



SOMERLEY CAPITAL HOLDINGS LIMITED

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22 October 2026

To the Offer Shareholders and Optionholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
EDDID CAPITAL LIMITED AND RED SUN CAPITAL LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO
BE ACQUIRED BY THE OFFEROR
AND THE PARTIES ACTING IN CONCERT WITH IT) AND
TO CANCEL ALL OUTSTANDING OPTIONS OF THE COMPANY**

INTRODUCTION

Reference is made to (i) the Joint Announcement in relation to, among others, the Sale and Purchase Agreement entered into by the Offeror and the Seller on 28 April 2026 for the sale and purchase of 75,959,948 Shares (representing approximately 51.9% of the issued share capital of the Company as at the date of the Joint Announcement); (ii) the joint announcement dated 30 September 2026 in relation to, among others, fulfillment of conditions precedent to the Sale and Purchase Agreement; (iii) the Completion Announcement in relation to the SPA Completion; and (iv) the Company's announcement dated 29 June 2026 in relation to the declaration of the Final Dividend of HK\$0.02 per Share and the Special Cash Dividend of HK\$0.08 per Share, both of which were approved at the annual general meeting of the Company held on 28 July 2026. A positive profit alert in respect of the six months ended 30 September 2026 was issued on 22 September 2026.



On 29 September 2026, all the conditions precedent to the Sale and Purchase Agreement had been fulfilled and SPA Completion took place on 15 October 2026. The total consideration for the Sale Shares of HK\$62,132,430, or approximately HK\$0.818 per Sale Share, less the initial deposit of HK\$3,000,000 already paid, was settled by the Offeror upon SPA Completion.

Immediately following SPA Completion and as at the Latest Practicable Date, the Offeror and its parties acting in concert were interested in 75,959,948 Shares, representing approximately 50.1% of the issued share capital of the Company as at the Latest Practicable Date. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make the mandatory unconditional general offers in cash to (i) acquire all the issued Shares, other than those already owned and/or agreed to be acquired by the Offeror and the parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code; and (ii) to cancel all the outstanding Options at an appropriate price in compliance with Rule 13 of the Takeovers Code. Red Sun Capital and Eddid Capital have been appointed by the Offeror to jointly make the Offers for and behalf of it.

This letter forms part of this Composite Document and sets out, among others, details of the Offers, further information on the Group, the Offeror and the Offeror's intentions in relation to the Company. Further details on the terms and the procedures for acceptance of the Offers are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance. The Offer Shareholders and Optionholders are strongly advised to carefully consider the information contained in the "Letter from Red Sun Capital and Eddid Capital", "Letter from the Independent Board Committee", "Letter from the Independent Financial Adviser" in this Composite Document and the accompanying Forms of Acceptance, and to consult their own professional advisers before reaching a decision as to whether or not to accept the Offers.



INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Cheng, Mr. Yuen and Ms. Khoo, has been established to advise the Offer Shareholders and Optionholders as to whether the Offers are fair and reasonable and as to acceptance of the Offers. The Independent Financial Adviser has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offers and, in particular, as to whether the Offers are fair and reasonable and as to the acceptance of the Offers. The full texts of the letter from the Independent Board Committee addressed to the Offer Shareholders and Optionholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document. **You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.**

THE OFFERS

As set out in the “Letter from Red Sun Capital and Eddid Capital” in this Composite Document, Red Sun Capital and Eddid Capital are, for and on behalf of the Offeror, jointly making the mandatory unconditional cash offers to (i) acquire all the issued Shares, other than those already owned and/or agreed to be acquired by the Offeror and the parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code; and (ii) to cancel all the outstanding Options at an appropriate price in compliance with Rule 13 of the Takeovers Code on the following terms:

The Share Offer

For each Offer Share HK\$0.818 in cash

The Share Offer Price of HK\$0.818 per Offer Share is based on the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement by rounding up to 3 decimal places.

