

24 October 2025

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
FORTUNE RADIANT CITY LIMITED; AND
(2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL OF FORTUNE BRILLIANT CITY LIMITED**

INTRODUCTION

We refer to our engagement as the independent financial adviser (the “**Independent Financial Adviser**”) to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) (the “**Transactions**”), particulars of which are set out in the section headed “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 24 October 2025 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as ascribed to them under the section headed “Definitions” in this Circular.

On 18 July 2025 (after trading hours of the Stock Exchange), MC Development, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement and the Subscription Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable ratios for the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Upon completion of the transactions contemplated under the Sale and Purchase Agreement, Fortune Brilliant will cease to be a subsidiary of the Company. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the reporting announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Ms. Teresa Wong is the daughter of Mr. TC Wong, the chairman of the Board and an executive Director. Therefore, Ms. Teresa Wong is considered a connected person of the Company under the Listing Rules. Accordingly, each of the Acquisition and the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. TC Wong, Ms. Wong Wai Ling (sister of Mr. TC Wong and a non-executive Director), and Mr. Lau Ka Keung (the spouse of Ms. Wong Wai Ling, an executive Director and chief executive officer of the Company) are considered to have a material interest in each of the Acquisition and the Disposal. As a result, Mr. TC Wong, Ms. Wong Wai Ling and Mr. Lau Ka Keung abstained from voting on the resolutions to approve the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) at the Board meeting. Save as disclosed, none of the other Directors who attended the Board meeting have a material interest in each of the Acquisition and the Disposal.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ip Shu Kwan, Stephen, Mr. Li Yinquan and Ms. Man Wing Yee, Ginny, has been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the Subscription Agreement and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser appointed by the Company. In this connection, the Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the Subscription Agreement and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal) are fair

and reasonable. We, Silverbricks Securities Company Limited, have been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee in accordance with the Rule 13.84 of the Listing Rules to advise the Independent Board Committee and the Independent Shareholders in these regards and to give our opinion for the Independent Board Committee's consideration when making their recommendations to the Independent Shareholders.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholder of the Company or any of their respective subsidiaries or their respective associates or connected persons and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We are not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.80 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Engagement. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fee or benefit from the Group and its associates. During the past two years, we were engaged as an independent financial adviser to the Company in respect of the major and connected transaction in relation to deemed disposal (details can be referred to in the announcement of the Company dated 28 June 2024 and the circular of the Company dated 30 July 2024, under which we were required to express our opinion on and to give recommendations to the independent non-executive directors of the Company in respect of the relevant transaction. Also, we are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we consider ourselves independent and eligible to give independent advice in respect of the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal).

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement, the Subscription Agreement, and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal), we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries (the "**Management**"). We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true and that all expectations and intentions of the Directors and the Management, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the

information, facts, opinions and representations provided to us by the Directors and the Management. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. Therefore, we have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided in the Circular. We have, however, not conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the release of the Circular and will continue to be true up to the Latest Practicable Date, and that the Independent Shareholders will be informed as soon as reasonable possible if we are aware of any material change to such representations and/or any change to our view/opinion. We have also assumed that the information we have relied on as set out in this letter will be valid up to the time of the EGM and we are not aware any of the information we have relied on as set out in this letter will change or become invalid in the foreseeable future.

We consider that we have been provided with, and we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the Management. We have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Transactions, as referred to in Rule 13.80 of the Listing Rules (including the notes thereof) in formulating our opinion and recommendation.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of each of the Sale and Purchase Agreement and the Subscription Agreement and the transactions contemplated respectively thereunder (including the Acquisition and the Disposal), except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Information of the Group

1.1. Background of the Group

The Company is an investment holding company incorporated under the laws of the Cayman Islands with limited liability. The Group is principally engaged in property development in the PRC.

1.2. Historical financial performance of the Group

Set out below is a summary of the Group's financial information as extracted from the Company's latest published (i) interim results announcement for the six months ended 30 June 2025 (the "2025 Interim Results Announcement"); and (ii) annual report for the year ended 31 December 2024 (the "2024 Annual Report"), respectively.

	For the six months ended 30 June 2025 RMB'000 (Unaudited)	For the six months ended 30 June 2024 RMB'000 (Unaudited)	For the year ended 31 December 2024 RMB'000 (Audited)	For the year ended 31 December 2023 RMB'000 (Audited)
Revenue	41,371	46,119	99,710	641,634
Gross profit/(loss)	16,544	14,757	(17,129)	(164,501)
Profit/(loss) for the year	(4,016)	(65,233)	(143,514)	(607,233)

For the six months ended 30 June 2025 ("1H2025") and 2024 ("1H2024")

The Group's revenue decreased by approximately RMB4.75 million, or approximately 10.30%, from approximately RMB46.12 million for 1H2024 to approximately RMB41.37 million for 1H2025. This decrease was primarily due to a decrease of sales performance in properties, mainly in Huizhou. Gross profit increased by approximately RMB1.79 million or approximately 12.11%, from approximately RMB14.76 million for 1H2024 to approximately RMB16.54 million for 1H2025, mainly attributable to a significant increase in the reversal of provision for write-down of inventories upon sales. The gross margin improved accordingly from approximately 32.0% in 1H2024 to approximately 39.99% in 1H2025. As a result of the combined effects of revenue decline and enhanced gross profit, the Group recorded a loss of approximately RMB4.02 million for 1H2025 compared to a loss of approximately RMB65.23 million in 1H2024, representing a significant reduction in losses and an improvement in financial performance for the period.

For the years ended 31 December 2023 (“FY2023”) and 2024 (“FY2024”)

The Group’s revenue decreased by approximately RMB541.92 million, or approximately 84.46%, from approximately RMB641.63 million for FY2023 to approximately RMB99.71 million for FY2024. Such decrease was attributable by limited newly completed properties, reduced buyer interest, and contrasting sales volume compared from FY2023 to FY2024. Gross loss decreased by approximately RMB147.37 million, which was approximately RMB164.50 million from FY2023 and decreased to RMB17.13 million for FY2024 as mainly attributable to the decrease in revenue from the sale of properties and the reduction in the impairment of certain inventories. The gross margin has slightly dropped from approximately 25.64% to approximately 17.18% resulting from the decrease in the impairment of the inventories. As a result of the reduced revenue and impairment of inventories, the loss for the Group declined approximately 76.37%, from approximately RMB607.23 million for FY2023 to approximately RMB143.51 million for FY2024.

