Sino Golf Holdings Limited
Room 4501
One Midtown
11 Hoi Shing Road
Tsuen Wan
Hong Kong

3 December 2025

To the Independent Board Committee and the Independent Shareholders of Sino Golf Holdings Limited

Dear Sirs / Madams,

MANDATORY UNCONDITIONAL CASH OFFER BY CCBI FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN THE COMPANY (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR'S CONCERT GROUP)

INTRODUCTION

We refer to our appointment as the independent financial advisers (the "**IFA**") to the Independent Board Committee and the Independent Shareholders in respect of the Offer, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the composite offer and response document jointly issued and despatched by the Offeror and the Company dated 3 December 2025 (the "**Composite Document**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

Reference is made to the Rule 3.5 Announcement jointly published by the Offeror and the Company dated 23 September 2025 in relation to, among other things, the Deed of Sale and Purchase and the Offer.

On 23 September 2025 (after trading hours), the Receivers (acting without any personal liability for and on behalf of the Chargor) (as the vendor) and the Offeror (as the purchaser) entered into the Deed of Sale and Purchase, pursuant to which the Receivers conditionally agreed to sell and the Offeror conditionally agreed to purchase the Sale Shares.

Reference is also made to the joint announcement dated 12 November 2025 published by the Company and the Offeror relating to the completion of the Acquisition and the exercise of conversion rights of the Sale CB in full. Immediately after the completion of the Acquisition, the Offeror became interested in 2,601,200,000 Shares, representing approximately 50.011% of the total number of Shares in issue as at the date of completion and approximately 44.455% as enlarged by the Conversion Shares as at the Latest Practicable Date, respectively. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror's Concert Group).

Reference is further made to the announcement of the Company dated 17 November 2025 made pursuant to Rule 3.8 of the Takeovers Code relating to the issue of conversion Shares to the Offeror. Immediately after the issue of the conversion Shares pursuant to the Sale CB, the Offeror became interested in an aggregate of 3,251,200,000 Shares, representing approximately 55.564% of the total number of Shares in issue as at the date of issue and the Latest Practicable Date, respectively.

The Board currently comprises one executive Director, one non-executive Director, and three independent non-executive Directors. The Independent Board Committee, which comprises all non-executive Directors, namely Mr. CHOI Sum Shing Samson, Mr. SHENG Baojun, Mr. HO Kwong Yu and Ms. LIN Lin, has been established pursuant to Rule 2.1 of the Takeovers Code to make recommendations to the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The Independent Board Committee has approved our appointment as the IFA to advise the Independent Board Committee in respect of the Offer.

OUR INDEPENDENCE

We, VBG Capital Limited, are not connected with the Company, the Directors, chief executive of the Company or substantial Shareholders or the Offeror or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. As at the Latest Practicable Date, we were not aware of any relationships or interest between us and the Company nor any other parties that could be reasonably be regarded as a hindrance to our independence as defined under Rule 13.80 of Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer. In the last two years, there was also no engagement between the Company and us. Apart from normal professional fees payable to us in connection with this appointment of us as the IFA, no arrangement exists whereby we will receive any fees or benefits from the Company or the Directors, chief executive of the Company or substantial Shareholders or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Offer.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Independent Shareholders should, or should not, accept the Offer.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions. Our procedures include, among other things, review of relevant agreements, documents as well as information contained or referred to in the Composite Document and/or provided by the management of the Group and validation of such information, to an extent, to the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company, the Directors and/or the management of the Group. The documents reviewed include, but are not limited to, the Deed of Sale and Purchase, the annual report of the Company for the financial year ended 31 December 2024 (the "**2024 Annual Report**"), the interim report of the Company for the six months ended 30 June 2025 (the "**2025 Interim Report**"), the Rule 3.7 Announcement, the Rule 3.5 Announcement and the Composite Document. We have assumed that all information and representations that have been provided by the management of the Group, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

The Directors, namely Mr. Wong Hin Shek, Mr. Choi Sum Shing Samson, Mr. Sheng Baojun, Mr. Ho Kwong Yu and Ms. Lin Lin, jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Offeror's Concert Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the sole director of the Offeror in his capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The sole director of the Offeror, Mr. Liu Jincheng, accepts full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Group), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than those expressed by the Directors in their capacities as such) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

VBG Capital Limited, as the IFA, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Composite Document and provided to us by the Directors and the management of the Group, nor have we conducted any form of an in-depth investigation into the business and affairs or the prospects of the Company and the Offeror or their respective shareholders, subsidiaries or associates (if applicable). We have also not considered the tax, regulatory and other legal implications on the Group or the Shareholders as a result of the Offer, since these depend on their circumstances.

Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Should any subsequent major changes occur during the Offer Period that would affect or alter our opinion, we will notify the Independent Board Committee as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Offer, we have considered the following principal factors and reasons:

1. Principal terms of the Offer

As set out in the "Letter from CCBI" contained in the Composite Document, CCBI is making the mandatory unconditional cash Offer for and on behalf of the Offeror to all Independent Shareholders to acquire all the Offer Shares on the following bases:

Offer Price for each Offer Share…………………………………………...HK$0.029 in cash

The Offer Price of HK$0.029 per Offer Share is the same as the price per Sale Share paid by the Offeror under the Deed of Sale and Purchase, which was agreed between the Offeror and the Receivers after arm's length negotiations, taking into account: (i) the business nature of the Group; (ii) the financial position of the Group; and (iii) recent market conditions at the time of entering into of the Deed of Sale and Purchase.

As at the Latest Practicable Date, the authorised share capital of the Company is HK$100,000,000 divided into 10,000,000,000 Shares, of which 5,851,250,000 Shares are in issue. The Company does not have any other outstanding Shares, options, warrants, derivatives or other securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and has not entered into any agreement for the issue of such Shares, options, warrants, derivatives or other relevant securities which are convertible or exchangeable into Shares.

The Offer is being made to the Independent Shareholders and the total number of Offer Shares is 2,340,250,000 Shares. On the basis of the Offer Price of HK$0.029 per Offer Share and 2,340,250,000 Offer Shares and assuming there is no change in the number of issued Shares before the close of the Offer, the total value of the Offer shall be HK$67,867,250.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrance and together with all rights and benefits at any time accruing and attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made (that is, the date of the Composite Document).

The Company confirms that as at the Latest Practicable Date: (i) it has not declared any dividend which is not yet paid; and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the date of closing of the Offer. If, after the date of the Composite Document, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Offer Price by an amount equal to the net amount of such dividend or other distribution.

