

28 February 2025

*To: The independent board committee of HK Asia Holdings Limited*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
GET NICE SECURITIES LIMITED  
FOR AND ON BEHALF OF THE JOINT OFFERORS  
TO ACQUIRE ALL THE ISSUED SHARES OF  
HK ASIA HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR  
AGREED TO BE ACQUIRED BY THE JOINT OFFERORS  
AND/OR PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Response Document dated 28 February 2025 issued by the Company to the Independent Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Response Document unless the context requires otherwise.

With reference to the letter from the Board (the “**Board Letter**”) contained in the Response Document, the Joint Offerors and the Vendor entered into the Sale and Purchase Agreement on 14 January 2025 (the “**Agreement Date**”), pursuant to which the Joint Offerors purchased and the Vendor sold the Sale Shares, being 281,070,000 Shares, representing approximately 70.26% of the issued share capital of the Company as at the Agreement Date, for the Consideration of HK\$126,481,500 (being HK\$0.45 per Sale Share). The Acquisition Completion took place on 15 January 2025.

With reference to the Board Letter, immediately following the Acquisition Completion, the Joint Offerors and the Joint Offerors’ Concert Parties are interested in an aggregate of 281,070,000 Shares, representing approximately 70.26% of the issued share capital of the Company. The Joint Offerors are therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for

all the issued Shares (other than those already owned or agreed to be acquired by the Joint Offerors and/or parties acting in concert with any of them). Get Nice Securities, for and on behalf of the Joint Offerors and in compliance with the Takeovers Code, is making the Offer.

The Independent Board Committee comprising all the non-executive Directors and independent non-executive Directors, who have no direct or indirect interest in the Offer, namely Mr. Ritchie Ma, Mr. Lam Kin Lun Davie, Ms. Cheung Yuet Ngo Flora, Mr. Lee Kwan Ho, Vincent Marshall, Mr. Kwok Wai Leung, Stanley and Mr. Fok Kam Chau, has been established to make a recommendation to the Independent Shareholders in relation to the Offer, as to whether the Offer is fair and reasonable and as to acceptance of the Offer. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Gram Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

#### **INDEPENDENCE**

There was no relationship or interests between Gram Capital and the Company, the Joint Offerors, and their respective controlling shareholders; and Gram Capital was not in the same group as the financial or other professional advisers (including a stockbroker) to the Company or the Joint Offerors, during the past two years immediately preceding 20 January 2025 up to and including the Latest Practicable Date, of a kind reasonably likely to create, or to create the perception of, a conflict of interest or reasonably likely to affect the objectivity of Gram Capital's advice and to act as the Independent Financial Adviser to the Independent Board Committee.

#### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Offer Document, the Response Document and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Response Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Response Document, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Offer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the section headed “1. RESPONSIBILITY STATEMENTS” of Appendix II to the Response Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Response Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Joint Offerors or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer. The Company has been separately advised by its own professional advisers with respect to the Offer and the preparation of the Response Document (other than this letter).

We have assumed that the Offer will be consummated in accordance with the terms and conditions set forth in the Offer Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Offer, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date. Shareholders will be notified of any material changes to our opinion, advice and/or recommendation, the information and representations provided and made to us and the information contained in this letter after the Latest Practicable Date as soon as possible pursuant to Rule 9.1 of the Takeovers Code.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

#### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Offer, we have taken into consideration the following principal factors and reasons:

##### **(1) Background and terms of the Offer**

According to the Offer Document, Get Nice Securities, for and on behalf of the Joint Offerors and in compliance with the Takeovers Code, is making the Offer on the following basis:

**For each Offer Share . . . . . HK\$0.45 in cash**

The Offer Price of HK\$0.45 per Offer Share is equal to (i) the purchase price per Sale Share paid by the Joint Offerors for the Sale Shares; and (ii) the Conversion Price of HK\$0.45 per Conversion Share.

With reference to the Board Letter, as at the Latest Practicable Date, there were 400,000,000 Shares in issue.

Further details of the Offer are set out in Appendix I to the Offer Document and the accompanying Form of Acceptance.

**(2) Information on the Group**

With reference to the 2024 Annual Report, the Group is principally engaged in the wholesale and retail sales of Pre-Paid Products in Hong Kong, targeted at Indonesian and Filipino consumers and mobile users who demand for making local and international phone calls and/or mobile data services in Hong Kong and overseas (“Other Users”). The Pre-Paid Products are sold through (i) wholesale to the Group’s distributors to be further distributed to the consumers by way of retail sales (the “**Wholesale Business**”); and (ii) the Group’s self-managed retail shops (the “**Retail Business**”).

Based on information provided by the Company, for the year ended 31 March 2024, the Group’s sales to (a) Indonesian and Filipino consumers; and (b) Other Users accounted for approximately 67% and 33% of the Group’s revenue respectively; and the Group’s revenue from Wholesale Business and Retail Business accounted for approximately 55% and 45% of the Group’s revenue respectively.