1.3. Financial position of the Group

Set out below is a summary of the financial position of the Group for the six months ended 30 June 2025 and as at 31 December 2024 as extracted from the 2025 Interim Results Announcement.

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Total assets	1,366,377	1,441,182
Interest of associates	187,247	189,809
Inventories and other contract costs	544,102	566,369
Cash and cash equivalents	234,753	268,446
Total liabilities	665,934	739,655
Contract liabilities	46,981	48,539
Tax payable	112,484	170,973
Trade and other payables	480,555	493,816
Net Assets	<u>700,443</u>	<u>701,527</u>

The unaudited consolidated total assets of the Group as at 30 June 2025 were approximately RMB1,366.37 million, representing a decrease of approximately 5.19% when compared to the audited consolidated total assets of the Group for FY2024 of approximately RMB1,441.18 million. The unaudited total liabilities of the Group as at 30 June 2025 were approximately RMB665.93 million, representing a decrease of approximately 9.97% when compared to the audited total liabilities of the Group for FY2024 of approximately RMB739.65 million. The unaudited net assets of the Group as at 30 June 2025 were approximately RMB700.44 million, remaining relatively stable with a marginal decrease of approximately 0.15%, compared to the audited net assets of the Group for FY2024 of approximately RMB701.53 million. Cash and cash equivalents decreased from approximately RMB268.45 million as at 31 December 2024 to approximately RMB234.75 million as at 30 June 2025, representing a decrease of approximately 12.55%.

2. Information of the Target Group

2.1. Background information of the Target Group

As of the Latest Practicable Date, the Target Group consists of the Target Company, the Union Mark Group, and the Asia Honest Group.

(a) The Target Company

The Target Company is an investment holding company incorporated in the BVI with limited liability. As of the Latest Practicable Date, the Target Company is wholly-owned by Ms. Teresa Wong.

(b) The Union Mark Group

The Union Mark Group consists of Union Mark Limited and Huizhou Lixin.

Union Mark Limited

Union Mark Limited is an investment holding company incorporated in Hong Kong with limited liability. As of the Latest Practicable Date, Union Mark Limited is wholly-owned by the Target Company.

Huizhou Lixin

Huizhou Lixin is a company established in the PRC with limited liability and is principally engaged in property investment in the PRC. As of the Latest Practicable Date, Huizhou Lixin is wholly-owned by Union Mark Limited.

As of the Latest Practicable Date, Huizhou Lixin owns the Properties located in Huizhou, with the details outlined below:

No.	Address of the Properties	Gross floor area (GFA) (sq.m.)	Usage of the Properties
1	An industrial development located at No. 3 Ren Luo Liu Road, Huicheng District, Huizhou, Guangdong Province, the PRC.* (中國廣東惠州市惠城區水口街道辦事處崙洛六路3號)	205,634.72	Rental property
2	An industrial development located at No. 3 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, the PRC.* (中國廣東惠州市惠城區水口街道辦事處崙洛五路3號)	29,943.20	Rental property
3	Phase 1 of an industrial development located at No. 1 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, the PRC.* (中國廣東惠州市惠城區水口街道辦事處崙洛五路1號一期)	97,696.94	Rental property
4	Phase 2 of an industrial development located at No. 1 Ren Luo Wu Road, Huicheng District, Huizhou, Guangdong Province, the PRC.* (中國廣東惠州市惠城區水口街道辦事處崙洛五路1號二期)	92,114.39	Under construction

As of the Latest Practicable Date, Huizhou Lixin has entered into contracts with Huizhou Chuangyexing for the management and subleasing of the Properties.

(c) The Asia Honest Group

The Asia Honest Group consists of Asia Honest (H.K.) Limited and Huizhou Chuangyexing.

Asia Honest (H.K.) Limited

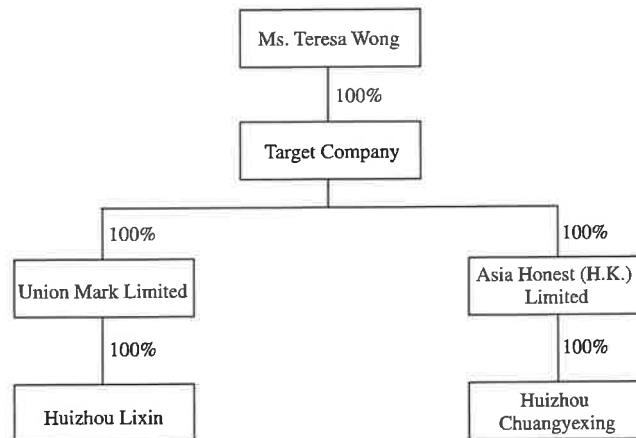
Asia Honest (H.K.) Limited is an investment holding company incorporated in Hong Kong with limited liability. As of the Latest Practicable Date, Asia Honest (H.K.) Limited is wholly-owned by the Target Company.

Huizhou Chuangyexing

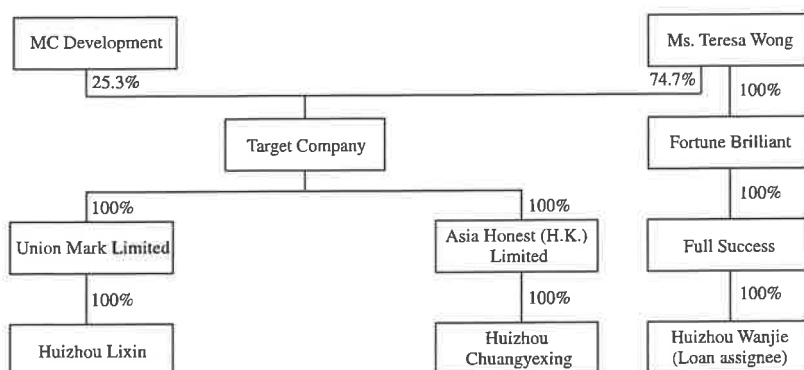
Huizhou Chuangyexing is a company established in the PRC with limited liability, primarily engaged in properties leasing. As of the Latest Practicable Date, Huizhou Chuangyexing is wholly-owned by Asia Honest (H.K.) Limited.

