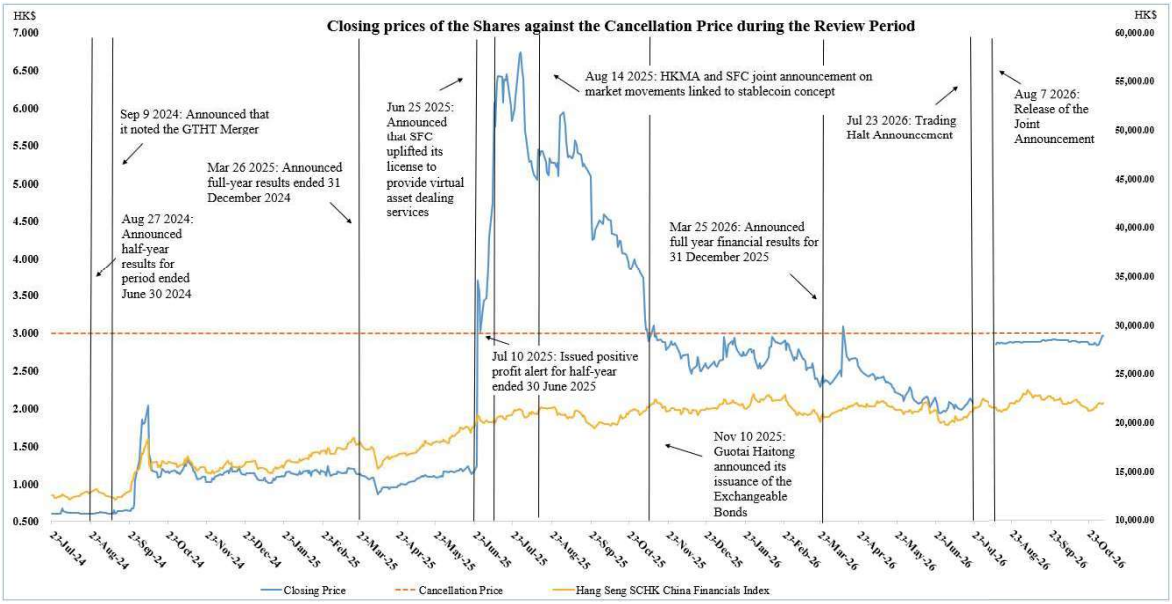
We are of the view that this allows us to conduct a meaningful comparison between the closing prices of the Shares and the Cancellation Price where an extended Review Period enabled us to illustrate the general financial market trends and the full picture of the volatility and possible triggering events. For comparison as further elaborated below, we have included the Hang Seng SCHK China Financials Index ("**H-FIN Index**") in the chart.



Source: The Stock Exchange website (www.hkex.com.hk) and Bloomberg

During the Review Period, the lowest and highest closing prices of the Shares were HK$0.60 per Share recorded on several trading days in July and August 2024 and HK$6.74 per Share recorded on July 29, 2025, respectively.

As illustrated in the graph above, the Cancellation Price is above the closing prices of the Shares for a substantial part of the Review Period of 550 total trading days, except for 96 trading days during the period of June 25, 2025 to mid-November 2025, and briefly on April 10, 2026. Given volatility of Share price during the Review Period, the Cancellation Price represented a premium of approximately 400.0% (to the lowest closing price of HK$0.60 per Share) and a discount of approximately 55.5% (to the highest closing price of HK$6.74 per Share).

Pre-Announcement Period

At the beginning of the Review Period (i.e. July 23, 2024), the closing price of the Share was HK$0.60 per Share. From this date to September 26, 2024, closing price of Shares traded within a stable range of HK$0.60 and HK$0.72. During this period, on August 27, 2024 the Company had announced its interim results for half-year ended June 30, 2024 which had shown that the Group recorded 41% increase in revenue and 63% increase in profit attributable to ordinary equity holders compared to the previous period. On September 9, 2024 it announced that it noted the GTHT Merger, but stated there was no inside information relevant to the Company that needed to be announced.

Shortly after that from September 27, 2024, closing price of Shares increased abruptly reaching a high of HK$2.04 on October 7, 2024, before abruptly decreasing and stabilised at the range of HK$0.90 and HK$1.30 for close to nine months up until June 24, 2025. During this period, the Company had announced its full-year results ended December 31, 2024 which had shown that the Group recorded 37% increase in revenue and 73% increase in profit attributable to ordinary equity holders.

Closing price of Shares surged from HK$1.24 to HK$3.70 on June 25, 2025 apparently related to its announcement at noon of June 25, 2025 that its subsidiary has received official approval from the SFC for it to provide virtual asset dealing services under an omnibus account arrangement with SFC-licensed platforms. In this respect, the Group has established a platform for the trading of virtual assets and income from this business has been insignificant (i.e. less than 0.02% of the total revenue for each of FY2025 and 1H2026). Closing price of Shares recorded further significant increases in the month of July 2025 to above HK$6 level reaching HK$6.74 on July 29, 2025. This appeared to be augmented by the release of a positive profit alert announcement on July 10, 2025. Such price level did not sustain long as closing price of Shares dropped below HK$6 level by the time it announced its interim results for the six months ended June 30, 2025 which showed the Group recorded 30% revenue increase and 182% increase in profit attributable to ordinary equity holders compared to the six months ended June 30, 2024.