*Financial performance*

Set out below is a summary of the Group’s audited consolidated financial information for each of the two years ended 31 March 2024 as extracted from the 2024 Annual Report:

	For the year ended 31 March 2024 (“FY2023/24”) HK\$’000	For the year ended 31 March 2023 (“FY2022/23”) HK\$’000	Year on year change %
Revenue	252,383	204,568	23.37
Gross profit	61,647	45,304	36.07
<i>Gross profit margin (%)</i>	<i>24.43</i>	<i>22.15</i>	
Profit for the year attributable to owners of the Company	14,842	3,940	276.70

As depicted from the above table, the Group’s revenue increased from approximately HK\$204.6 million for FY2022/23 to HK\$252.4 million for FY2023/24, representing an increase of approximately 23.37%. With reference to the 2024 Annual Report, such increase was mainly attributable to the increase in sales to Indonesian and Filipino consumers of approximately HK\$24.2 million, partly offset by the decrease in sales to Other Users of approximately HK\$24.2 million. Driven by the aforesaid increase in revenue and increase in gross profit margin, the Group’s gross profit increased from approximately HK\$45.3 million for FY2022/23 to approximately HK\$61.6 million for FY2023/24, representing an increase of approximately 36.07%. The Group’s gross profit margin also increased from approximately 22.15% for FY2022/23 to approximately 24.43% for FY2023/24, representing an increase of approximately 2.28 percentage points. As advised by the

Directors, despite the decrease in sales to Other Users as aforementioned, the proportion of sales of Pre-Paid Products with overseas mobile data services (with higher gross profit margin) increased among the sales to Other Users, thereby increased the Group's gross profit margin.

As a result of the foregoing, the Group's profit for FY2023/24 attributable to owners of the Company increased by approximately 276.70% as compared to that for FY2022/23.

Set out below is a summary of the Group's unaudited consolidated financial information for the six months ended 30 September 2024 (with comparative figures in 2023) as extracted from the 2024 Interim Report:

	For the six months ended 30 September 2024 ("HY2024/25") HK\$'000	For the six months ended 30 September 2023 ("HY2023/24") HK\$'000	Year on year change %
Revenue	98,542	129,004	(23.61)
Gross profit	18,478	31,873	(42.03)
<i>Gross profit margin (%)</i>	<i>18.75</i>	<i>24.71</i>	
Profit for the period attributable to owners of the Company	691	10,841	(93.63)

As depicted from the above table, the Group's revenue for HY2024/25 decreased by approximately 23.61% as compared to that for HY2023/24. With reference to 2024 Interim Report and as advised by the Directors, such decrease was mainly attributable to the decrease in sales to Other Users of approximately HK\$24.3 million and the decrease in sales to Indonesian and Filipino consumers of approximately HK\$6.2 million which were mainly due to increase in pricing of overseas voice calls by supplier for some Pre-Paid Products which diminished the consumers' willingness to purchase such Pre-Paid Products and keen market competition. Due to the aforesaid decrease in revenue and the decrease in the Group's gross profit margin as a result of increase in discounts provided to customers in light of keen market competition, the Group's gross profit for HY2024/25 decreased by approximately 42.03% as compared to that for HY2023/24.

As a result of the foregoing, the Group's profit for HY2024/25 attributable to owners of the Company decreased by approximately 93.63% as compared to that for HY2023/24.

#### ***Financial position***

Set out below is a summary of the consolidated financial position of the Group as at 31 March 2023, 31 March 2024 and 30 September 2024, as extracted from the 2024 Annual Report and the 2024 Interim Report:

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)	As at 31 March 2023 HK\$'000 (audited)
Total assets	136,851	138,744	179,048
Total liabilities	31,621	14,205	9,351
Net assets attributable to owners of the Company ("NAV")	105,230	124,539	169,697

The Group's NAV decreased from approximately HK\$169.7 million as at 31 March 2023 to approximately HK\$124.5 million as at 31 March 2024, and further decreased to approximately HK\$105.2 million as at 30 September 2024, due to the special dividends of HK\$0.15 per Share ("2023 Special Dividend") and HK\$0.05 per Share ("2024 Special Dividend") declared by the Board on 17 August 2023 and 20 September 2024 respectively, partially offset by the profits recorded by the Group.

#### *Outlook and industry overview of the Pre-Paid Products*

As detailed in the section headed "(2) Information on the Group" above, the Group principally engaged in the wholesale and retail of the Pre-Paid Products in Hong Kong primarily targeted at Indonesian, Filipino and Other Users through the Group's distribution network and self-managed retail shops. Accordingly, we searched for statistics relevant to the Group's existing business.