The following charts set forth the shareholding structure of the Target Group (i) prior to Completion; (ii) immediately upon completion of the transfer of Sale Shares (including the Disposal) but before completion of the Subscription; and (iii) immediately upon Completion (including the Disposal):

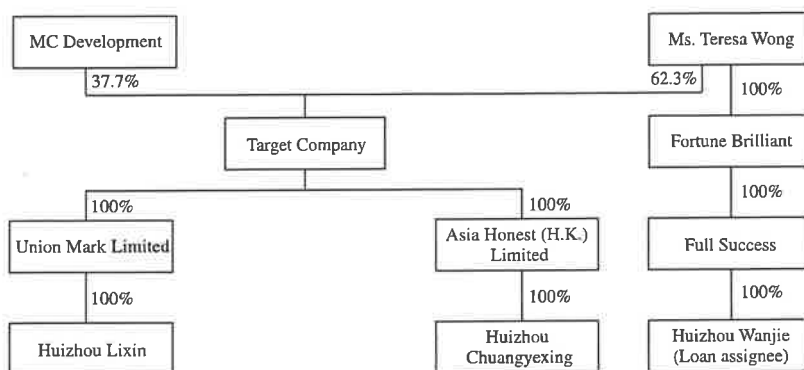
(i) Shareholding structure of the Target Group prior to Completion



(ii) Shareholding structure of the Target Group immediately upon completion of the transfer of Sale Shares (including the Disposal) but before completion of the Subscription



(iii) Shareholding structure of the Target Group immediately upon Completion (including the Disposal)



2.2. Historical financial performance of the Target Group

Below is the combined financial information of the Target Group for the years ended 31 December 2023 and 2024, extracted from the unaudited financial statements of the Target Group for the same period:

	For the years ended 31 December	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	38,754	37,525
Profit/(loss) before taxation	38,355	(15,073)
Profit/(loss) after taxation	25,270	(13,028)

Based on the unaudited financial statements of the Target Group as at 31 May 2025, the unaudited combined total assets and net assets of the Target Group as at 31 May 2025 amounted to approximately RMB1,501,065,000 and approximately RMB547,791,000, respectively.

2.3. Business plan and status of the Target Group

As advised by the Management, the Properties owned by the Target Group are used for investment and engaged in the Properties leasing. In the business plan, the second phase of the Li Xin Industrial Park Project* (立信產業園) is located in Huicheng District, Huizhou, covering an area of approximately 49,000 square meters with a total construction area of about 190,000 square meters. The project consists of 16 buildings including 13-story factories, production workshops, equipment rooms, guardhouses, and a waste collection point. The buildings are designed with reinforced concrete frame-shear wall structures, and the foundation uses prestressed concrete pile bases to ensure structural stability and suitability for modern industrial use.

We understand from the Management that the construction is planned in two main phases, which the first phase totalling around 97,700 square meters and has obtained the property ownership certificate as at 31 December 2024. Meanwhile, the second phase covering approximately 92,100 square meters, with site preparation currently underway. Each building in the phases are designed with appropriate floor heights and load capacities to expected to support multifunctional production, office, and research uses. The project is equipped with multiple freight elevators and passenger lifts to facilitate efficient vertical transport and logistics. The first phase began leasing activities in June 2024 with approximately 39.15% up to June 2025 of land leased and the rest of the square meters still available for lease, indicating there is room for the market engagement. The overall project plan prioritizes balanced cash flow and construction progress, with careful staging of construction and lease management. This phased approach aims to ensure timely delivery while maximizing operational readiness and market absorption. The Management expects the project to contribute to rental income from the regional industrial capacity and economic development once fully operational, which aligns with the businesses engaging with the Company.

2.4. Overview of the industrial park markets in PRC

The industrial park market in China is poised for significant growth supported by evolving market dynamics and strong government policies. Major cities have implemented “zero-rent” policies offering up to 5 years of free rent for startups and advanced manufacturers to attract innovation-driven tenants (<https://news.qq.com/rain/a/20250815A02JB700>) stated on an independent news organisation and serves as a authoritative platform for announcements or official news from the Guangdong Provincial Committee and Provincial Government named Southern Metropolis Daily published in August 2025. While this exerts short-term rental income pressure due to high vacancy rates (i.e. 30%–50%), stated on an independent research report about an outlook of 2025 real estate industry in China from an

independent organisation named Cushman & Wakefield published on December 2024 (<https://assets.cushmanwakefield.com/-/media/cw/apac/greater-china/insights/2024-media-files/greater-china-outlook-report-2025.pdf?rev=4762a82077c84a44a2eb9fd27a35bc16>), they represent a strategic move designed to invigorate demand and support long-term sustainable growth.

National policy emphasis on tech innovation, green energy, and digital transformation drives demand for modern, eco-efficient parks commanding premium rents. Core industrial parks such as Suzhou and Guangzhou combine rent-free periods with enhanced property management and infrastructure upgrades, boosting quality-driven rental income over time. It is expected that the development of the industrial park in China will continue to be influenced by the promotion and implementation of China's government policies which further enhances tenant attraction and retention. Despite competitive incentives and oversupply, the industrial parks tied to high-growth sectors like semiconductors, new energy vehicles, and AI manufacturing expect accelerated absorption and stable rental growth. Vacancy rates are forecast to decline gradually from 2026 onward as stated in the independent research done by Cushman & Wakefield, reflecting improved tenant activity and supply rationalisation.

Rising construction and land costs, alongside inflation, support renewal rent increases, providing tailwinds to rental income. Although short-term pressures remain, the confluence of government support, research and development driven industry growth, and smart park development underpins a positive rental income trajectory for China's industrial parks over the next decade, illustrating there is huge room for expansion and sustained profitability for the Company in the coming future.