Closing price of the Shares continued a downward trend from then onwards, trading below the Cancellation Price of HK$3.00 by mid-November 2025. The closing price of Shares did not rise above HK$3.00 thereafter save for closing at HK$3.09 on one trading day on April 10, 2026.

During this period, between November 4, 2025 and November 10, 2025, when the Shares decreased abruptly from HK$3.70 level to closed at HK$3.02, the Bond Issuer issued the Exchangeable Bonds (with initial exchange price of HK$4.24 per Share) and the Offeror entered into certain stock lending arrangements in connection with the Exchangeable Bonds. We noted that this Exchangeable Bond issuance may entail the Offeror's shareholding in the Company potentially reducing by 9.6% of the then issued share capital of the Company and the stock lending arrangements appeared to have created short-selling pressure in the Shares during the above short period. Also, on March 25, 2026, the Group had announced its full-year results for the year ended December 31, 2025 where the Group recorded 41% increase in revenue and 287% increase in profit attributable to ordinary equity holders compared to the previous year. Notwithstanding the substantial profitability improvement as a continuation from the increased profit recorded during 1H2025, we observed that this announcement had limited impact on the price of Shares. The closing prices of Shares during this period were relatively less volatile with moderate downward trend, which could be due to broader market slowdown, news of positive financial performance having been digested, investors revising down their expectation on Company's prospects after recent significant profit growth, coupled with uncertainties related to the Exchangeable Bond issuance. The Joint Announcement was then made on August 7, 2026.

We have analysed the periods where large swings of closing prices of Shares were observed. Shortly after the announcement regarding the Group's virtual asset dealing licence which may have prompted the dramatic price surge, the SFC and HKMA jointly published a statement on August 14, 2025 regarding stablecoin-related market movement where SFC and HKMA "*noted recent* ***abrupt market movements linked to stablecoin concept***". They further stated that "*Given the significant uncertainties surrounding the outcomes of these preliminary plans or applications, the abrupt market movements noted, often* ***driven by excitement or speculation****, highlight the need to stay vigilant in these frenetic situations. This heightened volatility in share prices can lead to* ***irrational decisions, thereby exposing investors to undue risks***". We believe the above joint statement validated our observation that the drastic increase and subsequent drastic decrease in closing price of Shares were caused by irrational exuberance which resulted in price of Shares substantially deviating from its underlying value.

In respect of the Exchangeable Bond issuance and related stock lending arrangements; we note that on one hand, the impression that the Offeror's shareholding in the Company would reduce may have created negative sentiments, while short-selling hedging trades may have created downward pressure which suppressed the Share price during the initial and certain other periods. On the other hand, subscriptions by certain investors of the Exchangeable Bonds at an exchange price of HK$4.24 above the then closing Share price may indicate their confidence in the potential upside of the Shares. The 800,000,000 Shares under the Stock Lending Arrangements represented less than 5% of the total Shares traded since the arrangements were put in place up to the Latest Practicable Date. We believe Share price movements would still fundamentally be dependent on the Group's financial performance and prospects, and we are not able to ascertain the extent of the short-selling effects on the price of Shares over time and quantitatively viz-a-viz market expectations on the Group's profitability and outlook.

Post-Announcement Period

Following the publication of the Joint Announcement and resumption of trading at 9:00 a.m. on August 10, 2026, the price of Shares substantially increased and closed HK$2.845 per Share, reacting to the Proposal. Since then, the closing price of Shares had been relatively stable during the Post-Announcement Period with highest and lowest closing prices of HK$2.960 per Share recorded on November 2 and 3, 2026 and HK$2.830 per Share on October 29, 2026, and HK$2.960 per Share at Latest Practicable Date. We are of the view that the closing price of the Shares being at levels close to the Cancellation Price during the Post-Announcement Period is underpinned by the presence and expectations of the Proposal.

Continuous buyback of Shares by the Company during the Review Period

We observed that the Company had continuously conducted buyback of Shares in the market during the Review Period. For example, from the start of the Review Period on July 23, 2024 up to June 24, 2025 before the spike in price of Shares described above, the Company had conducted buyback of Shares from the market on over 60 trading days for over 34 million Shares at prices between HK$0.6047 and HK$1.2061, signalling to the market the Board's view that the Shares appeared underpriced and such buyback may have provided some support to price of Shares during those periods. Based on public information, the Company has not conducted any buyback of Shares after June 2025 up to the Latest Practicable Date.

