 Historical Dividend Payments of the Company" in this letter and the 2024 Annual Report of the Company, may preclude the Company from declaring dividends during this challenging operating environment, and if the Group's decreasing trend of both revenue and profitability persists;

(e) from Disinterested Shareholders' perspective, the Proposal enables the Disinterested Shareholders to receive immediate cash proceeds from a fixed Cancellation Price regardless of the number of Shares they hold and amidst low trading liquidity of Shares which would have hampered their ability to sell Shares in the market for cash proceeds without exerting downward pressure on the market price of the Shares;

(f) the Cancellation Price is higher than the closing prices of the Shares during the Review Period, and that it represents a premium of approximately 31.73% over the average closing prices of the Shares during the Review Period;

(g) while the Cancellation Price represents a discount to the Group's consolidated net asset value, we note that the Implied P/B Ratio of the Cancellation Price is higher than the historical P/B Ratios during the Review Period, except for 57 trading days (including 18 trading days with nil trading volume) out of total 69 trading days after the Last Trading Day, and that it represents a premium of approximately 22.83% over the average P/B Ratios during the Review Period; and

(h) the Implied P/E Ratio of the Cancellation Price is higher than the historical P/E Ratios during the Review Period, and that it represents a premium of approximately 145.45% over the average P/E Ratios during the Review Period.

In light of the above and on the basis that there will be no increase in the Cancellation Price and there appears no current prospect of any alternative offer or proposal that may be of better terms than the Proposal, we consider that the Proposal and the Scheme, on balance, offer the Scheme Shareholders an immediate assured opportunity to exit their investment in the Company at the fixed Cancellation Price and to monetise and possibly reallocate their investment in the Company towards other investments that they may consider more attractive in terms of outlook and potential dividend/interest payout.

Considering the above, we (i) are of the opinion that the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned; and (ii) recommend the Independent Board Committee to advise the Disinterested Shareholders to vote in favour of the Scheme at the Court Meeting and the resolutions in connection with the implementation of the Proposal at the EGM.

As different Scheme Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Disinterested Shareholders who may require advice in relation to any aspect of the Scheme Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully
For and on behalf of
VS Capital Limited

Francis Chan

Francis Chan
Responsible Officer

Francis Chan is a person licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and is a responsible officer of VS Capital Limited who has over 15 years of experience in corporate finance advisory.