#### *Number of foreign domestic helpers in Hong Kong*

We understood from the Directors that a substantial portion of the Group's revenue were derived from the Pre-Paid Products targeted at Filipino and Indonesian, most of whom are domestic helpers in Hong Kong. As such, we searched for the number of foreign domestic helpers in Hong Kong during the five years ended 31 December 2023, being the latest five full-year statistics as extracted from the Hong Kong Annual Digest of Statistics (2024 Edition) published by the Hong Kong Census and Statistics Department on 30 October 2024:

	2019	2020	2021	2022	2023
<b>Number of foreign domestic helpers in Hong Kong</b>	399,320	373,884	339,451	338,189	356,231
<i>By country:</i>					
– Philippines	219,073	207,402	191,783	190,059	199,516
– Indonesia	170,828	157,802	140,057	139,961	147,597
– Others	9,419	8,680	7,611	8,169	9,118

As illustrated in the above table, the number of foreign domestic helpers recorded year-on-year decrease for each of the year 2020, 2021 and 2022, and recovered for the year 2023. Foreign domestic helpers from Philippines and Indonesia are the two major population and accounted for over 95% of the population of foreign domestic helpers in Hong Kong in aggregate.

***Telecommunication indicators in Hong Kong***

Set out below are certain telecommunication indicators in Hong Kong during the five fiscal-years ended 31 March 2024, being the latest five fiscal-years statistics published by the Office of the Communications Authority of Hong Kong on 20 January 2025:

	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2023	For the year ended 31 March 2024
<b>Public mobile subscriptions in Hong Kong (million)</b>	23.21	22.75	26.13	21.61	25.35
<b>Mobile subscriber penetration rate (%) (Note)</b>	275	291	342	282	328
<b>International outgoing telephone calls (minutes in billion)</b>	1.35	1.21	0.98	0.92	0.81
<b>International incoming telephone calls (minutes in billion)</b>	0.78	0.76	0.59	0.52	0.51

*Note:* Mobile subscriber penetration rate is calculated by dividing the number of mobile subscribers by the population in Hong Kong and multiplied by 100%.

As illustrated in the above table, there are over 20 million public mobile subscriptions (including both basic voice services and mobile data services under “pre-paid mobile subscription” and “post-paid mobile subscription”) in Hong Kong for the latest five fiscal-years ended 31 March 2024, with penetration rates ranged from approximately 275% to 342%. Such high penetration rates reflect the widespread and availability of mobile services to the Hong Kong population. Notwithstanding the high penetration rate of mobile subscribers in Hong Kong, both the international outgoing telephone calls and the international incoming telephone calls recorded year-on-year decrease for each of the years ended 31 March 2021, 2022, 2023 and 2024. As advised by the Directors, the decreases in both international outgoing telephone calls and the international incoming telephone calls in recent years were primarily attributed to the shift in communication patterns from traditional voice calls to internet-based communication tools.

As noted from the 2024 Interim Report, in addition to the Group’s existing product offering, during HY2024/25, the Group obtained four more Pre-Paid Products with local phone calls and mobile data services in Hong Kong, and 26 more Pre-Paid Products with overseas mobile data

services in various countries for sale in Hong Kong. We understood from the Directors that, although the Company has no information on the market shares taken up by the Group, the Group plans to (i) with regards to the Wholesale Business, increase the number of retailers in sales network by actively engaging and onboarding additional retailers to enhance market reach; (ii) strengthen the Group's inventory management capability; and (iii) adopt other alternatives to reduce the operating costs (such as cessation of certain self-managed retail shops with high rental costs with regards to the Retail Business).

Despite the keen market competition (which is one of the factors causing the Group's decrease in revenue and gross profit margin for HY2024/25 as compared to those for HY2023/24) and the shift in communication patterns from traditional international voice calls to internet-based communication tools, the rather stable penetration rate of mobile subscription in Hong Kong as illustrated above shows that the mobile services is a necessity to the Hong Kong population, coupled with the dominate population of Filipino and Indonesian among the foreign domestic helpers in Hong Kong, we are of the view that the Group's existing business (being the sales of the Pre-Paid Products in Hong Kong, through Wholesale Business and Retail Business) is generally sustainable.

### (3) Information on the Joint Offerors

Set out below are information on the Joint Offerors as extracted from the Offer Document:

Purchaser 1 (i.e. 210K Capital, LP) is a limited partnership formed in the State of Delaware in August 2019 with limited liability and wide investor base and is principally engaged in investment holding services. The general partner of Purchaser 1 is UTXO. UTXO is owned as to approximately 33.34% by Mr. Tyler Matthew Evans (a co-founder and Chief Investment Officer of UTXO), approximately 33.33% by Mr. David Bailey (a General Partner at UTXO) and approximately 33.33% by Mr. Samuel Coyn Mateer (a founding partner at UTXO).