Our observations

Overall, we analysed the historical closing price of Shares in several phases and stronger emphasis is placed on Phase 3 when prices of Shares were more stabilised. The first phase ("**Phase 1**") from the beginning of Review Period to June 25, 2025 appeared to reflect a stabilisation and gradual improvement in financial performance and market outlook as Shares gradually traded up from HK$0.60 level to HK$1.30 level, save for a short-lived uptick when the GTHT Merger was announced. The second phase ("**Phase 2**") started on June 25, 2025 where closing price of Shares dramatically surged by over 5 times to above HK$6 level within one to two months, exacerbated by speculative hype surrounding stablecoin and FinTech developments, and augmented by signs of significant improvements in the Group's financial performance and outlook. As the irrational sentiments subsequently subsided and after issuance of the Exchangeable Bonds with certain stock lending arrangements, closing prices of Share entered the third phase ("**Phase 3**") from November 12, 2025 onwards as they retraced and trended downwards below the Cancellation Price, settling around the HK$2 level as at the Last Trading Day before the Joint Announcement. This price level in Phase 3 was higher than during Phase 1, likely reflecting the fundamental improvements in the Group's profitability and prospects over time.

To analyse the possible effects of the Group's improving financial performance and the extent of irrational exuberance of the price of Shares relative to the general market during the Review Period, we have benchmarked the Share prices against the H-FIN Index, which is an index that capture performance of PRC financial stocks listed in Hong Kong. As observed in the chart, H-FIN Index was on a general uptrend during the Review Period increasing from 12,500 level in at the start of Review period in July 2024, increasing over 80% to reach high levels of about 23,000 in February 2026 and September 2026, and currently hovered at 22,000 level as at the Latest Practicable Date. We believe this trend exemplified investors' expectations on the general improvements in profitability and prospects of the financial industry (including the Group) during the Review Period. The extent of increase of price of Shares from HK$1 level in early part of Review Period in September 2024 to HK$2 level on the Last Trading Day is generally consistent with the H-FIN Index. Meanwhile, comparing with H-FIN Index shows that the drastic movements of price of Shares during Phase 2 was indeed anomalous.

In respect of the effects of the Group's improved financial performance on the price of Shares during the Review Period, we note that the profits attributable to owners of the Company had first recorded improvements of about 73% from FY2023 to FY2024, consistent with the increase in Share price from HK$0.60 level in August/September 2024 (being the period when the Company first announced its 1H2024 results providing an inkling of financial performance improvements in FY2024) to the HK$1.00 to HK$1.30 range which Share price hovered for the bulk of first half of 2025. By the time the Company announced its 1H2025 results in August/September 2025 where profits attributable to owners of the Company recorded more than 180% indicating possible significant improvement in financial performance for FY2025, Share price had spiked more than 400% to above HK$5 level. The percentage increase in Share price substantially overshadowed the improvement rate of financial performance where profits attributable to owners of the Company increased more than 280% in FY2025 compared with FY2024, supporting our view that there existed irrational exuberance beyond expectation of improved profitability and prospects. We observed that as the explosive growth of financial market and profitability of market players moderated, as evidenced by the subsequent lower rate of about 23% increase in profits attributable to owners of the Company during 1H2026 compared with 1H2025, Share price also moderated. From the above observations, if the short period of anomalous volatility is disregarded, market trading price of Shares had generally reflected the fundamental improvements in the Group's profitability and prospects during the Review Period.

If we disregard the more outdated Phase 1 and anomalous prices of Shares during Phase 2, the average closing price per Share over Phase 3 (being from November 12, 2025 to the Last Trading Day) would be approximately HK$2.50 per Share and the Cancellation Price of HK$3.00 per Share would represent a premium of 20.0% over such average of closing price during Phase 3.

Considering that (i) the Cancellation Price is higher than the price of Shares since mid-November 2025 after normalisation from extreme price volatility; (ii) the Cancellation Price is at a premium of 20.0% over the average closing price during Phase 3; and (iii) the Group's operational and financial performance improvements since mid-2024 may have been fairly digested and reflected in market prices, we are of the view that the Cancellation Price is fair and reasonable from perspective of the historical market trading price performance of the Shares.

4.2 Trading liquidity of the Shares

The table below sets out the average daily trading volume of the Shares in each month during the Review Period and the respective percentage of the average daily trading volume of the Shares, calculated on a trading-day-weighted basis, as compared to the total number of issued Shares and Shares held by the Shareholders other than the Offeror ("**Public Shareholders**").

Month	**Number of trading days**	**Average daily trading volume of the Shares per trading day during the month**	**Average daily volume as a percentage of the total issued Shares as at the relevant month end** *(Note 1)*	**Average daily volume as a percentage of the total number of Shares held by the Public Shareholders as at the relevant month end**
Pre-Announcement				
2024				
July 2024 (from July 23, 2024)	7	15,828,500	0.17%	0.63%
August 2024	22	11,280,416	0.12%	0.45%
September 2024	19	110,197,775	1.15%	4.42%
October 2024	21	214,943,763	2.25%	8.61%
November 2024	21	59,542,538	0.62%	2.39%
December 2024	20	34,936,206	0.37%	1.40%
2025				
January 2025	19	20,060,075	0.21%	0.81%
February 2025	20	45,804,753	0.48%	1.84%
March 2025	21	32,495,873	0.34%	1.31%
April 2025	19	24,474,252	0.26%	0.98%
May 2025	20	20,330,509	0.21%	0.82%
June 2025	21	852,993,317	8.96%	34.60%
July 2025	22	1,010,625,074	10.61%	40.86%
August 2025	21	279,426,295	2.93%	11.28%
September 2025	22	148,010,992	1.55%	5.97%
October 2025	20	53,955,742	0.57%	2.17%
November 2025	20	91,273,686	0.96%	3.67%
December 2025	21	68,268,012	0.72%	2.75%
2026				
January 2026	21	122,445,364	1.28%	4.93%
February 2026	17	82,077,052	0.86%	3.30%
March 2026	22	91,654,618	0.96%	3.69%
April 2026	19	184,367,352	1.93%	7.42%
May 2026	19	54,938,747	0.58%	2.21%
June 2026	21	55,401,140	0.58%	2.23%
July 2026 (up to and including July 22, 2026)	15	50,246,444	0.53%	2.02%