The Offer is unconditional in all respects.

2. Background information of the Group

The Company is incorporated in Bermuda as an exempted company with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding. The Group is principally engaged in the manufacturing and trading of golf equipment, golf bags and other accessories in the PRC.

(a) Financial performance

Set out below is a summary of the Group's audited consolidated financial results for the years ended 31 December 2023 and 31 December 2024, as extracted from the Company's 2024 Annual Report, together with the unaudited consolidated financial results for the six months ended 30 June 2024 and 30 June 2025, as extracted from the Company's 2025 Interim Report:

Table 1: Summarised financial results of the Group

	For the six months ended 30 June		**For the financial year ended 31 December**	
	2025	2024	2024	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(audited)*	*(audited)*
Revenue by segment				
(i) Sales of golf equipment segment	79,318	119,673	240,569	194,369
(ii) Sales of golf bags segment	9,638	9,453	22,201	22,186
Revenue	**88,956**	**129,126**	**262,770**	**216,555**
(Loss) Profit before tax	**(14,066)**	**421**	**(57)**	**(17,415)**
Loss for the period / year	**(14,610)**	**(759)**	**(2,364)**	**(18,537)**
Loss for the year attributable to owners of the Company	**(14,610)**	**(759)**	**(2,364)**	**(18,537)**
Loss per Share (HK$)*	**(0.28)**	**(0.01)**	**(0.05)**	**(0.36)**

For the six months ended 30 June 2025

According to the 2025 Interim Report, the Group recorded revenue of approximately HK$89.0 million for the six months ended 30 June 2025, representing a decrease of approximately 31.1% compared to approximately HK$129.1 million for the corresponding period in 2024. The decline was primarily attributable to the adverse impact of the high tariff policy implemented by the United States on goods imported from the PRC. As most of the Group's golf business was conducted with customers in the United States, the steep tariff imposition caused major customers either to shift orders away or to temporarily withhold shipments to avoid substantial and immediate tariff payments. Although the situation was partially alleviated when the United States temporarily reduced the tariff rate on the PRC from as high as 145% to 30% in April 2025 for 90 days, the Group still experienced a significant drop in sales and recorded a substantial loss for the period.

For the six months ended 30 June 2025, the golf equipment business remained the Group's principal operating segment. Revenue from this segment decreased by approximately 33.7% to approximately HK$79.3 million, down from approximately HK$119.7 million in 2024. The reduction was primarily attributable to order diversion and shipment delays by major customers in the United States under the tariff regime. For the six months ended 30 June 2025, sales to the largest customer decreased by approximately 26.9% to approximately HK$65.7 million, while revenue from the top five customers decreased by approximately 33.9% to approximately HK$78.1 million. Despite efficiency enhancements at the Shandong manufacturing facility and efforts to broaden the supply chain, segment profit fell sharply to approximately HK$0.8 million for the six months ended 30 June 2025, decreasing from approximately HK$11.5 million in 2024.

In contrast, the Group's golf bags segment recorded revenue of approximately HK$9.6 million for the six months ended 30 June 2025, representing a modest increase of approximately 2.0% from approximately HK$9.5 million in 2024. The increase was mainly driven by stronger orders from the largest customer under the trading model adopted after the cessation of the Group's manufacturing operations, while sales to other key customers declined as some shifted to non-China suppliers. Despite the slight revenue growth, thin margins resulted in a segment loss of approximately HK$1.0 million, widening from approximately HK$0.6 million in the prior period.

In 2016, the Group acquired Lucky Fountain Holdings Limited and its subsidiaries (the "**Lucky Fountain Group**"), whose principal assets comprise twelve land parcels located in Saipan with a total site area of approximately 79,529 square metres. The Group had initially planned to develop a hospitality business in Saipan and participate in the tourism and golf-related industries in the Commonwealth of the Northern Mariana Islands ("**CNMI**") through the development of an integrated resort in Saipan. However, no material progress has been made since the acquisition, primarily due to the persistent shortage of local construction workers and the uncertainty surrounding overseas working visa quotas in Saipan. As such, for the six months ended 30 June 2025, the Group's hospitality segment continued to record no revenue, as the development of the integrated resort in Saipan remained postponed due to the aforementioned ongoing external constraints.

Overall, driven by the decline in golf equipment sales, the Group recorded a loss before tax of approximately HK$14.1 million, reversing from a profit before tax of approximately HK$0.4 million in 2024. Net loss for the period increased to approximately HK$14.6 million from approximately HK$0.8 million, a rise of over 1,800%. Basic and diluted loss per share widened to approximately HK$0.28, up from approximately HK$0.01 in the prior period, reflecting a 27-fold increase.

For the financial year ended 31 December 2024

According to the 2024 Annual Report, the Group recorded a revenue of approximately HK$262.8 million for the year ended 31 December 2024, representing an increase of approximately 21.4%

compared to approximately HK$216.6 million for the year ended 31 December 2023. The revenue growth was primarily driven by the strong performance of the Group's core golf equipment segment, which contributed approximately 91.6% of total revenue in 2024 compared to approximately 89.8% in 2023. Revenue from sales of golf equipment increased significantly by approximately 23.8% from approximately HK$194.4 million for the year ended 31 December 2023 to approximately HK$240.6 million for the year ended 31 December 2024, following active marketing initiatives and a substantial increase in sales to the largest segmental customer, which more than doubled year-on-year.

In contrast, revenue attributable to the golf bags segment remained broadly stable at approximately HK$22.2 million for the year ended 31 December 2024, representing approximately 8.4% of the Group's total revenue compared with approximately 10.2% in 2023. During the fourth quarter of 2024, the Group undertook a restructuring of the golf bags segment by ceasing its manufacturing operations in Dongguan, the PRC and transitioning to a trading model that relied on subcontracted production. As a result, inter-segmental sales between the golf bags segment and the golf equipment segment ceased. Because of this restructuring, total sales of the golf bags segment before eliminations decreased by approximately 42.2% year-on-year to approximately HK$22.2 million for the year ended 31 December 2024, compared to approximately HK$38.4 million for the year ended 31 December 2023. Despite the decline in total sales, the segment profit of the golf bags business rose by approximately 13.1%, from approximately HK$1.1 million for the year ended 31 December 2023 to approximately HK$1.2 million for the year ended 31 December 2024, which was mainly attributable to cost rationalisation measures and proactive management of subcontracted production and customer relationships.

