

21 January 2025

*To: The Independent Board Committee*

Dear Sir or Madam,

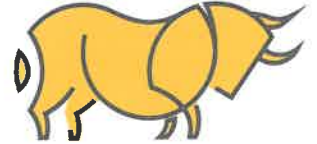
**MANDATORY CONDITIONAL CASH OFFER BY  
GET NICE SECURITIES LIMITED FOR AND ON BEHALF OF  
ASIA GENERAL INDUSTRIES LIMITED TO ACQUIRE  
ALL THE ISSUED SHARES OF GAIN PLUS HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED  
TO BE ACQUIRED BY ASIA GENERAL INDUSTRIES LIMITED)**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee with respect to the Offer, details of which are set out in Composite Document dated 21 January 2025 jointly issued by the Company and the Offeror to the Offer Shareholders, of which this letter forms part. Unless otherwise stated, terms defined in the Composite Document have the same meanings in this letter.

On 10 December 2024 (after trading hours), the Offeror and the Vendors entered into the Sale and Purchase Agreement pursuant to which the Vendor A and Vendor B had agreed to sell and the Offeror had agreed to purchase 104,625,000 Shares and 15,625,000 Shares respectively, representing approximately 28.13% and 4.20% respectively and an aggregate of approximately 32.33% of the total issued share capital of the Company as at the Latest Practicable Date, at a consideration of HK\$84,327,750 for Sale Shares A and HK\$12,593,750 for Sale Shares B, which is equivalent to HK\$0.806 per Sale Share.

Immediately prior to the completion of the Acquisition on 12 December 2024, none of the Offeror and the parties acting in concert with it (excluding Mr. Hung, who is presumed to be acting in concert with the Offeror) were interested in any Shares. Immediately after the completion of the Acquisition, the Offeror and parties acting in concert with it (excluding Mr. Hung) are interested in 120,250,000 Shares, representing approximately 32.33% of the total issued share capital of the Company.



Taking into account the 14,524,000 Shares (representing approximately 3.90% of the total issued share capital of the Company) owned by Mr. Hung, the Offeror and the parties acting, and presumed to be acting in concert with it own an aggregate of 134,774,000 Shares, representing approximately 36.23% of the total issued share capital of the Company, immediately after the completion the Acquisition.

As at the Latest Practicable Date, there are 372,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer and on the basis of the Offer Price at HK\$0.806 per Offer Share, the entire issued share capital of the Company is valued at HK\$299,832,000. Assuming that there is no change in the issued share capital of the Company and based on the Offer Price of HK\$0.806 per Offer Share, 251,750,000 Shares will be subject to the Offer and the maximum amount of cash payable by the Offeror in respect of full acceptance of the Offer will be HK\$202,910,500.

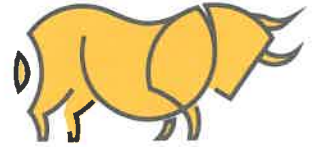
The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. So Chun Man, Mr. Chen Yeung Tak and Mr. Lai Ming Ho, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance of the Offer.

Pursuant to Rule 2.1 of the Takeovers Code, on 16 December 2024, our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. As the Independent Financial Adviser in relation to the Offer, our role is to provide the Independent Board Committee with an independent opinion and recommendation in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

As at the Latest Practicable Date, we were not in the same group as the financial or other professional adviser to the Offeror and the Company, we were independent from and have no connection with Vender A and Vendor B and their respective ultimate beneficial owners, the Group and the Offeror and any party acting in concert with the Offeror, and we are qualified to give independent advice to the Independent Board Committee regarding the Offer. Apart from the existing engagement in connection with the Offer, we confirm that we did not have any significant connection, business, financial or otherwise, with the Company and/or the Offeror or the controlling shareholders of either of them within two years prior to the commencement of the Offer Period and up to the Latest Practicable Date, of a kind reasonably likely to create, or create the perception of, a conflict of interest or reasonably likely to affect the objectivity of our advice. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company, therefore we are considered independent and suitable to give independent advice to the Independent Board Committee and the Independent Shareholders pursuant to Rule 2.6 of the Takeovers Code.