Month	Number of trading days	Average daily trading volume of the Shares per trading day during the month	Average daily volume as a percentage of the total issued Shares as at the relevant month end *(Note 1)*	Average daily volume as a percentage of the total number of Shares held by the Public Shareholders as at the relevant month end
Post-Announcement				
2026				
Remaining of July	7	Trading halt	N/A	N/A
August 2026 (from August 10, 2026)	16	89,736,096	0.94%	3.61%
September 2026	22	14,628,621	0.15%	0.59%
October 2026	20	20,390,017	0.21%	0.82%
November (up to and including the Latest Practicable Date)	2	86,172,500	0.90 %	3.47%
Review Period				
Mean		145,746,737	1.53%	5.88%
Max		1,010,625,074	10.61%	40.86%
Min		11,280,416	0.12%	0.45%

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

Note:

1. Based on the total number of issued Shares at the respective month-end as disclosed on the Stock Exchange.

As illustrated in the above table, the percentage of average daily trading volume to (i) the total number of issued Shares; and (ii) the total number of issued Shares held by the Public Shareholders, ranged from 0.12% to 10.61% and 0.45% to 40.86%. The average daily trading volume of the Shares during the Pre-Announcement Period was approximately 158,822,353 Shares, representing 1.67% of total number of issued Shares and approximately 6.41% of the total number of issued Shares held by the Public Shareholders as at the Last Trading Day.

Trading liquidity of Shares during Phase 1 was generally stable and lower than Phase 2, save for during a period of few weeks surrounding the news of GTHT Merger where for example, daily trading volume on 30 September 2024 reached 1.48 billion Shares and was above 200 million Shares on 10 trading days. During Phase 1, average daily trading volume in each month was generally below 1% of the total number of issued Shares save for being 1.15% in September 2024 and 2.25% in October 2024. In terms of total number of issued Shares held by the Public Shareholders, the average daily trading volume during these two months reached 4.42% and 8.61%.

During Phase 2, the price upsurge on 25 June 2025 was accompanied by extreme increase in trading activities where 6.48 billion Shares (which was about two times the number of Shares held by Public Shareholders) were traded on that day. Active trading of the Shares continued in the month of July 2025 where the average daily trading volume in the month of July 2025 was 10.61% of the total number of issued Shares and 40.86% of the total number of issued Shares held by Public Shareholders, reflecting market turnover driven by virtual asset and FinTech-related speculation.

The relatively higher trading volume in Phase 2 normalised by end October 2025 and closing price of Shares retraced along with such normalisation of trading activities. During Phase 3 for the months from November 2025 up to July 2026 before the Announcement, average daily trading volume represented between 0.53% and 1.93% for the total number of issued Shares. Compared with total number of issued Shares held by the Public Shareholders, the range of percentages were between 2.02% and 7.42%.

Trading volume of Shares increased after the publication of the Joint Announcement where during the Post-Announcement Period, the average daily trading volume of Shares amounted to approximately 38,962,542 Shares, representing approximately 0.41% of the total number of issued Shares and approximately 1.57% of the total number of issued Shares held by the Public Shareholders as at the Latest Practicable Date.

Our observations

We are of the view that the Shares maintained reasonable trading liquidity during the Review Period. During September and October 2024 and from late June to August 2025, we observed higher liquidity in trading activities but they coincided with significant Share price volatility. Hence, there remains uncertainty as the exact prices that Shareholders can realise when they dispose of their Shares is not guaranteed. In particular, when significant blocks of Shares are being disposed of, it may cause downward price pressure. Meanwhile, the Proposal provides the Public Shareholders with an exit opportunity at a fixed sale price and certainty in terms of number of Shares.

4.3 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.

We have reviewed the Company's business nature, corporate structure and financial performance to obtain an understanding of its principal operations and revenue sources, geographical coverage and overall financial position, to establish the selection criteria of the relevant companies for comparable analysis purpose (the "**Comparable(s)**").

Based on the Company's FY2025 revenue breakdown, geographical segments and corporate structure, we noted that the Company is the international arm of an established PRC financial institution (i.e. Guotai Haitong) which is based in Hong Kong, and derived majority of its revenue (comprising mainly brokerage, fee and commission income, and interest income) in Hong Kong.