Driven by the sales rebound, particularly in the golf equipment segment, the Group's loss before tax for the year ended 31 December 2024 narrowed substantially to approximately HK$57,000, from approximately HK$17.4 million in 2023. Net loss for the year also declined significantly to approximately HK$2.4 million, compared with approximately HK$18.5 million in 2023. This improvement was primarily attributable to the more than doubling of segment profit in the golf equipment business to approximately HK$25.4 million in 2024 from approximately HK$11.3 million in 2023, supported by improved production efficiency, enhanced supply chain strategies, and concentrated sales to major customers.

For the year ended 31 December 2024, the Group did not record any revenue from the hospitality segment, as the development of the integrated resort in Saipan, the CNMI, remained deferred owing to persistent external constraints — including a continued shortage of local construction workers and ongoing uncertainty over overseas working visa quotas — which have affected the Group's development progress since its acquisition of the Lucky Fountain Group in 2016.

As a result of the above, the Group's basic and diluted loss per Share decreased to approximately HK$0.05 for the year ended 31 December 2024, as compared to approximately HK$0.36 for the year ended 31 December 2023.

(b) Financial position

Set out below is a summary of the Group's audited consolidated assets and liabilities as at 31 December 2023 and 31 December 2024, as extracted from the Company's 2024 Annual Report, together with the unaudited consolidated assets and liabilities as at 30 June 2024 and 30 June 2025, as extracted from the Company's 2025 Interim Report:

Table 2: Summarised financial position of the Group

	As at	
	30 June 2025	*31 December 2024*
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Total assets		
Non-current assets	223,300	228,647
Current assets	156,162	171,325
Total liabilities		
Non-current liabilities	66,505	63,859
Current liabilities	99,955	108,501
Net assets	**213,002**	**227,612**
Equity attributable to owners of the Company	**210,272**	**224,882**
Net asset value ("NAV") per Share (HK$)#	**0.0404**	**0.0432**
Offer Price (HK$)	**0.029**	**0.029**
Discount to NAV per share (%)	**-28.3%**	**-32.9%**

 # The NAV per Share is calculated by dividing the equity attributable to owners of the Company by the total number of issued Shares, being 5,201,250,000 as at 30 June 2025 and 31 December 2024, respectively.

As at 30 June 2025, the Group's total assets amounted to approximately HK$379.5 million, decreasing from approximately HK$400.0 million as at 31 December 2024. The decline was mainly attributable to a reduction in current assets to approximately HK$156.2 million from approximately HK$171.3 million, reflecting lower inventories and cash balances. Non-current assets also decreased slightly to approximately HK$223.3 million from approximately HK$228.6 million, primarily due to depreciation of property, plant and equipment and right-of-use assets.

Total liabilities decreased modestly to approximately HK$166.5 million as at 30 June 2025 from approximately HK$172.4 million as at 31 December 2024. Current liabilities fell to approximately HK$100.0 million from approximately HK$108.5 million, mainly due to repayment of bank borrowings, while non-current liabilities increased to approximately HK$66.5 million from approximately HK$63.9 million, primarily reflecting an increase in the carrying amount of convertible bonds.

As a result, the Group's net assets decreased to approximately HK$213.0 million as at 30 June 2025 from approximately HK$227.6 million as at 31 December 2024. Based on 5,201,250,000 issued Shares, the NAV per Share decreased to approximately HK$0.0404 as at 30 June 2025 from approximately HK$0.0432 as at 31 December 2024. The Offer Price of HK$0.029 per Share represents a discount of approximately 28.3% to the NAV per Share as at 30 June 2025.

For details of the financial information of the Group, please refer to Appendix II to the Composite Document.

3. Information on the Offeror

The Offeror is a limited liability company incorporated in the BVI and is an indirect wholly-owned subsidiary of Hans' Energy Group. Hans' Energy Group is a limited liability company established in the PRC and is principally engaged in clean energy development, specialized vehicle manufacturing, and environmental and sanitation operation services. Hans' Energy Group is owned by Mr. Liu Jincheng (劉金成) and Mr. Liu Gang (劉剛) as to 80% and 20%, respectively.

In the field of clean energy development, Hans' Energy Group proactively responded to national carbon neutrality policies and invested in the construction of several clean and energy-efficient hydropower stations. In the field of specialized vehicle manufacturing, Hans' Energy Group participated in the mixed ownership reform of state-owned enterprises and has acquired a controlling stake in Shenzhen Dongfeng Motor Co., Ltd (深圳東風汽車有限公司). Additionally, Hans' Energy Group established Shenzhen Dongfeng Environment Co., Ltd. (深圳東風環境有限公司), which strives to enhance the happiness of urban residents by providing integrated environmental and sanitation services.

Although the Offeror does not possess prior experience in the Group's principal business segments, namely the manufacturing and trading of golf equipment, golf bags, and related accessories, its ultimate parent, Hans' Energy Group, has demonstrated extensive experience in managing large-scale industrial operations across sectors such as clean energy development, specialized vehicle manufacturing, and environmental and sanitation services. These businesses share common characteristics of capital intensity, complex production processes, and stringent operational management, which have equipped Hans' Energy Group with transferable capabilities in areas such as production planning, supply chain coordination, quality assurance, and corporate governance. These competencies are broadly applicable to the Group's manufacturing and operational processes.

While the Offeror's background and industry expertise are not directly related to the golf equipment industry, it is considered that Mr. Liu Jincheng and Mr. Liu Gang, who together hold 100% of Hans' Energy Group and possess extensive experience in managing diversified industrial enterprises, may contribute fresh strategic perspectives and operational discipline to the Group. Their business acumen and proven track record in overseeing large-scale projects are expected to contribute positively to the Group's future development.

The Offeror has appointed CCBI as its financial adviser in connection with the Offer. Accordingly, CCBI and relevant members of the CCBI Group are presumed to be acting in concert with the Offeror in accordance with class 5 of the definition of "acting in concert" in the Takeovers Code (except in respect of Shares held on behalf of non-discretionary investment clients of the CCBI Group). As at the Latest Practicable Date, CCBI Group did not hold any Shares.

4. Intention of the Offeror regarding the Group

As at the Latest Practicable Date, the Offeror's Concert Group is interested in approximately 55.564% of the total number of Shares in issue.

As stated in the "Letter from CCBI" contained in the Composite Document, as at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of any employees of the Group other than changes in the ordinary and usual course of business for the purpose of optimizing the governance and management of the Group. However, after the close of the Offer, the Offeror intends to review the operation and business activities of the Group to formulate a long-term business strategy for the Group. Subject to the results of such review, the Offeror may request the Company to explore other businesses. As at the Latest Practicable Date, the Offeror has identified no definitive plans for the Group to develop new business areas or acquire specific assets and it is the intention of the Offeror for the Company to continue its existing businesses and maintain its listing status on the Stock Exchange following the close of the Offer.