## **BASIS OF OUR OPINION**

In formulating our opinion, we have relied on the statements, information, opinions, beliefs and representations contained or referred to in the Composite Document and the information and representations as provided to us by the Group, its advisers, its management team (the “**Management**”) and/or the Directors. We have assumed that such information and statements, and any representation made to us, which we have relied upon in formulating our opinion, are true, accurate and complete in all material respects as at



the Latest Practicable Date and the Shareholders will be notified of any material changes (if any) as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Shareholders will also be informed as soon as possible when there is any material change to information contained in or referred to herein as well as any changes to our opinion and content of this letter, if any, after the Latest Practicable Date.

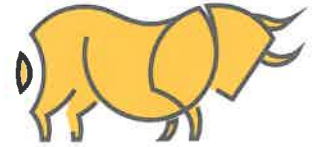
We have also assumed that all statements of belief, opinion, expectation and intention made by the Group, its advisers, the Management and/or the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Group, its advisers, the Management and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements or arrangements 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. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Offeror) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than opinions expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading. Mr. Wong, the sole shareholder and sole director of the Offeror, accepts full responsibility for the accuracy of information contained in the Composite Document (other than those relating to the Group) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in the Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs, financial condition and future prospects of the Group or the Offeror or associates of any of them.

We have not considered the tax consequences on the Independent Shareholders in respect of their acceptance or non-acceptance of the Offer since they vary depending on respective individual circumstances. The Independent Shareholder who are overseas residents or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

## **THE OFFER**

As set out in the Composite Document, immediately after the completion of the Acquisition, the Offeror and parties acting in concert with it own 134,774,000 Shares, representing approximately 36.23% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror).



## PRINCIPAL TERMS OF THE OFFER

As mentioned in the Composite Document, Get Nice, for and on behalf of the Offeror, is making the Offer to acquire all of the Offer Shares in accordance with the Takeovers Code on the following basis:

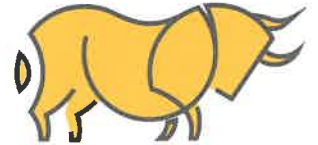
**For each Offer Share . . . . . HK\$0.806 in cash**

The Offer Price of HK\$0.806 per Offer Share is the same as the purchase price per Share of HK\$0.806 per Sale Share paid by the Offeror to the respective Vendors.

As set out in the “Letter from Get Nice” to the Composite Document, the Offer Price of HK\$0.806 per Offer Share represents:

- (i) a discount of approximately 91.76% to the closing price of HK\$9.78 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 60.10% to the closing price of HK\$2.02 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 58.88% to the average of the closing prices as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day of approximately HK\$1.96 per Share;
- (iv) a discount of approximately 58.88% to the average of the closing prices as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day of approximately HK\$1.96 per Share;
- (v) a discount of approximately 58.20% to the average of the closing prices as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day of approximately HK\$1.928 per Share;
- (vi) a premium of approximately 3.47% over the Group’s unaudited consolidated net assets attributable to the Shareholders per Share of approximately HK\$0.779 as at 30 September 2024 (calculated based on (i) a total of 372,000,000 Shares as at the Latest Practicable Date and (ii) the Group’s unaudited consolidated net assets attributable to the Shareholders of HK\$289,879,000 as at 30 September 2024); and
- (vii) a premium of approximately 11.02% over the Group’s audited consolidated net assets attributable to the Shareholders per Share of approximately HK\$0.726 as at 31 March 2024 (calculated based on (i) a total of 372,000,000 Shares as at the Latest Practicable Date and (ii) the Group’s audited consolidated net assets attributable to the Shareholders of HK\$269,975,000 as at 31 March 2024).