Mr. Tyler Matthew Evans is also a co-founder of parent company BTC Inc., publisher of Bitcoin Magazine and host of the annual Bitcoin conference. Mr. Tyler Matthew Evans is a mentor at the Bitcoin Startup Lab and the Draper BitcoinFi accelerator and serves on the board of Japanese listed company Metaplanet Inc. (3350: Tokyo Stock Exchange). Mr. David Bailey is the co-founder and Chief Executive Officer of BTC Inc. and is a Board Member at Bitcoin Policy Institute. Prior to UTXO, Mr. Samuel Coyn Mateer was a partner at BTC, Inc., where Mr. Samuel Coyn Mateer led treasury management, investor relations and fundraising activities.

Purchaser 2 (i.e. Sora Valkyrie Limited) is a company incorporated in the British Virgin Islands with limited liability on 15 November 2024, and is wholly-owned by Sora Ventures as at 6 February 2025 (being the latest practicable date prior to the printing of the Offer Document). Sora Ventures is an exempted company incorporated in the Cayman Islands with limited liability on 8 January 2018. Sora Investment Management Limited is the investment manager of Sora Ventures, holds all management share of Sora Ventures and is an exempted company incorporated in the Cayman Islands with limited liability, and is wholly-owned by Mr. Jason Fang (the sole director of Purchaser 2, Sora Ventures and Sora Investment Management Limited and also founder of Sora Ventures).



Sora Ventures played a key role in creating the first “Asia’s MicroStrategy” partnered with Metaplanet Inc. (3350: Tokyo Stock Exchange), a Japanese listed company principally engaged in (i) Bitcoin investment and provision of Bitcoin related consultancy services; and (ii) hotel operation in Japan. With investments supporting over 30 companies in the Bitcoin utility sector in 2023 and 2024, Sora Ventures is dedicated to investing in infrastructure and utility projects within the Bitcoin ecosystem.

Purchaser 3 (i.e. Top Legend SPC), an exempted company incorporated with limited liability and registered as a segregated portfolio company incorporated in the Cayman Islands acting for and on behalf of one of its segregated portfolios Aces SP (being a fund incorporated in the Cayman Islands), in relation to the sale and purchase of the Sale Shares and the Offer. As at 6 February 2025 (being the latest practicable date prior to the printing of the Offer Document), each of Mr. Sit and Ms. Tsang holds 50 management shares of Top Legend SPC, representing the entire number of management shares of Top Legend SPC.

Mr. Sit serves as the Investment Manager at Allied Top Investment Limited (being Purchaser 4) since April 2019. Mr. Sit invested in various types of financial assets such as private equity and stock loan. Before that, Mr. Sit was the Chief Operating Officer of a trading company, responsible for setting the strategy and overseeing business development for the luxury watches retail and wholesale company. Ms. Tsang focuses on both pre-IPO and IPO investments, as well as fund raising for listed companies. Ms. Tsang is the founder of an investment firm, Legend Global Group Limited, which was founded in March 2015. She has led a numerous of successful investments in private equity, IPO, and secondary market.

Purchaser 4 (i.e. Allied Top Investments Limited) is a company incorporated in the British Virgin Islands with limited liability on 29 January 2018, and is wholly-owned by Mr. Sit. Allied Top Investments Limited is principally engaged in investment holding. As at 6 February 2025 (being the latest practicable date prior to the printing of the Offer Document), the directors of Purchaser 4 are Mr. Sit and Ms. Mary Wong.

#### **(4) Intentions of the Joint Offerors regarding the Group**

With reference to the Offer Document, the Joint Offerors are of the view that the Company’s existing business operations have demonstrated a strong ability to generate consistent and sufficient cash flow, providing a solid financial foundation to support the strategic objectives of the new controlling Shareholders. According to the 2024 Annual Report, the Group recorded net cash generated from operating activities of approximately HK\$40.9 million and HK\$43.9 million for FY2022/23 and FY2023/24 respectively. This robust cash flow ensures the Company can maintain its operational stability and fulfill its ongoing commitments while simultaneously enabling investment into growth initiatives. With this financial strength, the Joint Offerors are of the view that the Company is well-positioned to leverage the Joint Offerors’ existing resources and connections to explore cryptocurrency investments and opportunities in Web 3.0. Following the close of the Offer, it is the intention of the Joint Offerors:

- that the Group will continue with its existing principal business and the Joint Offerors do not have any plan to downsize or change the scale of the Group’s existing principal businesses.
- to enhance the long-term growth potential of the Group by exploring investment opportunities relating to cryptocurrencies and blockchain projects, and it is expected that the Joint Offerors will put focus on Bitcoin and blockchain projects that are related to Bitcoin.

As advised by the Directors, the Directors are not aware of any concrete plans in relation to the aforesaid up to the Latest Practicable Date. However, we noted from the Company's announcements dated 16 February 2025 and 23 February 2025 that as at 20 February 2025, the Group purchased an aggregate of approximately 8.88 units of Bitcoin on an open market cryptocurrency exchange platform (the "Bitcoin Purchases"), indicating its initial steps in realising the Joint Offerors' intention with the Group.