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

(i) over 50% of revenue reported in its latest published annual report was derived from brokerage, fee and commission income, asset management, corporate finance, investment and interest income,

(ii) over 50% of revenue reported in its latest published annual report was derived from Hong Kong,

(iii) being an international financial platform of established PRC enterprise/financial group or institution which can benefit from parent's brand names, financial support and credit ratings, referral and cross-selling as well as resource sharing, and

(iv) company whose shares are listed on the Stock Exchange.

Based on the above criteria, we have identified four Comparables, being (i) BOCOM International Holdings Company Limited; (ii) China Industrial Securities International Financial Group Limited; (iii) CMBC Capital Holdings Limited; and (iv) Shenwan Hongyuan (H. K.) Limited. We have also identified Bright Smart Securities and Commodities Group Limited ("**Bright Smart**") but have excluded it from the comparable company analysis as Bright Smart was historically a local Hong Kong brokerage majority-owned by an individual founder. Its acquisition by Chinese multinational fintech conglomerate, Ant Group Co., Ltd., was completed only recently in March 2026 and we are of the view that its historical financial metrics do not reflect the operational scale, synergy, or track record of an established PRC enterprise platform.

The Comparables we identified are 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, while we have not conducted any in-depth investigation into the business and operations of the Comparables save for the aforesaid selection criteria, we believe that the Comparables selected are appropriate to serve as a benchmark reference for our comparables analysis purpose, which reflects the prevailing market sentiment towards similar companies in the industry.

In terms of financial valuation yardstick to assess the fairness and reasonableness of the Cancellation Price, we have performed analysis on the Comparables' price-to-earnings ratio ("**PE Ratio**") and price-to-book ratio (the "**PB Ratio**"). Both are commonly used valuation multiples where (i) as the Company and the Comparables' businesses generate regular earnings from financial market activities, PE Ratio measures one's profitability relative to its market valuation; and (ii) as the Company and the Comparables' businesses typically hold large pool of liquid assets, client collaterals, margin loan portfolio and financial investments on their balance sheet, PB Ratio measures one's underlying assets relative to its market valuation. The use of both yardsticks allows for cross-checking in case of anomalous or sudden events which can cause valuation deviations.

Our relevant findings are summarised in the following table:

Stock code	**Company Name**	**Principal business and ownership**	**Market capitalisation**[1] *(HK$ billion)*	**Net asset value**[2] *(HK$ million)*	**PE Ratio**[3] *(times)*	**PB Ratio**[4] *(times)*
3329	BOCOM International Holdings Company Limited	Engaged in securities brokerage, margin financing, corporate finance and underwriting, investment and loans, asset management and advisory businesses. Majority-owned by Bank of Communications Co., Ltd.	1.41	938	Loss making	1.50x
6058	China Industrial Securities International Financial Group Limited	Engaged in the provision of wealth management services, corporate finance services, asset management services and financial products and investments. Majority-owned by Industrial Securities Co., Ltd.	1.76	3,428	14.6x	0.51x
1141	CMBC Capital Holdings Limited	Engaged in the provision of brokerage and related services, and loan financing services. Majority-owned by China Minsheng Bank.	0.69	1,628	4.6x	0.42x

Stock code	Company Name	Principal business and ownership	Market capitalisation[1] *(HK$ billion)*	Net asset value[2] *(HK$ million)*	PE Ratio[3] *(times)*	PB Ratio[4] *(times)*
218	Shenwan Hongyuan (H. K.) Limited	Engaged in the businesses of brokerage, corporate finance, asset management, financing and loans, investments. Majority-owned by Shenwan Hongyuan Group Co., Ltd.	1.24	2,751	10.3x	0.45x
				Minimum	**4.6x**	**0.42x**
				Maximum	**14.6x**	**1.50x**
				Mean	**9.8x**	**0.72x**
				Median	**10.3x**	**0.48x**
1788	**The Company**	Engaged in the businesses of brokerage, corporate finance, asset management, financing and loans, investments. Majority-owned by Guotai Haitong	**28.59**	**15,859**	**21.3x**	**1.80x**

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

Notes:

1. Market capitalisation is calculated based on the price of shares times the total number of shares in issue as at the Latest Practicable Date. Market capitalisation of the Company implied by the Cancellation Price is calculated based on the Cancellation Price times the total number of Shares in issue as at the Latest Practicable Date.

2. Net profit and net asset value figures are extracted from the respective latest published annual report prior to the Latest Practicable Date.

3. PE Ratio is calculated by dividing the market capitalisation (as described in Note 1) by the net profit attributable to company's shareholders (as described in Note 2).

4. PB Ratio is calculated by dividing the market capitalisation (as described in Note 1) by the net asset value attributable to company's shareholders (as described in Note 2).

Our observations

From the table above, the PE Ratios of the Comparables range from 4.6 times to 14.6 times with mean and median of 9.8 times and 10.3 times. By applying the Cancellation Price of HK$3.00 per Share, the resultant implied PE Ratio of the Company would be 21.3 times, which is higher than the aforesaid range, the mean and median. Based on the PE Ratio yardstick, the Cancellation Price is fair.

The PB Ratios of the Comparables range from 0.42 times to 1.50 times with mean and median of 0.72 times and 0.48 times. The PB Ratio of the Company as implied by the Cancellation Price would be 1.80 times, which is higher than all Comparables and the aforesaid mean and median. Based on the PB Ratio yardstick, the Cancellation Price is therefore fair.