The Share Offer is unconditional in all respects and in particular is not conditional upon acceptances being received in respect of a minimum number of Shares and in respect of a minimum number of Options to be cancelled or any other conditions.

The Share Offer is extended to all Offer Shareholders in accordance with the Takeovers Code. The Share Offer applies to all Shares in issue on the date on which the Share Offer is made, being the date of despatch of this Composite Document, other than those Shares already held by and/or agreed to be acquired by the Offeror and the parties acting in concert with it.

Further details of the terms of the Share Offer and the procedures for acceptances are set out in the “Letter from Red Sun Capital and Eddid Capital” in this Composite Document, Appendix I to this Composite Document and the accompanying Forms of Share Offer Acceptance.



The Option Offer

For the cancellation of each Option HK\$0.098 in cash

As at the Latest Practicable Date, the Company has 2,497,000 outstanding Options granted under the Share Option Scheme with an exercise price of HK\$0.72, comprising 66,000 vested Options and 2,431,000 unvested Options which are exercisable from 18 December 2026. Save as disclosed in this section, there are no other outstanding Shares, warrants, options, derivatives or securities that are convertible into Shares or other types of equity interest in the Company.

The Option Offer Price at which the Option Offer is made represents the “see-through” price, being the Share Offer Price minus the exercise price of the Options (being HK\$0.72).

Following acceptance of the Option Offer, all the relevant Options (together with all rights attaching to the Options) will be cancelled and renounced.

It is noted that in accordance with the terms and conditions of the Share Option Scheme, if a general offer is made to all the Shareholders and such general offer becomes or is declared unconditional, the Optionholders shall, notwithstanding any other terms on which Options were granted, be entitled to exercise the Options (to the extent vested but not already exercised) to the full extent or to the extent specified in the Optionholders’ notice to the Company in accordance with the provisions of the Share Option Scheme at any time thereafter and up to the close of such offer (or any revised offer). In the event that an Optionholder exercises any outstanding Options before the close of the Share Offer, the Shares issued pursuant to the exercise of such Options shall form part of the Offer Shares and be subject to the Share Offer. **Any vested and unvested Options (to the extent not already exercised) will lapse at the close of the Offers.**

REMINDER TO OPTIONHOLDERS: If you do not either: (i) exercise your Options before the close of the Share Offer; or (ii) accept the Option Offer before the Closing Date, your Options will automatically and immediately lapse after the close of the Offers.

Further details of the terms of the Option Offer and the procedures for acceptances are set out in “Letter from Red Sun Capital and Eddid Capital” in this Composite Document, Appendix I to the Composite Document and the accompanying Form of Option Offer Acceptance.

SPECIAL CASH DIVIDEND AND FINAL DIVIDEND

The Company has declared a Final Dividend and Special Cash Dividend of HK\$0.02 in cash per Share and HK\$0.08 in cash per Share with the Record Dates of 31 July 2026 and 14 October 2026 respectively, which have been approved by the Shareholders in the annual general meeting held on 28 July 2026. As at the Latest Practicable Date, the Final Dividend has been paid and Special Cash Dividend will be paid on 23 October 2026. As disclosed in the Joint Announcement, the amount of the Final Dividend shall be deducted from the Special Cash Dividend and as such, the total amount paid under the Final Dividend and the Special Cash Dividend is HK\$0.10 per Share in cash. Shareholders whose names appear on



the register of members of the Company at the close of business on 14 October 2026, being the Special Dividend Record Date, will receive the Special Cash Dividend whether or not they accept the Share Offer.

The Company confirms that as at the Latest Practicable Date, (i) save for the Special Cash Dividend, it did not have outstanding dividends which have been declared but not yet paid; and (ii) save for the Special Cash Dividend, it did not have any intention to declare or pay any future dividend, distributions or return of capital during the Offer Period.