5. Business prospects of the Group

The Group is principally engaged in the manufacturing and trading of golf equipment, golf bags, and related accessories in the PRC, with products primarily exported to overseas markets, particularly Japan and North America.

The Group's recent financial performance reflects both underlying operational improvements and significant external headwinds. For the year ended 31 December 2024, the Group returned to near break-even, with segment profit in the golf equipment business more than doubling and loss before tax narrowing substantially. However, this positive momentum was disrupted in the six months ended 30 June 2025, when the Group recorded a significant decline in revenue and a loss before tax of approximately HK$14.1 million. This downturn was primarily driven by elevated U.S. tariffs on imports from China, which prompted major customers to divert orders to alternative suppliers.

The tariff measures imposed by the United States in early 2025 have materially affected the Group's golf-equipment operations. Chinese-origin goods were initially subject to tariffs of up to approximately 145%. In April 2025, the United States temporarily reduced the applicable rate to 30% for a 90-day period pending the outcome of trade negotiations, which was subsequently extended in August 2025. As recently as October 2025, the U.S. announced plans to impose a further 100% tariff on Chinese imports effective 1 November 2025, which, if implemented, would raise the total effective tariff rate on certain Chinese-origin goods back to levels of approximately 130% or above. This development underscores that tariff escalation remains an ongoing and material external risk to the Group's operations.

According to data as reported by the State Council of the PRC, China's exports to the United States declined by approximately 13.5% during the first eight months of 2025,[1] reflecting the impact of the heightened tariff regime earlier in the year. Separately, media reports based on China Customs statistics indicated that exports to the United States in August 2025 alone fell by approximately 33% year-on-year.[2] Prior to these measures, approximately 61% of the US$10.3 billion in sporting-goods imports to the United States originated from China,[3] underscoring the sector's substantial exposure to U.S. trade-policy shifts.

As disclosed in the 2025 Interim Report, these tariff developments have adversely impacted the Group's business, as major customers either shifted orders to alternative suppliers or temporarily withheld shipments pending further clarity on the tariff regime to avoid substantial and immediate import costs. The combined effect of these external pressures has constrained the Group's sales performance and margin recovery.

Customer concentration further compounds the Group's exposure to these external pressures. As stated in the 2024 Annual Report, sales to the Group's five largest customers accounted for approximately 95.5% of total sales, with the largest customer contributing approximately 82.5%. This high concentration persisted in 2025, when revenue from the top five customers continued to account for approximately 87.7% of total revenue during the period, with the largest customer contributing approximately 73.9%. These key customers are primarily based in Japan and North

[1] The State Council of the People's Republic of China (September 2025), "China's Foreign Trade Sees Steady Growth in First Eight Months," available at: https://english.www.gov.cn/archive/statistics/202509/08/content_WS68be6e1dc6d0868f4e8f565c.html
[2] CNBC (8 September 2025), "China Exports Growth in August Drops, Missing Expectations", available at: https://www.cnbc.com/2025/09/08/china-exports-growth-in-august-drops-missing-expectations-.html
[3] ESPN (2025), "Tariffs Could Raise Prices on Sporting Goods, Equipment, and Merchandise", available at: https://www.espn.com/espn/story/_/id/44223967/tariffs-trump-sporting-goods-equipment-merchandise

America. Such concentration, combined with elevated tariffs and ongoing trade-policy uncertainty, continues to expose the Group to demand volatility and external risks. As at the Latest Practicable Date, notwithstanding the Group's ongoing efforts to diversify its customer base to mitigate concentration risk, there has been no change in the composition of its top five customers.

In response to these challenges, the Group has implemented several rationalisation measures aimed at improving production efficiency, enhancing supply chain flexibility, and reducing cost pressures. At the same time, management is pursuing a more diversified marketing strategy to mitigate the risks of over-reliance on a single market or customer.

While the golf bags business is likely to remain a relatively minor contributor, its adoption of a trading model has demonstrated resilience despite thin margins. Separately, the hospitality project in Saipan, the CNMI, has remained on hold since the Group's acquisition of the Lucky Fountain Group in 2016, primarily due to the persistent shortage of local construction workers and uncertainty surrounding overseas working-visa quotas in Saipan. Since the acquisition, the Group has not incurred any capital expenditure, development costs or operational spending on the project. As the project has not yet commenced construction or generated any revenue since the acquisition, no material progress has been made as at the Latest Practicable Date. The project will remain postponed until such external constraints are resolved, and its contribution to revenue is unlikely in the near term.

Looking ahead, the Group faces a cautious near-term outlook amid a complex and uncertain macro-environment. Key external challenges include (i) the potential reinstatement or further tightening of U.S. import tariffs on Chinese-origin goods, (ii) persistent geopolitical tensions and trade-policy uncertainty that continue to influence sourcing decisions of major overseas customers, and (iii) the Group's concentrated revenue profile, which limits its ability to offset short-term demand fluctuations or pricing pressure from any single large customer. Together, these factors increase uncertainty in the Group's order visibility, affect production planning and cost control, and may lead to continued operating losses in the near term.

Given these substantial and ongoing challenges—particularly the risk of tariff reimposition at 100%+ levels with potential total rates reaching 130%, demonstrated customer willingness to shift orders away from the Group, and the Group's limited ability to diversify quickly given the stalled Saipan project—the certainty provided by the Offer at HK$0.029 represents meaningful value compared to the highly uncertain prospects of remaining invested in a business facing severe operational headwinds with limited visibility on recovery.

Nevertheless, we consider that the Group's strong manufacturing experience, established customer relationships, and ongoing efforts to improve operational efficiency and supply chain flexibility provide a foundation for preserving resilience and capturing opportunities as global supply chains evolve.