Our view

Having considered the above, although the Acquisition of the Sale and Purchase Agreement and the Subscription Agreement does not fall within the ordinary and usual course of business of the Group, given the aforesaid benefits expected to be accrued to the Group and the stable financial performance and market outlook of the Target Group, we concur with the view of the Directors that the Acquisition is beneficial and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Sale and Purchase Agreement

On 18 July 2025 (after trading hours), MC Development entered into the Sale and Purchase Agreement with Ms. Teresa Wong. Pursuant to the Sale and Purchase Agreement, Ms. Teresa Wong has conditionally agreed to sell, and MC Development has conditionally agreed to purchase, the Sale Shares.

The principal terms of the Sale and Purchase Agreement are set out below:

Date: 18 July 2025

Parties: (i) MC Development; and
(ii) Ms. Teresa Wong.

Subject matter

Subject to and upon the terms and conditions of the Sale and Purchase Agreement, Ms. Teresa Wong shall sell, and MC Development shall purchase, the Sale Shares, free from all liens, charges, equities, encumbrances or third party interests together with all rights now or thereafter attaching thereto including but not limited to all dividends or distributions which may be paid, declared or made in respect thereof on or after the SPA Completion Date.

As at the Latest Practicable Date, the Sale Shares represent approximately 25.3% of the total issued share capital of the Target Company.

Consideration

The Consideration for the sale and purchase of the Sale Shares shall be HK\$151,038,000 (equivalent to approximately RMB138,232,000), which shall be payable by MC Development and shall be satisfied by (i) payment in cash of HK\$40 million (equivalent to approximately RMB36.5 million), i.e. Cash Consideration; and (ii) the transfer of all issued shares of Fortune Brilliant, being a wholly-owned subsidiary of the Company, from MC Development to Ms. Teresa Wong.

According to the terms of the Sale and Purchase Agreement, the Cash Consideration shall be settled by MC Development within three Business Days from the date of signing of the Sale and Purchase Agreement, and shall be settled in cash or cashier order or shall be paid by MC Development by transferring the amount payable to a bank account designated by Ms. Teresa Wong or in other manners as agreed by Ms. Teresa Wong. Furthermore, the transfer of all issued shares of Fortune Brilliant to Ms. Teresa Wong will be completed upon Completion.

If the conditions precedent under the Sale and Purchase Agreement shall not have been fulfilled on or before the Long Stop Date, the Cash Consideration shall be refunded to MC Development within three Business Days from the Long Stop Date.

As at the Latest Practicable Date, the Cash Consideration had been settled by MC Development.

Basis of determination of the Consideration

The Consideration was determined between Ms. Teresa Wong and MC Development, following arm's length negotiations, based on the unaudited combined net asset value of the Target Group as at 31 May 2025, which amounted to approximately RMB547,791,000 (equivalent to approximately HK\$597,092,000). To acquire the Sale Shares, being approximately 25.3% of the total issued share capital of the Target Company, the Consideration is calculated to be approximately RMB138,232,000 (equivalent to approximately HK\$151,038,000).

To assess the unaudited combined net asset value of the Target Group, the Company engaged the Valuer to evaluate the value of the Properties, which account for over 85% of the Target Group's total assets as of 31 August 2025. This valuation was conducted using a market-based approach.

The Properties have been revalued to reflect its latest market value as of 31 August 2025, according to the unaudited management accounts of the Target Company. As a result, the Directors believe that the unaudited combined net asset value of the Target Group, which was used to determine the Consideration, has been thoroughly evaluated. This analysis reflects the market value of the assets, leading to the conclusion that the Consideration is fair and reasonable.

Conditions precedent

Completion of the transactions be conditional upon the satisfaction or (as the case may be) waiver of the conditions as set out in the paragraph headed "Conditions precedent" of the "The Sale and Purchase Agreement" in the Letter from the Board. As at the Latest Practicable Date, none of the conditions precedent was fulfilled.

Completion

Subject to the fulfilment all the conditions precedent under the Sale and Purchase Agreement, completion of the transactions thereunder shall take place on the fifth Business Day immediately following the satisfaction of the last of the aforesaid outstanding conditions precedent, or such other date as the parties thereto shall agree in writing.

Upon completion of the transactions contemplated under the Sale and Purchase Agreement, Fortune Brilliant will cease to be a subsidiary of the Company.

4. Principal terms of the Subscription Agreement

On 18 July 2025 (after trading hours), MC Development entered into the Subscription Agreement with Ms. Teresa Wong and the Target Company. Pursuant to the Subscription Agreement, MC Development has conditionally agreed to subscribe for, and the Target Company has conditionally agreed to allot and issue, the Subscription Shares.

The principal terms of the Subscription Agreement are set out below:

Date: 18 July 2025

Parties: (i) MC Development;
(ii) Ms. Teresa Wong; and
(iii) the Target Company.

Subject matter

Subject to and upon the terms and conditions of the Subscription Agreement, MC Development shall subscribe for, and the Target Company shall allot and issue, the Subscription Shares at the Subscription Price in accordance with the terms of the Subscription Agreement, memorandum and articles of association of the Target Company, on the Subscription Completion Date.

The Subscription Shares shall be issued as fully paid and free from all liens, charges, equities, encumbrances, or third-party interests.

The Subscription Shares shall rank *pari passu* among themselves and with all the shares of the Target Company in issue as at the Subscription Completion Date.

Subscription Price

The Subscription Price for the Subscription Shares payable by the Subscriber shall be HK\$120,087,000 (equivalent to approximately RMB109,513,000).

Basis of determination of the Subscription Price

The Subscription Price was determined between Ms. Teresa Wong and MC Development, following arm's length negotiations, based on the unaudited combined net asset value of the Target Group as at 31 May 2025, which is approximately RMB547,791,000 (equivalent to approximately HK\$597,092,000).

The Subscription Price is calculated based on the target equity interest of approximately 16.7% of the enlarged issued share capital of the Target Company upon Completion, as detailed in the formula below:

$$\text{RMB}547,791,000 / (100\% - 16.7\%) - \text{RMB}547,791,000$$

As mentioned in this letter, the Properties have been revalued to reflect its latest market value as of 31 August 2025, according to the unaudited management accounts of the Target Company. As a result, the Directors believe that the unaudited combined net asset value of the Target Group, which was used to determine the Subscription Price, has been thoroughly evaluated. Therefore, the Directors considered the Subscription Price is fair and reasonable.