Further details of the Offer, including terms and procedures for acceptance of the Offer, are contained in the “Letter from Get Nice” as set out on pages 6 to 15 of, and Appendix I to, the Composite Document and the accompanying Form of Acceptance.



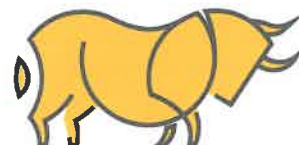
## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion regarding the Offer, we have taken into consideration the following principal factors:

### **1. Information of the Group**

The Company is an investment holding company and was incorporated in the Cayman Islands with limited liability and its Shares was listed on the GEM on 13 February 2018 and the listing of Shares were transferred to the Main Board on 30 December 2019.

The Group is an established construction contractor in Hong Kong founded in 2004, principally engaged in subcontracting works providing repair, maintenance, addition and alteration services (“**RMAA Services**”) and building construction services. Its RMAA Services include general upkeep, restoration and improvement of existing facilities and components of buildings and their surroundings; and its building construction services primarily consist of building works and civil works for new buildings such as columbarium blocks, demolition of staff quarters, road enhancement works and lift tower.



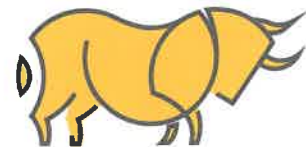
The table below sets out the audited consolidated key financial information of the Group for the two years ended 31 March 2024 as extracted from the annual report of the Company for the year ended 31 March 2024 (the “**Annual Report 2024**”) and the unaudited financial information of the Group as extracted from the interim report of the Company for the six months ended 30 September 2024 (the “**Interim Report 2024**”):

	<b>For the year ended 31 March</b>	
	<b>2023</b> <i>HK\$'000</i>	<b>2024</b> <i>HK\$'000</i>
Revenue	1,210,108	1,150,954
Cost of services	<u>(1,125,450)</u>	<u>(1,090,899)</u>
Gross profit	84,658	60,055
Other income, other gains and losses	2,487	8,804
Impairment losses under expected credit loss model, net of reversal	3,460	(4,680)
Administrative expenses	(23,040)	(29,906)
Finance costs	(14)	(27)
Share of result of an associate	<u>(113)</u>	<u>3,170</u>
Profit before taxation	67,438	37,416
Income tax expense	<u>(10,752)</u>	<u>(5,356)</u>
Profit and total comprehensive income for the year	<u>56,686</u>	<u>32,060</u>
Profit (loss) and total comprehensive income (expense) for the year attributable to:		
Owners of the Company	56,758	27,704
Non-controlling interest	<u>(72)</u>	<u>4,356</u>
	<u>56,686</u>	<u>32,060</u>



	<b>For the six months ended 30 September</b>	
	<b>2023</b>	<b>2024</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	482,034	620,583
Cost of services	<u>(450,848)</u>	<u>(589,319)</u>
Gross profit	31,186	31,264
Other income, other gains and losses	4,440	4,084
Impairment losses under expected credit loss model, net of reversal	(3,374)	212
Administrative expenses	(15,246)	(15,470)
Finance costs	(15)	(7)
Share of result of an associate	<u>1,888</u>	<u>2,942</u>
Profit before taxation	18,879	23,025
Income tax expense	<u>(2,565)</u>	<u>(3,121)</u>
Profit and total comprehensive income for the year	<u>16,314</u>	<u>19,904</u>
Profit (loss) and total comprehensive income (expense) for the year attributable to:		
Owners of the Company	13,691	16,658
Non-controlling interest	<u>2,623</u>	<u>3,246</u>
	<u>16,314</u>	<u>19,904</u>