6. Evaluation of the principal terms of the Offer

In considering the fairness and reasonableness of the terms of the Offer, we have conducted the following analyses:

(a) Comparison of value

The Offer Price of HK$0.029 per Share represents:

(i) a discount of approximately 72.90% to the closing price of HK$0.107 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 32.6% to the closing price of HK$0.043 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 29.6% to the average closing price of approximately HK$0.041 per Share based on the daily closing prices as quoted on the Stock Exchange for the five (5) trading days up to and including the Last Trading Day;

(iv) a discount of approximately 27.9% to the average closing price of approximately HK$0.040 per Share based on the daily closing prices as quoted on the Stock Exchange for the ten (10) trading days up to and including the Last Trading Day;

(v) a discount of approximately 24.2% to the average closing price of approximately HK$0.038 per Share based on the daily closing prices as quoted on the Stock Exchange for the thirty (30) trading days up to and including the Last Trading Day;

(vi) a discount of approximately 32.5% to the average closing price of approximately HK$0.043 per Share based on the daily closing prices as quoted on the Stock Exchange for the sixty (60) trading days up to and including the Last Trading Day;

(vii) a discount of approximately 39.3% to the average closing price of approximately HK$0.048 per Share based on the daily closing prices as quoted on the Stock Exchange for the ninety (90) trading days up to and including the Last Trading Day;

(viii) a discount of approximately 37.2% to the average closing price of approximately HK$0.046 per Share based on the daily closing prices as quoted on the Stock Exchange for the one hundred and twenty (120) trading days up to and including the Last Trading Day;

(ix) a discount of approximately 37.3% to the average closing price of approximately HK$0.046 per Share based on the daily closing prices as quoted on the Stock Exchange for the one hundred and eighty (180) trading days up to and including the Last Trading Day;

(x) a discount of approximately 32.8% to the Group's audited consolidated NAV attributable to owners of the Company per Share of HK$0.0432 as at 31 December 2024, based on the 5,201,250,000 Shares in issue as at 31 December 2024 and the Group's audited consolidated NAV attributable to owners of the Company of approximately HK$224.9 million as at 31 December 2024; and

(xi) a discount of approximately 28.3% to the Group's unaudited consolidated NAV attributable to owners of the Company per Share of HK$0.0404 as at 30 June 2025, based on 5,201,250,000 Shares in issue as at the Latest Practicable Date and the Group's unaudited consolidated NAV attributable to owners of the Company of approximately HK$210.3 million as at 30 June 2025.

The consideration for the sale and purchase of the Sale Shares under the Deed of Sale and Purchase shall be the aggregate sum of HK$74,679,852, representing approximately HK$0.029 per Sale Share, which was agreed between the Offeror and the Receivers after arm's length negotiations, taking into account: (i) the business nature of the Group; (ii) the financial position of the Group; and (iii) recent market conditions at the time of entering into of the Deed of Sale and Purchase.

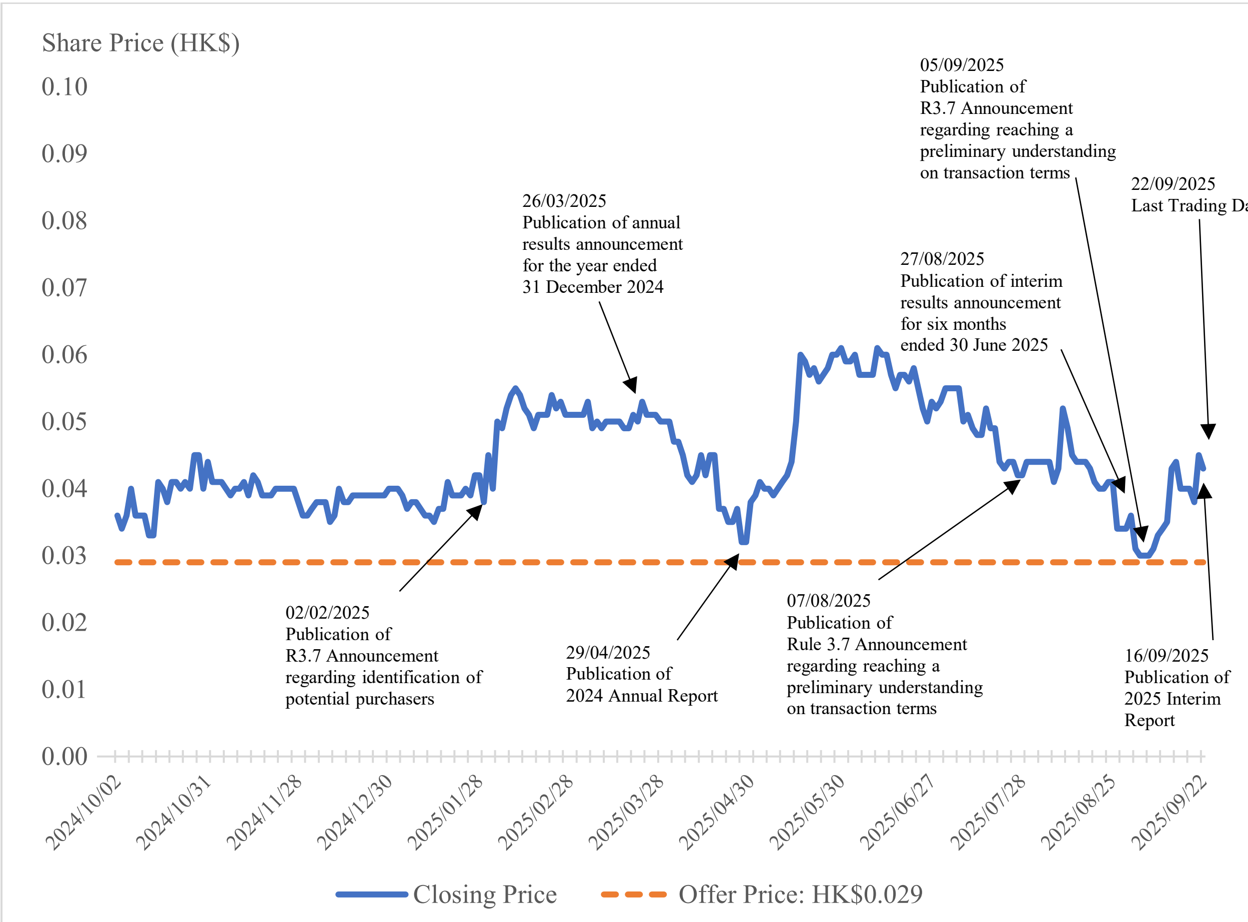
To assess the fairness and reasonableness of the Offer, we have further analysed the Offer Price with reference to (i) the historical price performance of the Shares; (ii) the historical trading liquidity of the Shares; and if appropriate, (iii) the comparison with market comparables.