Conditions precedent

Completion of the transactions be conditional upon the satisfaction or (as the case may be) waiver of the conditions as set out in the paragraph headed “Conditions precedent” of the “The Subscription Agreement” in the Letter from the Board. As at the Latest Practicable Date, none of the conditions precedent was fulfilled.

Completion

Subject to the fulfilment all the conditions precedent under the Subscription Agreement, completion of the transactions thereunder shall take place on the fifth Business Day immediately following the satisfaction of the last of the aforesaid outstanding conditions precedent, or such other date as the parties thereto shall agree in writing.

The completion of the transactions contemplated under the Sale and Purchase Agreement and the Subscription Agreement is conditional on each other.

Upon completion of the transactions contemplated under the Subscription Agreement, the equity interest of the Target Company associated with the Sale Shares will be reduced from approximately 25.3% to approximately 21.0%. As a result, upon Completion, the Company will be interested in approximately 37.7% of the entire issued share capital of the Target Company through MC Development. Accordingly, the Target Company will be recognised as an associate of the Company in the Company’s consolidated financial statements. The financial results and net assets of the Target Group will be recorded using the equity method in accordance with the applicable accounting standards.

5. Reasons for and benefits of entering into the Sale and Purchase Agreement and the Subscription Agreement

We have summarised the reasons and benefits of the Acquisition and the Disposal from the Letter from the Board. The Board has analysed the ongoing challenges within China’s real estate sector, which has been impacted by liquidity pressures arising from developers’ debt issues, declining consumer confidence, reduced housing demand, weakening sales, and a continued downward trend in housing prices. Against this backdrop, the Group’s management is taking proactive measures to mitigate long-term risks by exploring new business opportunities, including strategic investments, as well as potential mergers and acquisitions, to diversify profit generation and reduce dependence on traditional property development.

The Board has identified the Target Group as a compelling investment opportunity due to its strong capacity to generate stable rental income while maintaining a significant land bank that offers future development potential. During recent discussions, the Board expressed its intention to leverage the Target Group as part of the Company’s long-term strategy for business expansion. The Target Group reported losses for the year ended 31 December 2023 and the six months ended 30 June 2025, the Board notes these were mainly attributable to finance costs on bank borrowings through a due diligence process. The

Directors have considered that (i) the capital raised from the Subscription will be used to repay part of these borrowings, with preliminary negotiations suggesting a potential interest rate reduction of 1% to 1.25%; (ii) there is scope to adjust rental rates for tenants; and (iii) a land parcel under construction offers further expansion and rental income potential. Regarding to these considerations, Despite the current property market downturn, the Board remains confident in the Target Group's prospects and considers this a timely investment aligned with the Company's long-term growth strategy. Following several constructive engagements with Ms. Teresa Wong, the Board has decided to initiate a comprehensive due diligence process on the Target Group and has engaged a professional Valuer to determine its market value. As discussed under the sub-section headed "2.4. Overview of the industrial park markets in PRC" in the previous section in this letter, we noted the potential growth income for the land bank planned for developed as industrial parks and the promotional policy in China.

We are advised by the Company that the Director noted the Company has the opportunity to secure property management service arrangements for the Target Group's investment properties. This is expected to provide another stable source of management service fees while aligning with the Group's expertise in property development. The Board views this as a strategic move towards diversification, as property management services are less sensitive to economic fluctuations and represent a lower-risk business model, as mentioned in the sub-section headed "2.4. Overview of the industrial park markets in PRC", even "zero-rent" policies have been offered, this policy can stimulate property management service

The Acquisition will allow the Company to invest in approximately 37.7% of the total issued share capital of the Target Group. To safeguard its interests, the Company plans to establish a shareholders' agreement with Ms. Teresa Wong, enabling the appointment of director(s) to the Target Group's board. This governance structure ensures the Company's significant influence over the Target Group's financial and commercial decisions, aligning the investment with the Group's overall strategic objectives.

The Target Group will also adopt a formal dividend policy, enabling the Company to receive dividends based on an agreed profit-sharing model. Additionally, the Director has recognised the flexibility embedded in this investment. In the situation of the Target Group deliver strong returns for the Company, the Company may consider increasing its stake to a controlling equity position. Conversely, as part of its risk management strategy, the Company retains the option to divest its investment back to Ms. Teresa Wong as an alternative exit strategy.

The Board believes that the transactions collectively represent a strategic opportunity to balance risks while diversifying the Group's revenue streams and enhancing its long-term growth potential. On this above basis, we concur with the Directors that these transactions are in the best interests of the Company and its Shareholders as a whole.

6. Fairness and reasonableness of the Consideration and Subscription Price

6.1. The Consideration

As set out in the Letter from the Board, the Consideration for the Sale Shares in the Sale and Purchases Agreement is HK\$151,038,000 (equivalent to approximately RMB138,232,000), component with (i) Cash Consideration of HK\$40 million (equivalent to approximately RMB36.5 million) and (ii) the transfer of all issued shares of Fortune Brilliant (i.e. deemed as a disposal transaction as it is a wholly-owned subsidiary of the Company), which is based on arm's length negotiations between Ms. Teresa and MC Development with reference to the unaudited combined net asset value of the Target Group as at 31 May 2025, which amounted to approximately RMB547,791,000 (equivalent to approximately HK\$597,092,000). To acquire the Sale Shares, being approximately 25.3% of the total issued share capital of the Target Company, the Consideration is calculated to be RMB138,232,000 (equivalent to approximately HK\$151,038,000).

Basis for determining the consideration of the Acquisition

In assessing the fairness and reasonableness of the Consideration, we have relied on the valuation of the Properties from the Target Group conducted by the Valuer, which the Properties have account for over 85% of the Target Group's total assets as of 31 August 2025. We have obtained the property valuation report prepared by the Valuer as set out in Appendix V of the Circular (the "Valuation") and note that the total valuation of the Target Group as at 31 August 2025 (the "Valuation Date") was HK\$1,451,000,000. Details of our work performed in relation to the Valuation Report are set out below.