Having considered both valuation yardsticks, we are of the view that from comparable analysis perspective, the Cancellation Price is fair and reasonable.

4.4 Exchangeable Bonds and Stock Lending Arrangements

For details of the terms of the Exchangeable Bonds and Stock Lending Arrangements, please refer to the paragraph headed "4. Exchangeable Bonds and Stock Lending Arrangements" of Part VII – Explanatory statement of the Scheme Document.

In assessing whether the Initial Exchange Price of HK$4.24 affects the fairness of the Cancellation Price, we have considered the following:

Timing

The Exchangeable Bonds were issued on November 10, 2025, when the Shares closed at HK$3.02. The Initial Exchange Price of HK$4.24 represented a premium of 40.4% over the then market price. The Proposal was made on 22 July 2026, which the Cancellation Price of HK$3.00 represented a 44.2% premium over the Last Trading Day closing price of HK$2.08.

Debt instrument versus all-cash exit

The Exchangeable Bonds are long-term debt instruments (due 2032) carrying structured bondholder rights, including fixed redemption options, de-listing put options, and principal protection. The Initial Exchange Price of HK$4.24 reflects long-term conversion option pricing over a 7-year period. The Proposal, by contrast, offers immediate 100% cash certainty to all disinterested shareholders without market exposure.

We consider the Initial Exchange Price of HK$4.24 as a historical reference point for a structured bond product rather than a benchmark for an immediate all-cash privatisation. As such, we are of the view that the Initial Exchange Price is not relevant when assessing the fairness of the Cancellation Price. Instead, the fairness of the Cancellation Price shall be determined with reference factors such as the Company's historical Share price performance and comparable companies' multiples (please refer to the section headed "4 Cancellation Price" for the factors we have considered in determining the fairness of the Cancellation Price).

While Exchangeable Bonds Holders possess the right to exchange their bonds into Shares at HK$4.24 prior to the Scheme Record Date and participate in the Scheme, doing so would result in an immediate financial loss against the Cancellation Price of HK$3.00 per Share. Consequently, Exchangeable Bonds Holders are expected to either hold their bonds or exercise their contractual early redemption. As such, we are of the view that the Exchangeable Bonds have no adverse impact on the terms or implementation of the Proposal.

In respect of the Stock Lending Arrangements, if any Borrowed Shares are not returned prior to the Scheme Record Date, such Borrowed Shares will form part of the Scheme Shares, and the holders of certain Borrowed Shares will be entitled to vote at the Court Meeting as Takeovers Code Disinterested Shares. Accordingly, we are of the view that regardless of whether the Borrowed Shares are returned prior to the Scheme Record Date, the Stock Lending Arrangements have no adverse impact on the terms or implementation of the Proposal.

5. PRIVATISATION PRECEDENTS

While we consider analysis of privatisation precedents less relevant for the reasons explained below, for illustrative purposes and for the Disinterested Shareholders' reference only, we have set out our observations from a list of successful privatisations. We have conducted a search for privatisation transactions of companies listed on the Stock Exchange based on the following selection criteria: (i) privatisation transactions conducted by way of a scheme of arrangement with cash consideration only (which is the case for the Proposal); and (ii) initial privatisation announcements published during the period from August 7, 2025 (being approximately one year prior to the date of the Joint Announcement) up to the Latest Practicable Date, and which had been completed as at the Latest Practicable Date. The list is exhaustive based on these criteria.

	Initial announcement date of the privatisation proposal	Stock code	Company name	Principal business	Premium/(discount) represented by the cancellation/ offer price over closing share price on the last full trading day or undisturbed date as extracted from the respective scheme document/ circular %	Premium/ (discount) of cancellation price over/to the respective then latest NAV attributable to shareholders %
1	12 August 2025	9997	Kangji Medical Holdings Limited	Design, development, manufacture and sale of a comprehensive suite of minimally invasive surgical instruments and accessories	21.7	293.6
2	9 October 2025	11	Hang Seng Bank Limited	Engaged in the provision of banking and related financial services	30.3	70.9
3	23 October 2025	230	Minmetals Land Limited	Engaged in real estate development, specialised construction and property investment.	185.7	179.0
4	14 November 2025	8257	Genes Tech Group Holdings Company Limited	Provision of turnkey solution and trading of parts and used semiconductor manufacturing equipment	122.7	12.4

	Initial announcement date of the privatisation proposal	Stock code	Company name	Principal business	Premium/(discount) represented by the cancellation/ offer price over closing share price on the last full trading day or undisturbed date as extracted from the respective scheme document/ circular	Premium/ (discount) of cancellation price over/to the respective then latest NAV attributable to shareholders
					%	%
5	9 December 2025	459	Legend Upstar Holdings Limited	Provision of property agency services in respect of commercial and industrial properties and shops, properties investment, credit business and securities investment in Hong Kong	77.3	(77.7)
6	30 March 2026	1143	China Energy Storage Technology Development Limited	Engaged in electronic manufacturing services, equity investment, property agency service and other operations, real estate advisory service and real estate purchase service and energy storage products and provision of loan services	15.4	(81.0)
7	17 July 2026	64	Get Nice Holdings Limited	Engaged in broking, securities margin financing, money lending, corporate finance, asset management, financial instruments investments, property investments and auction business	17.6	(62.8)
				High end	**185.7**	**293.6**
				Low end	**15.4**	**(81.0)**
				Median	**30.3**	**12.4**
		1788	**The Company – Cancellation Price**		**44.2**	**76.5**