(b) Historical Share price performance

We have analysed the historical closing prices of the Shares and the Offer Price, by reviewing the daily closing prices of the Shares as quoted on the Stock Exchange during the period from 1 October 2024 up to and including the Last Trading Day (the "**Review Period**"). We have selected an approximately one-year Review Period as it: (i) captures all key corporate announcements and developments relevant to the Possible Transaction (defined below) and the Group's financial performance, as illustrated below; (ii) reflects the business environment during the first half of 2025, particularly the significant impact of elevated U.S. tariffs on goods imported from the PRC which reached as high as 145% in April 2025 before being temporarily reduced to 30% in May 2025, which materially affected the Group's operations and Share price performance; (iii) provides sufficient data points for robust statistical analysis while maintaining focus on recent and relevant Share price movements; and (iv) covers the publication of both the Group's full-year results for the financial year ended 31 December 2024 and its interim results for the six months ended 30 June 2025, thereby capturing the market's reaction to the Group's financial performance across different reporting periods.

The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period.

Chart 1: Historical daily closing prices of the Shares during the Review Period



Source: the website of the Stock Exchange

As illustrated in the chart above, during the Review Period, the closing prices of the Shares fluctuated between HK$0.030 and HK$0.061 per Share, with an average of approximately HK$0.044 per Share. On the Last Trading Day, the closing price of the Shares was HK$0.043 per Share. Accordingly, the Offer Price of HK$0.029 per Share lies below this range, representing a discount of approximately 34.7% to the average price of the Shares over the Review Period and approximately 32.6% to the closing price on the Last Trading Day.

During late 2024, the Share price traded within a narrow range and showed limited reaction to successive monthly announcements issued pursuant to Rule 3.7 of the Takeovers Code ("**R3.7 Announcement(s)**") in relation to the possible transaction, under which the Receiver was seeking potential purchasers for the Shares (the "**Possible Transaction**"), first announced in January 2024. A year later, on 3 February 2025, the Company announced that the Receivers had identified potential purchasers. The Shares closed at approximately HK$0.038 on that day and subsequently rallied to HK$0.055 on 12 February 2025, before trading mostly between HK$0.049 and HK$0.055 up to 26 March 2025, when the Company published its annual results announcement for the year ended 31 December 2024. Despite the positive news in the announcement, which revealed a substantial narrowing of loss compared with the previous year, the Share price fell sharply to a low in April 2025. Sentiment improved again following the publication of the Company's 2024 Annual Report on 29 April 2025, and the Share price gradually recovered, reaching a high of HK$0.061 on 30 May 2025.

However, this upward momentum was not sustained. In August 2025, the Company disclosed in its monthly R3.7 Announcement that a preliminary understanding on the terms of the Possible Transaction had been reached in July 2025, following which the Share price rose to a high of HK$0.052 on 8 August 2025. The positive impact of this disclosure was short-lived and was quickly overshadowed by the Company's announcement of the interim results for the six months ended 30 June 2025 on 27 August 2025, which revealed a significant decline in revenue and a widened loss. As a result, the Share price weakened, reaching the period low of HK$0.030 on 2 September 2025, before rebounding after the Company's subsequent monthly R3.7 Announcement regarding the Possible Transaction and closing at HK$0.043 on the Last Trading Day.

Based on discussions with the Company, the Board has confirmed that, save for the information contained in the annual results announcement dated 26 March 2025, the interim results announcement dated 27 August 2025, and the successive monthly R3.7 Announcements regarding the Possible Transaction, it is not aware of any other reasons for the movements in the price and trading volume of the Shares during the Review Period.

(c) Liquidity of the Shares

In addition to the above analyses, we have also reviewed the trading liquidity of the Shares during the Review Period. The table below sets out the trading volume of the Shares on the Stock Exchange during the Review Period.

Table 3: Historical monthly trading volume of the Shares during the Review Period

Months	**Number of trading days**	**Average daily trading volume** ***(Note 1)***	**% of average daily trading volume to total issued Shares held by the public** ***(Note 2)***	**% of average daily trading volume to total issued Shares** ***(Note 3)***

2024				
October	21	1,465,714	0.06%	0.03%
November	21	741,905	0.03%	0.01%
December	20	1,472,000	0.06%	0.03%
2025				
January	19	1,123,684	0.05%	0.02%
February	20	4,445,750	0.19%	0.09%
March	21	2,152,381	0.09%	0.04%
April	19	4,814,211	0.21%	0.09%
May	20	6,565,000	0.28%	0.13%
June	21	2,151,429	0.09%	0.04%
July	22	1,220,727	0.05%	0.02%
August	21	5,992,381	0.26%	0.12%
September *(Note 4)*	16	9,196,875	0.39%	0.18%
Minimum			0.03%	0.01%
Mean			0.15%	0.07%
Maximum			0.39%	0.18%

Source: the website of the Stock Exchange

Notes:

1. *Average daily trading volume is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days during the month/period.*

2. *Based on the number of Shares held by the public as at the Last Trading Day, being 2,340,250,000 Shares (representing approximately 45.0% of the issued share capital). The percentage is assumed to be constant throughout the Review Period.*

3. *The calculation is based on the average daily trading volumes of the Shares divided by the total issued share capital of the Company of 5,201,250,000 Shares at the end of each month or as at the Last Trading Day, as applicable.*

4. *The period from 1 September 2025 to the Last Trading Day.*

As set out in the above table, during the Review Period, the average daily trading volume of the Shares was generally low and fluctuated (i) between approximately 0.01% and 0.18%, with a mean of approximately 0.07%, of the total number of issued Shares as at the end of the respective month; and (ii) between approximately 0.03% and 0.39%, with a mean of approximately 0.15%, of the total number of issued Shares held by the public, which is calculated based on 2,340,250,000

Shares held by the public as at the Latest Practicable Date and assumed to remain constant during the Review Period.

It should be noted that trading activity was not stable throughout the Review Period. As shown in the table, trading volumes increased noticeably in February 2025 following the Company's announcement that the Receivers had identified potential purchasers. Volumes rose again in April and May 2025 as investors reacted to the Company's annual results and the subsequent publication of its 2024 Annual Report, which triggered both short-term selling on initial weakness and renewed buying interest as sentiment improved, culminating in a price peak at the end of May. Trading volumes also increased in August and September 2025 after the Company disclosed that a preliminary understanding on transaction terms of the Possible Transaction had been reached. These spikes were event-driven and temporary in nature, and outside of such periods the Shares generally exhibited thin liquidity.

Overall, the thin and event-driven nature of the Company's trading liquidity indicates limited and inconsistent underlying investor participation, and therefore the open market may not provide Independent Shareholders with a reliable exit.