(i) Qualifications of the Valuer

We have reviewed the terms of engagement of the independent valuer and consider that its scope of work is typical of valuation carried out by other independent valuers. We are not aware of any limitation on the scope of work which might adversely affect the degree of assurance given by the valuation report.

We have interviewed the independent valuer and enquired into the qualification, experience and independence of the independent valuer in relation to preparation of the valuation report. We understood that the valuation team is led by Vincent Cheung, who is a Managing Director of the independent valuer and the signor of the valuation report. Mr. Cheung is a fellow of the Hong Kong Institute of Surveyors, a fellow of the Royal Institution of Chartered Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong, a member of China Institute of Real Estate Appraisers and Agents, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent PRC. He has over 28

years' experience in valuation of fixed and intangible assets and has sufficient knowledge of the relevant market, the skills and understanding to handle the Valuation competently.

The independent valuer has also confirmed that it is independent from the Company, Fortune Brilliant, Target Group and their respective connected persons or associates, Based on the above, we are satisfied with the expertise and independence of the independent valuer.

(ii) Valuation bases and assumptions

As set out in the valuation report, the Valuation has been prepared in accordance with the HKIS Valuation Standards 2024 published by The Hong Kong Institute of Surveyors effective from 31 December 2024 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2025; and the requirements set out in the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. In general, the Valuer has made certain assumptions including, (i) the Company sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests; (ii) no allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale; (iii) the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the values of the property interests; and (iv) the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the land use rights. We have reviewed the valuation report and discussed with the independent valuer regarding the bases and assumptions adopted in the valuation report, we understood that such valuation bases and assumptions are adopted in line with general market practice. In such regard, we have conducted independent research and noted that the above assumptions have been commonly adopted in the valuations of assets including properties of other listed companies in Hong Kong. Further, based on our review of the relevant title documents of the Properties as well as the corporate documents of Target Company, we have not found any material facts which may lead us to doubt the fairness and reasonableness of the principal basis and assumptions adopted for or the information used in the Valuation, and we are of the view that the valuation basis and assumptions are fair and reasonable. Nevertheless, Shareholders should note that valuation of assets or properties usually involves assumptions and therefore the Valuation may or may not reflect the true market values of the Properties as at Valuation Date accurately.

(iii) Valuation methodologies

We have discussed with the independent valuer on the methodology adopted in the Valuation and understood that there are three generally accepted valuation approaches, namely the direct comparison approach, the income approach and the cost approach. Market approach was adopted for the Valuation. As advised by the independent valuer, market approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

According to the independent valuer, market approach is adopted when valuing the property interests, but not income approach nor cost approach, as there are sufficient comparables located in the vicinity.

We understand from the independent valuer that (i) the adoption of the income approach is relatively appropriate for income generating properties while the Properties is owner occupied and not subjected to tenancy; (ii) the adoption of the cost approach is not appropriate as it is only suitable for valuing properties without any available sale or rental transactions in the prevailing market; and (iii) market approach is considered as the best approach when relevant sale comparable are available in the subject market. We have tried to cross-check the Valuation using other valuation methodologies.

We have attempted to consider the income approach, and noted that the parameters required and assumptions under the income approach may not be easily verified or reasonably justified, while the cost approach required to analyse appropriate cost data on the current cost of replacing an asset with its modern equivalent asset, such as construction costs and other overheads including materials and labour costs, to estimate the cost of replacement. According to the International Valuation Standard, such method may be used as the primary approach when there is either no evidence of transaction prices for similar property or no identifiable actual or notional income stream.

We have (i) obtained and reviewed the relevant documents of the Properties and we acknowledge that the Properties is owner occupied and not subjected to tenancy; and (ii) performed independent research on the historical sales record in the relevant market and we acknowledge the sufficiency of market comparable. As such, we concur with the independent

valuer that income approach and cost approach are not appropriate while the market approach is considered as the most appropriate approach for valuing the market value of the Properties.

Having taken into account the above, we concur with the independent valuer that the market approach is commonly used and we are of the view that the methodology chosen by the independent valuer are adequate, appropriate and relevant for deriving the appraised market value of the Properties and providing a fair and reasonable basis for the independent valuer's opinion.

(iv) Market Comparables

We have reviewed the market comparable transactions adopted by the independent valuer and discussed with the independent valuer regarding the reasons for adoption of those market comparable transactions and the calculations to arrive at the Valuation.

As advised by the independent valuer, they have identified market comparable transactions that are considered relevant to the Properties in terms of physical and locational attributes, were asking on the market as recent as possible, and were transacted as recent as possible. They have also made adjustments to the applicable parameters deduced from those market comparable transactions in consideration of discount on offer price, location, building age, building quality, view, size, access, ancillary facilities and handover standard of imperfect comparability.

We have reviewed the list of comparables and noted that the selection criteria of comparables was based on the following criteria: (i) those properties located in Huizhou, Zhuhai and Zhongshan, which are all included in Guangdong-Hong Kong-Macao Greater Bay Area; (ii) usage of the properties; (iii) askings that were posted in the month of the Valuation Date; and (iv) actual transactions that were done within 1 year to the Valuation Date. We have discussed these criteria with the independent valuer and found them fair and reasonable as the comparables are similar to the properties with different natures in Properties in terms of location, size and recent market activity. We have also gone through the comparable selection process in the vicinity of the Properties by applying the same selection criteria with the independent valuer and obtained the same results.

We have reviewed the market comparable transactions adopted by the independent valuer and discussed with the independent valuer regarding the reasons for adoption of those market comparable transactions and the calculations to arrive at the Valuation. As advised by the independent valuer, they have identified market comparable transactions that are considered relevant to the Properties in terms of physical and locational attributes, and were transacted as recent as possible. They have also made adjustments to the applicable parameters deduced from those market comparable transactions

in consideration of discount on offer price in asking, location, building age, building quality, view, size, access, ancillary facilities and handover standard of imperfect comparability.