According to the article "What is Web3?" dated 10 March 2023 (updated on 8 January 2025) published by Forbes Digital Assets (an investment insights platform of Forbes that provides comprehensive market research, proprietary data, analytics, and analysis to investors and market participants looking to navigate digital assets markets), Web3 (or Web 3.0) represents a shift from centralized internet (i.e. Web 2.0) to a decentralised user-controlled ecosystem that utilise, among others, blockchain technology to eliminate centralized intermediaries and cryptocurrencies to enable peer-to-peer transactions, smart contracts and decentralized applications, with an aim to create a more transparent, equitable, and user-centric internet, addressing issues such as data privacy and corporate control that are prevalent in Web 2.0.

#### *Global blockchain industry*

Given that it is the Joint Offerors' intention to explore investment opportunities relating to cryptocurrencies, Web 3.0 and blockchain projects (with expected focus on Bitcoin) and the Group's initial steps in realising the Joint Offerors' intention with the Group. Therefore, we searched for statistics relevant to the global blockchain industry to assess the prospects of the overall blockchain industry and Web 3.0 blockchain market. Set out below are certain blockchain-related statistics and projections published by Grand View Research on its database available as at the Latest Practicable Date (according to its website, Grand View Research, founded in 2014 with over 500 analysts, is an India and United States based market research and consulting company registered in the State of California and headquartered in San Francisco, the United States. It provides syndicated research reports, customised research reports, and consulting services. Its database features thousands of statistics and in-depth analysis on 46 industries in 25 major countries worldwide, it is used by the world's renowned academic institutions and Fortune 500 companies and cited by media such as Consumer News and Business Channel (CNBC), British Broadcasting Corporation (BBC) and the Guardian). Please note that as we could not identify actual market size of global blockchain technology for 2023 and 2024 and actual market size of global Web 3.0 blockchain for 2024 from appropriate source, we adopted projected figures published by Grand View Research for our analysis and we are unable to cross-check the projected figures with actual figures.

	2020	2021	2022	2023	2024
Market size of global blockchain technology (US\$ million)	3,669.6	5,922.6	10,015.2	17,456.5 (Note)	31,282.0 (Note)
Year-on-year change (%)		61.40	69.10	74.30	79.20
Market size of global Web 3.0 blockchain (US\$ million)	1,062.7	1,364.0	1,729.0	2,250.7	3,026.9 (Note)
Year-on-year change (%)		28.35	26.76	30.17	34.49

Note: projected figures

As illustrated in the above table:

- the market size of global blockchain technology increased significantly for each of the year 2021 and 2022, and it was projected that such growth shall further increase for the year 2023 and 2024. Based on the historical market size of global blockchain technology for the three years ended 2022, the global blockchain technology market recorded a compound annual growth rate (“CAGR”) of approximately 65.20%; while based on the projected market size of the global blockchain technology for the year 2024, it represented a projected CAGR of approximately 70.87% as compared to that for the year 2020.
- the market size of global Web 3.0 blockchain recorded year-on-year increase for each of the years 2021, 2022 and 2023, and it was projected to reach approximately US\$3,026.9 million for the year 2024, representing an increase of 34.49% as compared to that for the year 2023. Based on the historical market size of global Web 3.0 blockchain for the four years ended 2023, the global Web 3.0 blockchain market recorded a CAGR of approximately 28.42%; while based on the projected market size of the global Web 3.0 blockchain for the year 2024, it represented a projected CAGR of approximately 29.91% as compared to that for the year 2020.

#### *Historical closing price of Bitcoin*

As it is also the Joint Offerors’ intention to explore investment opportunities in cryptocurrencies, with focus primarily on Bitcoin and the Group had made the Bitcoin Purchases; and that Bitcoin is a major constituent of the cryptocurrency market as its total market capitalisation accounted for approximately 57% of the market capitalisation of all cryptocurrencies as at the Agreement Date based on the data from CoinMarketCap (as described below), we consider Bitcoin is a fair representation of the overall cryptocurrency market and thus, we searched for the historical price movement of Bitcoin for our analysis. Set out below is a chart showing the movement of the closing prices of Bitcoin for approximately five years from 1 January 2020 up to and including the Agreement Date (the “**Bitcoin Review Period**”):



Source: CoinMarketCap.com

According to CoinMarketCap's website, CoinMarketCap was founded in May 2013 and acquired by Binance (a major blockchain ecosystem founded by in 2017 with a product suite that includes, among other things, (i) Binance Exchange, a crypto exchange with average daily turnover of US\$65 billion; (ii) Binance Research, a platform to provide institutional-grade analysis, in-depth insights and unbiased information; (iii) Binance Academy, an open-access learning hub that provides free blockchain and crypto education in over 10 languages; and (iv) Binance NFT, a marketplace of non-fungible tokens dedicated to building a community-focused platform) in April 2020. CoinMarketCap is a highly referenced price-tracking website for cryptoassets in the growing cryptocurrency space. Data and statistics published by CoinMarketCap are cited by media, institutions and government authorities such as Consumer News and Business Channel (CNBC), Bloomberg, Financial Times, MIT (Massachusetts Institute of Technology) Digital Currency Initiative, the United States Department of Treasury and the Hong Kong Monetary Authority.