IRREVOCABLE UNDERTAKINGS

Your attention is drawn to the section headed “Irrevocable Undertakings” in the “Letter from Red Sun Capital and Eddid Capital” in this Composite Document which sets out the details of the Irrevocable Undertakings given by the Seller, Mr. Sabine, Mr. Sabine Anthony James, Mr. Sabine Peter Robert and Mr. Sabine Christopher Richard all being sons of Mr. Sabine, Mr. Cheung and Mr. Chow being a Director, each dated 30 April 2026 in favour of the Offeror pursuant to which each IU Shareholder has irrevocably undertaken to the Offeror, among other things, that it/he will (a) not sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in respect of the relevant IU Shares prior to the expiry of the Offer Period in respect of the Offers except to give effect to the following point (b); and (b) not tender the relevant IU Shares for acceptance under the Share Offer.

Each Irrevocable Undertaking shall terminate upon the Offers closing, lapsing or being withdrawn.

Further details of the terms of the Irrevocable Undertakings are set out in “Letter from Red Sun Capital and Eddid Capital” in this Composite Document.

INFORMATION OF THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Red Sun Capital and Eddid Capital” and Appendix IV “General Information of the Offeror” to this Composite Document.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed “Intention of the Offeror in relation to the Group” in the “Letter from Red Sun Capital and Eddid Capital” in this Composite Document for information relating to the intention of the Offeror regarding the Group.

INFORMATION OF THE GROUP

The Company is incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on the GEM (stock code: 8439). The Group is licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities



and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and is principally engaged in providing corporate finance advisory services through its subsidiaries in Hong Kong and Beijing.

Your attention is drawn to Appendices II and V to this Composite Document which contain the financial and general information of the Company.

Shareholding structure of the Company

The shareholding structure of the Company (i) as at the Latest Practicable Date (ii) assuming no Options are exercised and none of the Offer Shares are tendered for acceptance under the Share Offer; and (iii) assuming all Options are exercised and all Offer Shares other than the IU Shares are tendered for acceptance under the Share Offer is as follows:

	As at the Latest Practicable Date		Assuming no Options are exercised and none of the Offer Shares are tendered for acceptance under the Share Offer		Assuming all Options are exercised and all Offer Shares other than the IU Shares are tendered for acceptance under the Share Offer	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Offeror and its parties acting in concert	75,959,948	50.1	75,959,948	50.1	134,605,868	87.3
Seller (<i>Note 1</i>)	8,978,242	5.9	8,978,242	5.9	8,978,242	5.8
Concert parties pursuant to agreement (<i>Note 2</i>):						
Mr. Sabine	342,000	0.2	342,000	0.2	342,000	0.2
Mr. Fletcher	50,000	0.0	50,000	0.0	0	0.0
Mr. Cheung	2,879,157	1.9	2,879,157	1.9	2,879,157	1.9
Other directors of the Group:						
Mr. Chow	6,093,253	4.0	6,093,253	4.0	2,815,627	1.8
Ms. Leung	1,423,256	0.9	1,423,256	0.9	—	—
Mr. Wong	1,423,256	0.9	1,423,256	0.9	—	—
TAM Sze Ka	1,423,256	0.9	1,423,256	0.9	—	—
HESSE Jakob Fabian	906,750	0.6	906,750	0.6	—	—
CHENG Koon Yung						
Clifford	972,750	0.6	972,750	0.6	—	—
LEUNG Man Ho	231,000	0.2	231,000	0.2	—	—
Public Shareholders:						
Other IU Shareholders (<i>Note 3</i>)	4,500,000	3.0	4,500,000	3.0	4,500,000	2.9
Other public Shareholders	46,441,026	30.6	46,441,026	30.6	—	—
<i>Subtotal</i>	<u>50,941,026</u>	<u>33.6</u>	<u>50,941,026</u>	<u>33.6</u>	<u>4,500,000</u>	<u>2.9</u>
Total	<u>151,623,894</u>	<u>100.0</u>	<u>151,623,894</u>	<u>100.0</u>	<u>154,120,894</u>	<u>100.0</u>