The adjusted gross unit rate of the adopted comparables and the properties in different natures of Properties are set out as below:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
City:	Huizhou	Huizhou	Zhuhai	Zhongshan
Property Type:	Industrial	Industrial	Industrial	Industrial
Gross Floor Area (sq.m.):	13,600	3,050	37,858	36,492
Land Use Rights Expiry:	2051	2075	2050	2066
Consideration (RMB):	42,000,000	13,730,000	148,466,694	177,403,700
Nature:	Asking	Asking	Transaction	Transaction
Date:	Aug-2025	Aug-2025	Nov-2024	Aug-2025
Achievable Gross Unit Rate (RMB/sq.m.):	3,088	4,502	3,922	4,861

The gross unit rate of the Properties (i.e. approximately 3,643 RMB/sq.m.) determined by the independent valuer is within the range of the comparables' gross unit rate. We understand that the independent valuer made certain adjustments when adopting those comparables for the market value of the Properties, taking into account of differences in transaction time, floor level, size and building age. We have discussed with the independent valuer about the rationale and methodology for the adjustments and found that the adjustments are in line with the market practice. Through our discussion with the independent valuer, we noted that data and information about the comparable properties were mostly obtained from online property database subscribed by the independent valuer. As confirmed by the independent valuer, these comparable properties represent an exhaustive list to the best of their knowledge. Accordingly, we are of the view that the selection of the comparable properties used in the Valuation of the Properties is fair and reasonable.

Our view

During the course of our discussion with the independent valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the valuation methodology, bases, assumptions and adjustments adopted in arriving at the Valuation. Accordingly, we agreed that

the Valuation is appropriate and sufficient as a reference value for assessing the Consideration of the Sale and Purchase Agreement and the Subscription Price of the Subscription Agreement

As discussed above, we are of the view that (i) the independent valuer is independent, qualified and experienced with sufficient knowledge, skills and understanding necessary to appraise the Properties; and (ii) the bases, assumptions and methodologies applied in the Valuation are fair and reasonable.

The settlement term

As stated in the Letter from the Board, (i) the Cash Consideration of HK\$40,000,000 will be funded by the Group's internal resources and (ii) transfer of all issued shares of Fortune Brilliant, which the total has representing approximately 73.52% of the Consideration, with HK\$111,085,000 (equivalent to approximately RMB101,754,000) be settled from the total outstanding amount of the Loan as assigned in the Disposal as discussed in "7. Analysis on the fairness of the terms of the Disposal" below.

6.2. Subscription Price

Pursuant to the Subscription Agreement, the Subscription Price is calculated based on the enlarged share capital, which represents 16.7% of the total issued shares. This pricing methodology is based in the unaudited combined net asset value of the Target Group as of 31 May 2025, reflecting its equity interest:

$$\text{RMB}547,791,000 \text{ (The unaudited combined net asset value)} \div (100\% - 16.7\%) - \text{RMB}547,791,000 = \text{Approximately RMB}110,000,000 \text{ (i.e. HK\$121,000,000, HK\$1.10 = RMB1.00 on 31 May 2025 of Hong Kong Association of Bank: } \text{https://www.hkab.org.hk/en/rates/exchange-rates})$$

As discussed in "Basis for determining the consideration of the Acquisition" on the above, during the course of our discussion with the independent valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the valuation methodology, bases, assumptions and adjustments adopted in arriving at the Valuation. Accordingly, we agreed that the Valuation is appropriate and sufficient as a reference value for assessing the unaudited combined net asset value of the Target Group as used to determine the Subscription Price. As discussed above, we are of the view that (i) the independent valuer is independent, qualified and experienced with sufficient knowledge, skills and understanding necessary to appraise the property-related assets competently; and (ii) the bases, assumptions and methodologies applied in the Valuation are fair and reasonable. We have (i) obtained and reviewed the relevant documents of the unaudited management accounts of the Target Group, the Valuation and we acknowledge that the unaudited combined net asset value of the Target Group; and (ii) performed independent research on the Valuation. As such, we concur with the Management, the Subscription Price are on normal commercial terms by calculating the enlarged unaudited combined net asset value the Subscription Price under the Subscription Agreement represents no discount

to or premium (without considering exchange rate of HK\$ or RMB) over the enlarged unaudited combined net asset value of the management account dated 31 May 2025, which is fair and reasonable and in the interests of the Company and Shareholders as a whole.

Based on the above, in particular (i) the Consideration, formulated by Cash Consideration and the Disposal, a non-cash consideration to partially settle the Consideration will help reduce cash outflow from the Company; (ii) the Subscription Price be settled by the cash balance of the Group of approximately HK\$234.8 million as at 30 June 2025, we concur with the Directors that although the Acquisition in the settlement term of the Consideration and the Subscription Price does not fall within the ordinary and usual course of business of the Group, it is in the interest of the Company and the Shareholders as a whole.

7. Analysis on the fairness of the terms of the Disposal

As set out in the Letter of the Board, the Disposal is in relation to the transfer of all issued shares of Fortune Brilliant, the wholly-owned subsidiary of the Company from MC Development to Ms. Teresa Wong. Fortune Brilliant is an investment company incorporated in BVI with limited liability owned by MC Development as of the Latest Practicable Date. Fortune Brilliant owns Full Success and Huizhou Wanjia, none of these entities have commenced operations or recorded profits for FY2023 or FY2024. Fortune Brilliant, Full Success and Huizhou Wanjia (“**Fortune Brilliant Group**”) held combined total assets and net liabilities were approximately RMB1,722 and approximately RMB78,538, respectively. Pursuant to a loan agreement dated 5 May 2022, Huizhou China Field, an indirect subsidiary of MC Development, granted a loan included accrued interests of approximately RMB101,754,000 (equivalent to approximately HK\$111,085,000), comprising (i) a principal amount of approximately RMB96,500,000 and accrued interest of approximately RMB5,254,000 to an independent company, which the Loan has been overdue as of the Latest Practicable Date. Before the Completion, the Loan will be assigned to Huizhou Wanjia, and being a part of the Consideration.

As discussed with the Company, the Directors are of the view that the settlement method for the Consideration, being partially through the Disposal, will help preserve the cash balance of the Group and allow sufficient cashflow for financing the general working capital use of the Group. Based on the 2025 Interim Results Announcement, we note that the Group has cash and cash equivalents of approximately HK\$234.75 million as at 30 June 2025, which would be insufficient to settle the full amount of the Consideration and the Subscription Price.