As stated in CoinMarketCap's website, (i) CoinMarketCap and Binance are separate entities that maintain a strict policy of independence from one another; (ii) Binance has no bearing on CoinMarketCap's ranking activities; (iii) CoinMarketCap has no influence over Binance's operations; and (iv) no Binance employee has control over CoinMarketCap's ranking algorithms or listing processes. Therefore, we consider CoinMarketCap is an independent and reliable source of objective information for the purpose of our analysis on the closing prices of Bitcoin.

As illustrated above, despite the increasing supply of Bitcoin throughout the entire Bitcoin Review Period, the closing price of Bitcoin had nevertheless increased significantly during the same period. The closing price of Bitcoin increased from US\$7,200.17 on 1 January 2020 to US\$96,534.04 as at the Agreement Date, representing an increase of over 12 times, the price of Bitcoin is highly volatile. We noted from various news articles and publications that suggested the factors for the fluctuation in price of Bitcoin during the Bitcoin Review Period, such as the monetary policies adopted by the U.S. government (e.g. changes to interest rates), investment appetite of retail and institutional investors (e.g. the hype, fear-of-

missing-out (FOMO) and panic selling in response to news and media speculations around Bitcoin), geopolitical tension between Russia and Ukraine, and the regulatory environment for cryptocurrencies following the election of the United States president in 2024.

On 23 January 2025, the United States President Donald John Trump signed an executive order that sets forth the administration's policy to support the responsible growth and the use of digital assets, blockchain technology, and related technologies across all sectors of economy, with the aims of, among other things, protecting and promoting crypto companies' access to banking services and providing regulatory clarity and certainty for the cryptocurrency market.

As also noted from the Offer Document, the Hong Kong government has been actively fostering the growth of the Web 3.0 and cryptocurrency industries through strategic initiatives and supportive policies. Recent efforts include the establishment of a dedicated task force on promoting Web 3.0 development, chaired by the Financial Secretary, to provide guidance on sustainable and responsible industry growth. Additionally, the government has allocated HK\$50 million in the 2023-2024 Budget to expedite the development of the Web 3.0 ecosystem and has implemented a robust regulatory framework for virtual asset service providers (VASPs) to balance innovation with investor protection. The prospects for Web 3.0 and cryptocurrency are highly promising, as these technologies are poised to revolutionize the digital economy by enabling decentralized finance (DeFi), tokenized assets, and enhanced data privacy. With its commitment to innovation and its position as a global financial hub, Hong Kong is well-positioned to lead in shaping the future of blockchain technology and digital assets, attracting international talent and investment.

With the development of Web 3.0 in recent years which utilises blockchain technology and cryptocurrencies to eliminate centralized intermediaries, create a system where no single person or company controlled a set of data to address issues such as data privacy and corporate control in Web 2.0, thereby achieving a decentralised ecosystem, as illustrated by the blockchain-related statistics/projections and the price trend of Bitcoin as set out in the sub-sections headed "Global blockchain industry" and "Historical closing price of Bitcoin" above, and the promotion of Web 3.0 by the Hong Kong government, we consider the prospects of Web 3.0 and blockchain technology are generally positive. In view of the Joint Offerors' background, particularly their involvement in the cryptocurrency industry, we consider their intention with the Group to explore cryptocurrency investments and opportunities in Web 3.0 is justifiable.

## (5) Offer Price

### *Offer Price comparison*

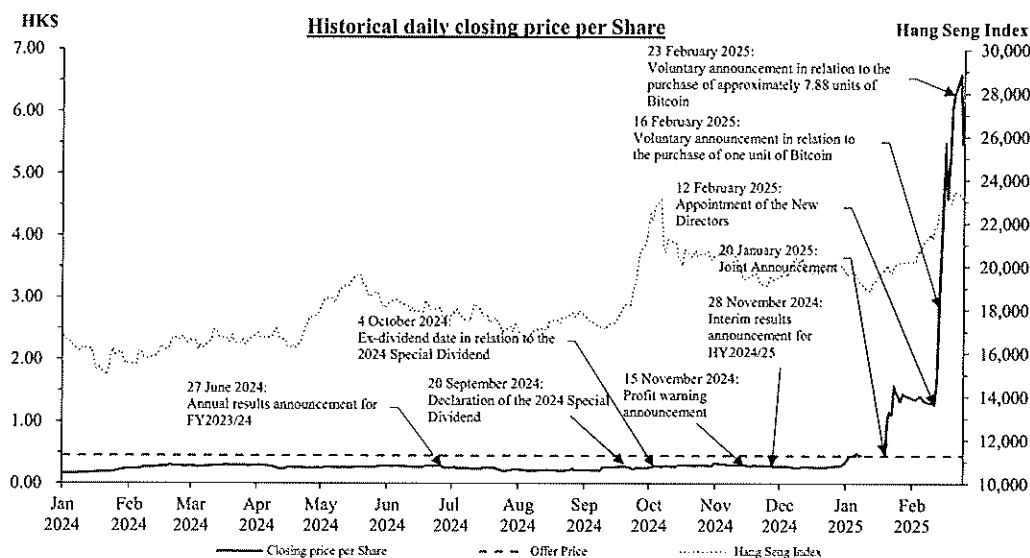
The Offer Price of HK\$0.45 per Offer Share represents:

- (i) a discount of approximately 91.80% to the closing price of HK\$5.49 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (ii) a discount of approximately 5.26% to the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (iii) a discount of approximately 4.26% to the average closing price of HK\$0.47 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 11.52% over the average closing price of approximately HK\$0.4035 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 41.73% over the average closing price of approximately HK\$0.3175 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 44.53% over the audited NAV of approximately HK\$0.311 per Share as at 31 March 2024, calculated based on the audited NAV of approximately HK\$124.5 million as at 31 March 2024 and 400,000,000 Shares in issue as at the Latest Practicable Date; and
- (vii) a premium of approximately 71.05% over the unaudited NAV of approximately HK\$0.263 per Share as at 30 September 2024, calculated based on the unaudited NAV of approximately HK\$105.2 million as at 30 September 2024 and 400,000,000 Shares in issue as at the Latest Practicable Date (the “NAV Premium”).

*Historical price performance of the Shares*

Set out below is a chart showing the movement of the closing prices of the Shares, together with the movement of Hang Seng Index during the period from 2 January 2024 (being approximately one year prior to the Last Trading Day) up to the Latest Practicable Date (the “Share Review Period”), being an adequate and representative review period and the duration of such period is sufficient for us to perform a thorough analysis on the general trend and level of movement of the closing prices of the Shares.



Source: the Stock Exchange's website

Note: Trading in Shares was halted from 9:00 a.m. on 13 January 2025 and resumed at 9:00 a.m. on 21 January 2025.

From the start of the Share Review Period up to the Last Trading Day (i.e. before the commencement of the Offer Period), the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.495 recorded on 7 January 2025 and HK\$0.163 recorded on 9 January 2024. The Offer Price of HK\$0.45 per Offer Share falls within the closing price range of the Shares as quoted on the Stock Exchange during the Share Review Period and is higher than the closing prices of Shares for 248 trading days out of the total of 253 trading days during the period from the start of the Share Review Period up to the Last Trading Day.

Following the publication of the Joint Announcement, the closing price of Shares surged significantly and reached the highest of HK\$6.60 per Share on 24 February 2025. The Offer Price of HK\$0.45 per Offer Share represented discounts ranging from approximately 57.14% to 93.18% to the closing price of Shares for the period from the start of the Offer Period up to the Latest Practicable Date. As advised by the Directors, save for the possible market reaction to the Joint Announcement, the announcement dated 12 February 2025 in relation to the appointment of Mr. David Bailey, Mr. John Riggins, Mr. Jason Fang and Ms. Mary Wong (i.e. the New Directors) as executive Directors, and the voluntary announcements dated 16 February 2025 and 23 February 2025 in relation to the Bitcoin Purchases, the Directors could not identify any specific factor which led to the surge in closing price of Share subsequent to the publication of the Joint Announcement.

Although the Offer Price represents the NAV Premium of approximately 71.05%, the closing prices of Share ranged from HK\$1.05 to HK\$6.60 during the period from the commencement of the Offer Period up to the Latest Practicable Date, representing premium ranging from approximately three to 24 times over the Group's unaudited NAV per Share as at 30 September 2024.

*Historical trading liquidity of the Shares*

The number of trading days, the average daily number of the Shares traded per month, and the respective percentages of the Shares' monthly trading volume during the Share Review Period as compared to (i) the total number of issued Shares held by the Independent Shareholders as at the Latest Practicable Date; and (ii) the total number of issued Shares as at the end of each month/period, are tabulated as below:

Month	No. of trading days	Average daily trading volume (the "Average Volume") Shares	% of the Average Volume to total number of issued Shares held by Independent Shareholders based on the number of issued Shares as at the end of each month/period %	% of the Average Volume to total number of issued Shares as at each end of each month/period %
<b>2024</b>				
January	22	365,545	0.31	0.09
February	19	567,053	0.48	0.14
March	20	205,300	0.17	0.05
April	20	268,000	0.23	0.07
May	21	144,381	0.12	0.04
June	19	230,947	0.19	0.06
July	22	140,364	0.12	0.04
August	22	81,909	0.07	0.02
September	19	496,526	0.42	0.12
October	21	1,290,190	1.08	0.32
November	21	280,952	0.24	0.07
December	20	260,500	0.22	0.07
<b>2025</b>				
January	17	374,808	12.67	3.77
– from 2 January up to the Last Trading Day	7	4,490,286	3.78	1.12
– from 21 January to 28 January	6	27,410,667	23.05	6.85
February (up to and including the Latest Practicable Date)	17	6,712,205	5.64	1.68

Source: the Stock Exchange's website

Note: Trading in Shares was halted from 9:00 a.m. on 13 January 2025 and resumed at 9:00 a.m. on 21 January 2025.



During the Share Review Period, the Average Volume was (i) below 0.5% of the total number of issued Shares held by the Independent Shareholders as at the Latest Practicable Date (except for October 2024, January 2025 and February 2025); and (ii) below 0.5% of the total number of issued Shares as at the Latest Practicable Date (except for January 2025 and February 2025). The Average Volume was exceptionally thin during majority of the trading days in the Share Review Period. From January 2025 (particularly, following the commencement of the Offer Period) up to the Latest Practicable Date, the Average Volume increased significantly. Along with the surge in Average Volume following the commencement of the Offer Period, the closing price of Shares also surged and maintained at prices significantly higher than the Offer Price during the period from the commencement of the Offer Period up to the Latest Practicable Date.

#### *Trading multiples analysis*

To further assess the fairness and reasonableness of the Offer Price, we attempted to perform trading multiple analysis which includes the price to earnings ratio and price to book ratio. As the Group operates in the wholesale and retail of the Pre-Paid Products in Hong Kong and its entire revenue for FY2023/24 was from the such business, we searched for Hong Kong listed companies which are principally engaged in the sale of products similar to the Pre-Paid Products in Hong Kong and derived more than 50% of their revenue from such business for their latest financial year. Nevertheless, we were unable to identify any listed companies which can meet the aforesaid criteria. Although it is the Joint Offerors' intention to explore opportunities in Web 3.0 and cryptocurrency investments and the Bitcoin Purchases indicated the Group's initial steps toward the cryptocurrency and blockchain-related business, such businesses were not reflected in the Group's latest published financial statements. Accordingly, we consider that it is inappropriate to perform trading multiple analysis by comparing the trading multiples of the Company with Hong Kong listed companies that are engaged in the cryptocurrency investments and blockchain-related business. Given the above, we are of the view that the trading multiple analysis is impracticable in this case.

## RECOMMENDATION

Having considered that:

- (i) that the Group's existing business (i.e. wholesale and retail of the Pre-Paid Products in Hong Kong) is generally sustainable and the prospects of the Bitcoin market, the Web 3.0 and blockchain technology industry (which the Joint Offerors intended to explore with the Company upon completion of the Offer) is generally positive;
- (ii) notwithstanding that the Company does not have any pre-determined dividend payout ratio according to its dividend policy, the Company made payment of the 2023 Special Dividend and the 2024 Special Dividend;
- (iii) although the Offer Price was higher than the closing price of Share for 248 trading days out of the total of 253 trading days during the period from the start of the Share Review Period up to the Last Trading Day, along with the surge in Average Volume, the closing price of Shares surged and maintained at prices significantly higher than the Offer Price during the period from the commencement of the Offer Period up to the Latest Practicable Date (the "Price

Surge”) and the Offer Price represents discounts ranging from approximately 57.14% to 93.18% to the closing price of Shares during the said period, this allows Independent Shareholders to sell their Shares at prices higher than the Offer Price if they thought fit; and

- (iv) although the Offer Price represents the NAV Premium of approximately 71.05%, the closing prices of Share ranged from HK\$1.05 to HK\$6.60 during the period from the commencement of the Offer Period up to the Latest Practicable Date, representing premium ranging from approximately three to 24 times over the Group’s unaudited NAV as at 30 September 2024,

we are of the view that the Offer (including the Offer Price) is not fair and not reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer.

**Independent Shareholders should note that our recommendation above is closely related to the factor (iii) above and the Price Surge may reflect possible market reaction to the Joint Announcement (including the Joint Offerors’ intention as stated therein), the announcement dated 12 February 2025 in relation to the appointment of the New Directors, and the voluntary announcements dated 16 February 2025 and 23 February 2025 in relation to the Bitcoin Purchases. Should the Group’s future business development deviate from the Joint Offerors’ intention to explore investment opportunities relating to cryptocurrencies, Web 3.0 and blockchain projects (with expected focus on Bitcoin), the closing price level of the Shares after the Price Surge may not sustain.**

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

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**



**Graham Lam**  
*Managing Director*

*Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has around 30 years of experience in investment banking industry.*