In this context, Independent Shareholders—depending on their shareholding size and timing of disposal—may not be able to realise their investment at prices above the Offer Price in the future, with the challenges varying by these factors. In terms of size, although smaller shareholdings may generally be easier to liquidate, the historical trading volume of the Shares was low and irregular during the Review Period, suggesting that disposals may still require multiple trading days even for modest shareholdings. Shareholders with larger holdings may also face difficulty disposing of their Shares without placing downward pressure on the Share price. In terms of timing, Independent Shareholders who attempt to exit after the Offer Period closes face the risk that the Share price may decline due to reduced market interest. Those needing to sell during periods of particularly thin liquidity (as observed during certain months of the Review Period when trading volumes fell below the mean) may also face difficulty finding buyers at acceptable prices.

In contrast, the Offer provides Independent Shareholders with an exit at a fixed price of HK$0.029 per Share. By comparison, disposal of Shares in the open market would expose Independent Shareholders to several risks, including: (a) the possibility of insufficient buyers at or above the Offer Price when they intend to sell; (b) potential delays in execution due to historically thin and inconsistent trading; (c) exposure to share price volatility during the disposal process; and (d) the risk of downward price pressure if a substantial block of Shares is placed for sale. Accordingly, the Offer represents a more dependable and efficient means for Independent Shareholders to realise their investment in full, irrespective of market sentiment or trading conditions.

(d) Comparable analysis

To assess the fairness and reasonableness of the Offer, we conducted a review to identify listed companies that are broadly similar to the Group. Specifically, we focused on companies that (i) are currently listed on the Main Board of the Stock Exchange; (ii) are principally engaged in manufacturing, either as original equipment manufacturers ("**OEM**") or original design manufacturers ("**ODM**"), and the trading or distribution of sports-related consumer goods, given that the Group is principally engaged in the manufacturing and trading of golf equipment, golf bags, and other accessories; and (iii) had a market capitalisation of below HK$300 million, being broadly comparable to the Company's market capitalisation of approximately HK$223.65 million as at the Last Trading Day.

Despite an exhaustive search, we were able to identify only one company listed on the Stock Exchange that met all of the above criteria — Win Hanverky Holdings Limited (stock code: 3322), as shown in Table 4 below.

Table 4: Information of Win Hanverky

Company	**Stock Code**	**Market Capitalisation as at the Last Trading Day** *(HK$ million)*	**Principal businesses**
Win Hanverky Holdings Limited	3322	262.02	Principally engaged in the apparel business. It operates through two segments: (i) the production segment, which produces and sells sportswear and functional outdoor clothing on an OEM basis; and (ii) the high-end fashion retailing segment, which retails high-end fashion products. It sells products in both domestic and overseas markets.

Source: the website of the Stock Exchange

Given that only a single company could be identified, we consider that a comparable analysis would not provide a meaningful or reliable basis for assessing the fairness and reasonableness of the Offer. Accordingly, no comparable analysis has been adopted in our assessment.

(e) Share valuation analysis

To further assess the fairness and reasonableness of the Offer Price, we have further considered the price-to-earnings ratio ("**P/E Ratio**") and price-to-book ratio ("**P/B Ratio**"), which are the two most commonly adopted valuation benchmarks in comparing the valuation of a company's shares, in evaluating the Shares, as implied by the Offer Price, against the Group's historical trading metrics and financial position as at the Last Trading Day.

However, since the Group recorded a net loss for the year ended 31 December 2024 of approximately HK$2.4 million and for the six months ended 30 June 2025 of approximately HK$14.6 million, an analysis of the Group's P/E Ratios, or other valuation methods based on profitability such as enterprise value (EV) and earnings before interest, taxes, depreciation, and amortisation (EBITDA), would not provide a meaningful reference and is not applicable.

Taking this into account, we adopted the P/B Ratio as a reference metric for our analysis, as it is commonly used in valuing companies where earnings may fluctuate and earnings-based metrics may not accurately reflect underlying value.

In these circumstances, the P/B Ratio provides (i) an indication of how the market values the net asset base of companies operating under similar business models; and (ii) a context-based reference for understanding the broader valuation environment in which the Offer is being made. It is particularly relevant for businesses experiencing temporary or cyclical earnings pressure, as it reflects the value of underlying net assets independent of current profitability.

Accordingly, while we acknowledge the inherent limitations of using a single valuation metric, the P/B Ratio represents the most relevant and meaningful reference metric currently available given the Company's financial profile and business characteristics.

In assessing the P/B Ratio of the Group under the Offer, we have taken into consideration the implied market capitalisation or the total value of the Group under the Offer of approximately HK$150,836,250 (the "**Implied Market Capitalisation**"), which is derived from multiplying the Offer Price of HK$0.029 per Share by the total number of issued Shares of 5,201,250,000 as at the Last Trading Day. In determining the implied P/B Ratio under the Offer (the "**Implied P/B Ratio**"), we have divided the Implied Market Capitalisation by the unaudited total equity attributable to owners of the Company of approximately HK$210,272,000 as at 30 June 2025. On this basis, the Implied P/B Ratio is approximately 0.72 times.

The following table sets out (i) the Group's market P/B Ratio at the Last Trading Day; and (ii) the implied P/B Ratio of the Group based on the Offer Price.

Table 6: Analysis of the Group's market and implied P/B Ratios

Company	Market capitalisation *(Note 1)* *(HK$ million)*	P/B Ratio *(Notes 2 & 3)* *(times)*
The Group (as at the Last Trading Day)	***223.65***	***1.06***
The Group (implied under the Offer)	***150.84***	***0.72***

Source: the website of the Stock Exchange

As shown in the above table, the market P/B Ratio of the Group on the Last Trading Day of approximately 1.06 times, was higher than the Implied P/B Ratio under the Offer of approximately 0.72 times. As discussed in the above subsection headed "Historical Share price performance", the trading price on the Last Trading Day was influenced by market expectations surrounding the Possible Transaction, as reflected in successive monthly Rule 3.7 announcements since January 2024, and may therefore have incorporated speculative elements rather than purely reflecting the Group's standalone fundamental value. There is no assurance that the Share price will remain at or above the Last Trading Day level after the close of the Offer Period, particularly given the historically low and event-driven trading liquidity during the Review Period.

In this context, the market P/B Ratio of the Group as at the Last Trading Day may have been supported in part by event-driven trading and may not be indicative of a sustainable valuation were the Shares to trade solely on fundamentals. When assessed on a standalone basis, the Group's recent financial performance and operating challenges—including the significant loss recorded for the six months ended 30 June 2025, heightened U.S. tariff exposure which prompted customers to divert or defer orders, the high concentration of revenue from a single major customer, the lack of progress in the Saipan project and the thin margins in the bags segment—are factors that could place downward pressure on the valuation multiples that the market might otherwise ascribe to the Group absent such speculative activity.