As set out in the table above, we note that the revenue of the Group decreased from approximately HK\$1,210.1 million for the year ended 31 March 2023 to approximately HK\$1,151.0 million for the year ended 31 March 2024. According to the Annual Report 2024, the decrease was mainly attributable to the decrease in revenue derived from the provision of RMAA Services due to decrease in value of work certified of certain projects. We have discussed with the management and understand from the management that such decrease in revenue was mainly due to certain major projects of the Group had reached their final stages or had completed and therefore lesser work done was performed from such projects resulting in lesser revenue was recognised during the year ended 31 March 2024. The gross profit decreased from approximately HK\$84.7 million for the year ended 31 March 2023 to approximately HK\$60.1 million for the Year. The Group's gross profit margin decreased from approximately 7.0% for the year ended 31 March 2023 to approximately 5.2% for the year ended 31 March 2024. Such decrease was mainly due to the decrease in the gross profit margin of the projects performed during the year. We have discussed with the management and understand from the management that such decrease in gross profit margin was mainly due to



unexpected increase in use of construction materials by subcontractors for certain works in final stage during the year ended 31 March 2024. We also note that the Group's net profit attributable to the owners of the Company decreased from approximately HK\$56.8 million for the year ended 31 March 2023 to approximately HK\$27.7 million for the year ended 31 March 2024. The decrease in net profit after tax was mainly due to decrease in revenue and the overall gross profit margin.

We further note that the Group's revenue increased from approximately HK\$482.0 million for the six months ended 30 September 2023 to approximately HK\$620.6 million for six months ended 30 September 2024. According to the Interim Report 2024, the increase was mainly attributable to the increase in revenue derived from the provision of building construction services due to more projects were performed in 2024. Despite the increase in the Group's revenue, the Group's gross profit remained stable at approximately HK\$31.2 million for the six months ended 30 September 2023 and approximately HK\$31.3 million for the six months ended 30 September 2024 because the Group's gross profit margin decreased from approximately 6.5% for the six months ended 30 September 2023 to approximately 5.0% for the six months ended 30 September 2024. We have discussed with the management and understand from the management that such decrease in gross profit margin was mainly due to unexpected increase in use of construction materials by subcontractors for certain works in final stage during the six months ended 30 September 2024. We also note that the Group's net profit attributable to the owners of the Company increased from approximately HK\$13.7 million for the six months ended 30 September 2023 to approximately HK\$16.7 million for the six months ended 30 September 2024. Such increase was mainly due to the reversal of impairment loss under expected credit loss model of approximately HK\$0.2 million was recognised for the six months ended 30 September 2024 while impairment loss under expected credit loss model of approximately HK\$3.4 million was recognised for the six months ended 30 September 2023.

## **2. Industry overview**

The Group is principally engaged in the provision of RMAA services and building construction services. According to the Annual Report 2024, for the year ended 31 March 2024, the revenue generated from the provision of RMAA Services accounted for approximately 74.4% of the total revenue while revenue generated from the provision of building construction services accounted for approximately 25.6% of total revenue. According to the Interim Report 2024, for the six months ended 30 September 2024, the revenue generated from the provision of RMAA Services accounted for approximately 65.8% of the total revenue while revenue generated from the provision of building construction services accounted for approximately 34.2% of total revenue. In terms of geographical location, all of the Group's total revenue for the six months ended 30 September 2024 and the year ended 31 March 2024 were generated from Hong Kong. We note from the Interim Report 2024, looking forward, the directors of Group consider that the future opportunities and challenges which the Group face will be affected by uncertainty to construction industry due to the availability of construction projects from the public and private sectors in Hong Kong. We have discussed with the management and understand from the management that the majority of the projects undertaken by the Group are from the public sectors in Hong Kong.