Among the seven completed privatisation transactions, the cancellation prices represented a premium of 15.4% to 185.7% over their last full trading day prices, with an average of 67.2% and a median of 30.3%, and a premium of 293.6% to a discount of 81.0% over their latest net asset value, with an average of 47.8% and a median of 12.4%. The Cancellation Price's 44.2% premium over the closing price on the Last Trading Day falls within this range and is above the median of 30.3%, while its 76.5% premium over the latest unaudited net asset value also falls within range and exceeds the median of 12.4%. Among the seven privatisation transactions, Hang Seng Bank Limited and Get Nice Holdings Limited serve as relatively more comparable companies, as they also operate in the financial services sector. While Hang Seng Bank Limited's cancellation price premiums, relative to both market price and net asset value, align closely with those of the Company's Cancellation Price, Get Nice Holdings Limited's cancellation price, relative to both market price and net asset value, is lower than that of the Company's. Overall, the Company's premiums are consistent with recent precedent transactions.

We are of the view that 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 differences in risk premiums afforded by the market. Accordingly, we consider that the analysis in other sections in this letter to be more directly relevant for the Disinterested Shareholders to make an informed assessment on the fairness and reasonableness of the Cancellation Price.

6. THE SHARE OPTION OFFER

As at the Latest Practicable Date, there are 4,850,000 Share Options granted and outstanding under the Share Option Scheme and all of such Share Options are exercisable, each giving the Share Option Holder the right to subscribe for one new Share per Share Option. The relevant exercise price applicable to each outstanding Share Option ranges from HK$1.45 to HK$2.44 per Share Option. The Share Option Scheme expired on June 19, 2020, and no further Share Option had been granted under the Share Option Scheme thereafter.

Other than Dr. Yim Fung, being a director of the Offeror and therefore an Offeror Concert Party, who holds 2,300,000 Share Options, none of the Offeror, Guotai Haitong or the Offeror Concert Parties hold any outstanding Share Options as at the Latest Practicable Date. Details of the outstanding Share Options are set out in the "Explanatory Statement" as contained in the Scheme Document.

The exercise of all outstanding Share Options in full would result in the issue of 4,850,000 new Shares, representing approximately 0.05% of the issued share capital of the Company as at the Latest Practicable Date. The Offeror is making an appropriate offer to the Share Option Holders in accordance with Rule 13 of the Takeovers Code.

Under the Share Option Offer, the Offeror is to offer the Share Option Holders the "see-through" price, being the Cancellation Price minus the relevant exercise price of the relevant outstanding Share Option, for the cancellation of each outstanding Share Option they hold in accordance with Rule 13 of the Takeovers Code.

On the basis of our analysis that the Cancellation Price is fair and reasonable, we consider the Share Option Offer at the "see-through" price to be fair and reasonable so far as the Share Option Holders are concerned.

Share Option Holders are requested to note that:

In the event that any of the outstanding Share Options are exercised on or prior to the Options Latest Exercise Time in accordance with the rules of the Share Option Scheme and the Scheme Document, any Shares issued as a result of the exercise of such outstanding Share Options will be subject to and eligible to participate in the Scheme as Scheme Shares. Any Scheme Shares issued on or prior to the Meeting Record Date, other than those beneficially held by Offeror Concert Parties, will be eligible to vote and be counted towards the votes of the Takeovers Code Disinterested Shares at the Court Meeting.

Please see the section headed "2.2 The Share Option Offer" of "Part VII – Explanatory Statement" of the Scheme Document for further details.

If the requisite approval in respect of the Scheme is obtained at the Court Meeting and the EGM and any Share Option Holder does not: (i) exercise his or her outstanding Share Options before the Option Latest Exercise Time to become a Scheme Shareholder before the Scheme Record Date in accordance with the rules of the Share Option Scheme and the Scheme Document; or (ii) accept the Share Option Offer, his or her Share Options will lapse upon the expiry of the Options Latest Exercise Time subject to the Scheme becoming effective without any payment made to him or her in accordance with the rules of the Share Option Scheme.

The Share Option Offer will be conditional on the Scheme becoming effective. If any of the Conditions is not satisfied or waived (where applicable) on or before the Conditions Long Stop Date and the Proposal lapses, the Share Option Offer will also lapse.