Notes:

1. As at the Latest Practicable Date, the Seller is owned by Mr. Sabine, Mr. Fletcher and Mr. Cheung and Ms. FONG Sau Man Cecilia as to approximately 57.1%, 20.5%, 12.9% and 9.5%, respectively.
2. Mr. Sabine, Mr. Fletcher and Mr. Cheung are acting in concert in respect of their interests in the Company pursuant to a deed of acting in concert dated 9 March 2017.
3. Figures represent the number of Shares held by Mr. Sabine Anthony James, Mr. Sabine Peter Robert and Mr. Sabine Christopher Richard, all being sons of Mr. Sabine who are over the age of 18 and as such, they are classified as public Shareholders.
4. Figures presented in the table above are subject to rounding adjustments.

PROPOSED CHANGE IN BOARD COMPOSITION

Your attention is draw to the paragraphs headed “Proposed change in Board composition” in the “Letter from Red Sun Capital and Eddid Capital” in this Composite Document.

As at the Latest Practicable Date, the Board comprises five executive Directors, namely Mr. Sabine, Mr. Cheung, Mr. Chow, Ms. Leung and Mr. Wong, and three independent non-executive Directors, namely Mr. Cheng, Mr. Yuen and Ms. Khoo.

The Board is aware that pursuant to the terms of the Sale and Purchase Agreement, the Seller undertakes with the Offeror to use all its powers of control over the Company to procure that, at the earliest possible time permitted by the Takeovers Code and other rules or regulations applicable to the Company, all existing Directors except Mr. Sabine and Mr. Chow shall offer to resign as a Director. Save and except for Mr. Sabine, Mr. Chow and Ms. Khoo, all other existing Directors will resign with effect from a date which is no earlier than such date as permitted under the Takeovers Code, the GEM Listing Rules and other laws, regulations and rules applicable to the Company.

The Board is aware that Mr. Sabine will remain as Chairman of the Company and the Offeror intends to nominate new Directors to the Board in accordance with relevant requirements of the Takeovers Code, the GEM Listing Rules and other applicable regulations. The Offeror intends to nominate Mr. Ng as an executive Director and the vice chairman of the Company, Ms. Zhu Yuchen as non-executive Director and Mr. Lee Siu Hang Foster, and Mr. Li Shoushuang as independent non-executive Directors for appointment to the Board with effect from after the Composite Document is posted on the date of despatch of this Composite Document (being the earliest date as permitted under the Takeovers Code). Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the GEM Listing Rules and further announcement(s) (including the biographies of the new Directors) will be made as and when appropriate. Please refer to the paragraphs headed “Proposed change in Board composition” in the “Letter from Red Sun Capital and Eddid Capital” in this Composite Document for details.



PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

Your attention is draw to the paragraphs headed “Public float and maintenance of the listing status of the Company” in the “Letter from Red Sun Capital and Eddid Capital” in this Composite Document.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offers and the acceptance and settlement procedures as set out in the appendices to this Composite Document and the accompanying Forms of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Red Sun Capital and Eddid Capital”, “Letter from the Independent Board Committee” and “Letter from the Independent Financial Adviser” in this Composite Document.

Your attention is drawn to (i) “Letter from the Independent Board Committee” as set out on pages 41 to 43 to this Composite Document, which contains its advice and recommendation to the Offer Shareholders and Optionholders in respect of the Offers; and (ii) “Letter from the Independent Financial Adviser” as set out on pages 44 to 71 of this Composite Document, which contains, among other things, its advice to the Independent Board Committee in relation to the Offers and the principal factors considered by it before arriving at its recommendation. You are urged to read both letters and the other information contained in this Composite Document carefully before taking any action in respect of the Offers.

In considering what action to take in response to the Offers, you should also consider your own tax positions and, in case of doubt, consult your professional adviser(s).

By Order of the Board
Somerley Capital Holdings Limited



CHOW Wai Hung Kenneth
Chief Executive Officer