According to the research brief of the Legislative Council, the Hong Kong Government reported a larger-than-expected fiscal deficit for 2023/2024, attributable to a noticeable shortfall in revenue from land premium and stamp duties amid the lacklustre performance of the property and stock markets. We also note that the consolidated deficit is forecasted to be US\$101.6 billion for 2024/25 and the Hong Kong Government will review cost-effectiveness of works projects that are currently at the preliminary planning or conceptual stage and adjust implementation schedule according to priority and urgency as stated in the 2024-2025 Budget. In particular, a huge reclamation plan to build the Kau Yi Chau Artificial Islands is expected to be delayed by two to three years, according to the Legislative Council. We consider that the upcoming public sector projects may be delayed due to the government's forecasted fiscal deficit as mentioned above.

In addition, we note from the press releases of the Buildings Department that the approval of building plans has decreased from 170 building plans approved during January to October 2023 to 126 building plans approved during the same period in 2024, representing a decrease of approximately 25.9%. We further note from the Census and Statistics Department that the gross value of construction works ("GVCW") performed at private sector sites in the third quarter of 2024 was down by 9.2% in nominal terms and by 11.2% in real terms over a year earlier. The GVCW performed by main contractors at locations other than construction sites amounted to US\$22.5 billion in the third quarter of 2024, down by 6.6% in nominal terms and by 7.0% in real terms compared with a year earlier. Construction works at locations other than construction sites included minor new construction activities and decoration, repair and maintenance for buildings; and electrical equipment installation and maintenance works at locations other than construction sites. On a seasonally adjusted quarter-to-quarter basis, the GVCW performed by main contractors increased by 2.3% in nominal terms and 1.8% in real terms in the third quarter of 2024 compared with the second quarter of 2024. In view of the above, we consider that it is still challenging in construction industry with high competition.

Furthermore, according to the statistical highlights of the Legislative Council, based on the latest manpower projection released in November 2024, the magnitude of manpower shortfall in construction totalled 15,000 in 2023, two-thirds of whom were skilled/semi-skilled workers, with the rest as managers and professionals. As manpower is ageing fast in construction, this shortfall is projected to triple to 45,000 – 55,000 in 2028. As regards construction professionals (e.g. architects, surveyors and engineers), the Construction Industry Council estimated a considerable shortfall amounting to 5,500 – 6,000 in 2024. Nevertheless, the construction industry is concerned about shortage of engineers, as the number of qualified engineers in construction-related disciplines declined by a total of 4.6% during 2018-2023. We are of the view that the continuous shortfall of construction workforce in Hong Kong would adversely affect the cost of operations of the Group.

Having considered the above, we are of the view that challenging times may be ahead regarding the prospects and outlook of the Group.



### **3. Information on the Offeror**

As set out in the “Letter from Get Nice”, the Offeror is a company incorporated in British Virgin Islands with limited liability and is principally engaged in investment holding. The Offeror is wholly owned by Mr. Wong.

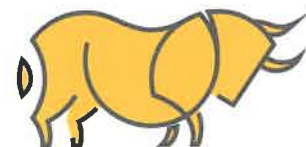
Mr. Wong, aged 69, has over 20 years of senior management experience in overall strategy, business development and retail chain shops establishment. Mr. Wong joined Chaifa Holdings Limited (stock code: 139) (now known as Central Wealth Group Holdings Limited) in February 2000 and was an executive director of the company until 1 August 2015. During his tenure as an executive director, the principal businesses of Chaifa Holdings Limited and its subsidiaries changed from time to time and included manufacturing, trading and distribution of garment, shoes, car audio equipment business and other merchandise, provision of Internet and Internet-related businesses, trading and distribution of electronic products and securities investment and trading. Mr. Wong was a substantial shareholder (as defined under the Listing Rules) of Chaifa Holdings Limited (then known as GR Vietnam Holdings Limited) from 5 May 2010 to 7 November 2014. Mr. Wong does not have any management experience in the principal businesses of the Group.

Although Mr. Wong does not have direct experience in the construction industry or RMAA services industry in Hong Kong, we consider that Mr. Wong’s profound experience in overall strategy and business development will benefit the Company’s management and business operation in the long term.