We have discussed with the Management of the Company that other fund-raising methods such as share placement or bank financing are not preferred by the Company as time required for negotiation and finalisation of the terms of share placement or bank financing might be uncertain. In addition, share placement by the Company would lead to earnings dilution while bank financing would lead to additional finance cost and negatively impact the working capital of the Group.

Despite the fact that settlement of the Consideration partially via the Disposal will result in the Group ceasing to hold the interest of Fortune Brilliant Group and the Loan, including principal amount and interest accrued thereon as a result of the Disposal, given that the terms of the Disposal are fair and reasonable (please refer to the section headed below for our analysis on the fairness of the terms of the Disposal), we concur with the Management that the Disposal is a suitable alternative method to other debt and equity fund-raising methods for settling part of the Consideration.

Having discussed with the Management and reviewed (i) the management account details of the Fortune Brilliant Group with the combined total assets and net liabilities as at 30 June 2025; (ii) the agreement of the Arrangement of Loan between Huizhou Wanjia (i.e. the indirect wholly-owned by Fortune Brilliant, Huizhou China Field and Huizhou Zhongyi Real Estate Co., Ltd; (iii) the Loan agreement between Huizhou China Field and Huizhou Zhongyi Real Estate Co., Ltd; (iv) the Loan calculation schedule details as of the Latest Practicable Date; and (v) the non-commenced operation with the group of Fortune Brilliant, we are of the view of the forecast receivable from the Loan as of the Latest Practicable Date, including loan principal amount and the interest accrued thereon (i.e. RMB101,754,000 (equivalent to approximately HK\$111,085,000), or more interest accrued if the borrower of the Loan has not yet make the repayment). Taking into account of the above factors, we consider it is reasonable that MC Development and Ms. Wong to make reference to the Assignment of Loan when being non-cash consideration to partially settle the Consideration will help reduce cash outflow from the Group, with further internal resources are used as the consideration of the Sale and Purchase Agreement. And, given that the Disposal allows the Group to realise its receivable from the Loan in the Disposal at a fair price and will be used to partially settle the Consideration for the Acquisition, we concur with the view of the Directors that although the Disposal does not fall within the ordinary and usual course of business of the Group, the Disposal is in the interest of the Company and the Shareholders as a whole.

8. Financial effect of the Transactions

Based on our discussion with and the representation from the Directors, we understand from the Directors that they have taken into account the following factors when they considered the potential impact of the Transactions on the financial positions of the Group, where (i) the Target Company become an associate of the Company and will be accounted for as an investment in associate in the consolidated financial statements of the Group while it will not be a subsidiary of the Company upon completion of the Acquisition, the financial position and results of the Target Company will be consolidated into those of the Group on

the equity method in accordance with the applicable accounting standards and (ii) the Fortune Brilliant will cease to be a subsidiary of the Company and will cease to hold any right, title and interest in the Fortune Brilliant:

(i) Earnings

Based on the net loss of the Group for the six months ended 30 June 2025 of approximately RMB4.02 million and taking account the unaudited net profit of the Target Group for the twelve months ended 31 December 2024 of approximately RMB25.27 million in the financial statements of the Target Group, the earnings of the Enlarged Group is expected to enhance after Completion.

In respect of the Transaction, as set out in the Letter from the Board, the Company is expected to record an unaudited gain from the Transaction of approximately RMB2,240,000 (equivalent to approximately HK\$2,456,000), which represents the difference between (i) approximately RMB249,907,000, the fair value of the Target Group upon Completion, reflecting 37.7% of the adjusted net assets of the Target Group (a total of approximately RMB662,882,000 from the Target Group's net assets as at 30 June 2025 of RMB553,370,000 and RMB109,513,000, the Subscription Price); (ii) approximately RMB78,538, the aggregate of the combined total net liabilities of Fortune Brilliant, Full Success, and Huizhou Wanjia; (iii) approximately RMB138,232,000 of the Consideration; and (iv) approximately RMB109,513,000 regarding to the Subscription Price.

While the actual gain as a result of the Disposal to be recorded by the Company is subject to a final audit to be performed by the Company's auditors while the Group would not receive any proceeds from the Disposal, it is expected that the Company would not receive any material sale proceeds.

(ii) Net asset value

According to the 2025 Interim Results Announcement, the Group's net assets as at 30 June 2025 were approximately RMB700.44 million. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular, assuming the Transactions had been completed, the net assets of the Enlarged Group would be approximately RMB702.7 million.

(iii) Working capital

According to 2025 Interim Results Announcement, the Group's cash and cash equivalents as at 30 June 2025 were approximately RMB234.8 million. As set out in the Letter from the Board, the consideration shall be settled by the Group's internal resources. On this basis, the cash and cash equivalents of the Group will decrease as a result of the Acquisition.

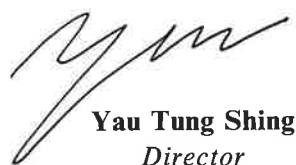
Our view

Having considered the aforesaid potential financial effects, we concur with management of the Company that the entering into of the Sale and Purchase Agreement and the Subscription Agreement will enhance the Enlarged Group's earnings but will not have a material adverse impact on the Enlarged Group's financial position, taking into account the financial position and results of the Target Company will be consolidated into those of the Group on the equity method in accordance with the applicable accounting standards. It should be noted that the aforementioned analysis is for illustrative purposes only and does not purport to represent how the financial positions of the Group will be upon Completion.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that although the Transactions are not conducted in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the Subscription Agreement are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned and the entering into of the Sale and Purchase Agreement and the Subscription Agreement are in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transactions contemplated under the Sale and Purchase Agreement and the Subscription Agreement.

Yours faithfully,
For and on behalf of
Silverbricks Securities Company Limited



Yau Tung Shing
Director

Mr. Yau Tung Shing is a licensed individual under the SFO, authorized to conduct Type 6 (advising on corporate finance) regulated activities in accordance with the SFO. He is considered responsible officer of Silverbricks Securities Company Limited. Mr. Yau Tung Shing possesses over 9 years of experience in the corporate finance industry.