RECOMMENDATION

Having considered the factors set out in this letter, we note that:

(i) the closing prices of the Shares have been consistently trading above the Offer Price during the entire Review Period;

(ii) the Offer Price represents a discount of approximately 32.6% and 72.9% to the closing price of the Shares on the Last Trading Day and the Latest Practicable Date, respectively;

(iii) the Offer Price represents a discount of approximately 29.6%, 27.9% and 24.2% to the average closing prices of the Shares for the last five (5), ten (10) and thirty (30) consecutive trading days up to and including the Last Trading Day, respectively;

(iv) the Offer Price represents a discount of approximately 32.8% and 28.3% to the Group's unaudited consolidated NAV attributable to owners of the Company per Share of HK$0.0432 and HK$0.0404 as at 31 December 2024 and 30 June 2025, respectively; and

(v) the Implied P/B Ratio under the Offer of approximately 0.72 times is lower than the Group's market P/B Ratio of approximately 1.06 times as at the Last Trading Day.

Notwithstanding the above discounts and the fact that Shares have traded above the Offer Price throughout the Review Period, we consider the Offer and reasonable so far as the Independent Shareholders are concerned, based on the following substantive business and financial factors:

Financial and Operating Challenges

(i) although the Group's net loss for the year ended 31 December 2024 substantially narrowed to HK$2.4 million, it subsequently deteriorated to HK$14.6 million for the six months ended 30 June 2025. This rapid deterioration demonstrates the Group's limited financial resilience and high vulnerability to external shocks;

(ii) the operating environment for PRC-based golf equipment manufacturers faces severe and potentially worsening challenges, particularly U.S. tariffs that reached 145% in early 2025 and, despite temporary reduction to 30%, face potential reimposition at 100%+ levels as announced in October 2025. This would raise total effective tariff rates to approximately 130% or above. The Group's concentrated revenue base—with 73.9% from one customer in the first half of 2025—creates catastrophic risk if this single customer reduces orders. As disclosed in the 2024 Annual Report, sales to the Group's five largest customers accounted for approximately 95.5% of total sales for the year ended 31 December 2024, with the largest customer contributing approximately 82.5%. This concentration persisted during the six months ended 30 June 2025, when revenue from the top five customers continued to account for approximately 87.7% of total revenue, with the largest customer contributing approximately 73.9%. As noted in the 2025 Interim Report, major customers had already shifted part of their orders to alternative suppliers or temporarily withheld shipments pending further clarity on the U.S. tariff regime. Given this customer behaviour and the Group's reliance on a small number of overseas buyers, its revenue and order visibility remain highly susceptible to changes in external trade policies and sourcing preferences;

(iii) the Group's diversification efforts have failed to provide meaningful support, with the Saipan hospitality project making no material progress since the 2016 acquisition and generating no revenue, while the golf bags segment contributes less than 10% of revenue with thin margins, leaving the Group essentially as a single-product business facing severe headwinds;

Valuation Context

(iv) despite the Implied P/B Ratio of approximately 0.72 times is lower than the Group's market P/B Ratio of approximately 1.06 times as at the Last Trading Day, we consider the Offer Price remains fair and reasonable when assessed in the following context: (a) the Group's concentrated business model; (b) the event-driven and speculative nature of recent Share price movements; (c) the Group's recent financial performance and operational challenges; and (d) the uncertain liquidity and price trajectory following the close of the Offer;

Liquidity, Exit and Market Interest

(v) while the Share price has traded above the Offer Price, these levels were largely driven by speculation surrounding the Possible Transaction announced in January 2024, rather than operational improvements. Once the Offer closes and transaction speculation dissipates, Share prices may revert to levels reflecting the Group's deteriorating fundamentals. There is no assurance that the current market price premium to the Offer Price will persist given the severe operational challenges and limited visibility on recovery. In fact, the sharp decline to HK$0.030 in September 2025 following disappointing 2025 interim results demonstrates the fragility of market pricing;

(vi) the Shares exhibit historically low and event-driven trading liquidity, with average daily trading volume ranging between approximately 0.03% and 0.39% of total issued Shares held by the public, and a mean of approximately 0.15%, as illustrated in in Table 3. While the Share price has traded above the Offer Price of HK$0.029 during and after the Review Period, Independent Shareholders seeking to dispose of their Shares in the open market face several uncertainties: (a) no guarantee that buyers will be available at or above the Offer Price when they wish to sell; (b) potential execution delays in finding willing purchasers given the historically low and irregular trading liquidity; (c) exposure to Share price fluctuations during the disposal period; and (d) the likelihood that disposing of a substantial block of Shares may exert downward pressure on the market price and result in execution below prevailing quoted prices. In contrast, the Offer provides Independent Shareholders with an exit alternative at the fixed Offer Price of HK$0.029 per Share, thereby reducing both price and timing uncertainties associated with market disposal.

Conclusion

On balance, while acknowledging that the Shares traded above the Offer Price throughout the Review Period and the Offer Price represents a discount to the Group's audited NAV per Share as at 31 December 2024 and unaudited NAV per Share as at 30 June 2025, we consider that there are compelling business and financial factors—beyond liquidity considerations—that support the view that the Offer is fair and reasonable. These include: (i) the material U.S. tariff risks, with potential increases to over 130%; (ii) evidence of loss of key customer orders, with purchase volumes already shifting away; (iii) the Group's extremely high customer concentration, with 73.9% of revenue derived from a single customer; (iv) the Group's rapid financial deterioration, moving from near break-even to a net loss of HK$14.6 million within six months; and (v) market trading that appears to be driven by transaction-related speculation rather than any fundamental improvement in the Group's business.

In light of the above, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

Nevertheless, Independent Shareholders should closely monitor the market price of the Shares during the Offer Period. Those who are able to dispose of their Shares in the open market at prices above the Offer Price may consider doing so, subject to prevailing trading liquidity and execution timing. Independent Shareholders who elect to retain part or all of their investment should remain cautious, given the Group's financial and operational uncertainties and the possibility that the Share price may fluctuate or weaken after the Offer Period.

Yours faithfully,
For and on behalf of
VBG Capital Limited

Hui Ringo Wing Kun
Director

Mr. Hui Ringo Wing Kun is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 15 years of experience in corporate finance.