RECOMMENDATIONS

1. The Proposal and the Scheme

In summary, having considered the following principal factors and reasons:

(i) we consider that, although the external operating environment and the Group's business opportunities have improved as illustrated by the fact that the Group recorded growth in its financial performance during FY2024 and FY2025 and the moderation in profit growth in 1H2026, the timing, extent and sustainability of the resulting earnings benefits remain uncertain, and having regard to uneven market momentum, competition, earnings cyclicality, execution, funding, capital, leverage, market and credit risks as described in the section headed "2. Outlook" above, the recent rate of earnings growth should not be assumed to continue;

(ii) although the Company's dividend payout ratio returned to approximately 50% in FY2025, following comparatively higher payout ratios in prior financial years, no interim dividend will be paid in respect of the first half of 2026 prior to the Effective Date;

(iii) from the perspective of the Takeovers Code Disinterested Shareholders, the all-cash consideration provides an opportunity to realise their investments for cash with certainty and immediate liquidity, thereby enabling them to redeploy the proceeds to other investment opportunities having regard to their respective investment objectives and risk appetites;

(iv) the Cancellation Price is higher than the price of Shares since mid-November 2025 after normalisation from extreme price volatility and is at a premium of 20.0% over the average closing price during Phase 3;

(v) the Cancellation Price represents a premiums of 80.3% and 76.5% over the audited and unaudited consolidated net asset value as at December 31, 2025 and June 30, 2026, respectively, attributable to the Shareholders, which is favourable to the Takeovers Code Disinterested Shareholders;

(vi) the Scheme provides the Takeovers Code Disinterested Shareholders with an immediate and certain opportunity to realise their entire shareholdings for cash at a fixed price, irrespective of the size of their shareholdings; and

(vii) based on the Comparable companies analysis, the implied (a) PE Ratio of the Company is higher than the range of the Comparables and above both the mean and median; and (b) P/B Ratio of the Company is higher than all the Comparables as well as the mean and median. We consider that these comparisons support the reasonableness of the valuation of the Company implied by the Cancellation Price relative to the Comparables generally,

having considered the principal factors and reasons set out above, we are of the opinion that the terms of the Proposal and the Scheme are fair and reasonable so far as the Takeovers Code Disinterested Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise (i) the Takeovers Code Disinterested Shareholders to vote in favour of the resolution to approve the Scheme at the Court Meeting; and (ii) the Shareholders (including the Takeovers Code Disinterested Shareholders) to vote in favour of the resolution(s) relating to the implementation of the Proposal at the EGM.

As different Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any 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.

Takeovers Code Disinterested Shareholders are reminded to make their decisions to dispose or retain their investments or exercise their rights in the Shares with regard to their own circumstances and investment objectives, and are reminded to closely observe and monitor the market price and liquidity of the Shares during the offer period (in particular, when the closing price of the Shares are trading quite close to the Cancellation Price) and to consider selling their Shares in the open market, where possible, if the net proceeds (after deducting all transaction costs) exceed the net amount to be received under the Scheme.

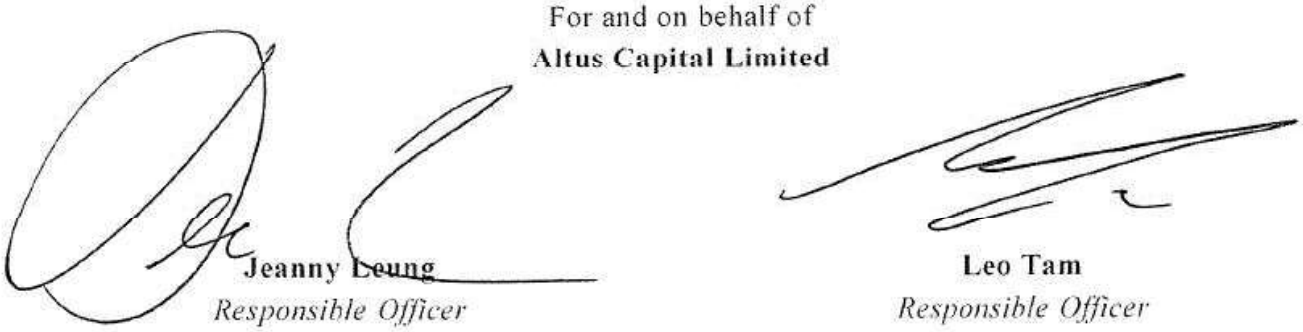
2. Share Option Offer

On the basis of our analysis that the Cancellation Price is fair and reasonable, we consider the Share Option Offer at the "see-through" price to be fair and reasonable so far as the Share Option Holders are concerned. Accordingly, we recommend the Independent Board Committee to recommend the Share Option Holders to accept the Share Option Offer.

As different Share Option Holders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Share Option Holders who may require advice in relation to any aspect of the Share Option Offer set out in 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.

Share Option Holders are reminded to make their decisions to exercise their rights in the Share Options with regard to their own circumstances and investment objectives, and are reminded to closely monitor the market price and liquidity of the Shares during the offer period and consider exercising their Share Options and in turn selling their Shares in the open market, where possible, if the net proceeds (after deducting all transaction costs) exceed the net amount to be received under the Scheme.

Yours faithfully,
For and on behalf of
Altus Capital Limited



Jeanny Leung
Responsible Officer

Leo Tam
Responsible Officer

*Ms. Jeanny Leung ("**Ms. Leung**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

*Mr. Leo Tam ("**Mr. Tam**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over ten years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*