### **4. Intentions of the Offeror regarding the Group and proposed change of Board composition**

As stated in the “Letter from Get Nice” in the Composite Document, the intention of the Offeror is that the Group will continue with its existing principal business following the close of the Offer and the Offeror does not have any plan to downsize or change the scale of the Group’s existing principal businesses. However, the Offeror also intends to review the operation and business activities and financial position of the Group to formulate a long-term business strategy for the Group.

As stated in the “Letter from Get Nice” in the Composite Document, subject to the results of such review, the Offeror may explore other business opportunities and consider whether any asset acquisitions/disposals, business rationalisation, restructuring of the business and/or fund raising will be appropriate in order to enhance the long-term growth potential of the Group. As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group.

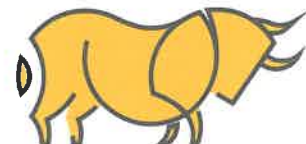


As stated in the “Letter from Get Nice” in the Composite Document, as at the Latest Practicable Date, (i) the Offeror had no intention to make material changes to the employment of the employees of the Group (except for the proposed change to the members of the Board set out below); and (ii) the Offeror had no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

#### ***4.1 Proposed change to the Board composition of the Company***

As stated in the “Letter from Get Nice” in the Composite Document, as at the Latest Practicable Date, the Board comprised Mr. Tsang Chiu Kwan and Mr. Lau Ka Ho as the executive Directors and Mr. So Chun Man, Mr. Chen Yeung Tak and Mr. Lai Ming Ho as the independent non-executive Directors. It is intended that all of them, save for Mr. Lau Ka Ho, will resign from office as a Director with effect from the date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code. Nonetheless, taking into account Mr. Tsang Chiu Kwan’s extensive experience in the principal businesses of the Group, and with a view to ensure smooth transition and operation of the Group in the foreseeable future, the Offeror intends to retain Mr. Tsang as a key personnel at the Company’s subsidiary level for the operation of the existing principal businesses of the Group after the close of the Offer.

As stated in the “Letter from Get Nice” in the Composite Document, the Offeror intends to nominate Mr. Wong as the chairman and an executive Director and three other candidates as independent non-executive Directors. The Offeror is in the course of identifying additional candidates for the Board subject to compliance with the Takeovers Code and the Listing Rules. The appointment of Director(s) nominated by the Offeror will not take effect earlier than the posting of the Composite Document in compliance with Rule 26.4 of the Takeovers Code.



The biographies of Mr. Wong and the three candidates are set out below:

**Mr. Wong Howard** (a nominee as the Chairman and an executive Director)

Mr. Wong, aged 69, has over 20 years of senior management experience in overall strategy, business development and retail chain shops establishment. Mr. Wong joined Chaifa Holdings Limited (stock code: 139) (now known as Central Wealth Group Holdings Limited) in February 2000 and was an executive director of the company until 1 August 2015. During his tenure as an executive director, the principal businesses of Chaifa Holdings Limited and its subsidiaries changed from time to time and included manufacturing, trading and distribution of garment, shoes, car audio equipment business and other merchandise, provision of Internet and Internet-related businesses, trading and distribution of electronic products and securities investment and trading. Mr. Wong was a substantial shareholder (as defined under the Listing Rules) of Chaifa Holdings Limited (then known as GR Vietnam Holdings Limited) from 5 May 2010 to 7 November 2014.

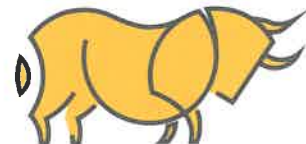
Mr. Wong does not have any management experience in the principal businesses of the Group.

**Mr. Yiu Chun Kong** (a nominee as an independent non-executive Director)

Mr. Yiu, aged 40, holds a Bachelor of Business Administration in Accountancy degree from The Hong Kong Polytechnic University and is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He has rich experience in auditing, accounting and finance. Mr. Yiu is an executive director of ZO FUTURE GROUP (stock code: 2309) since 15 October 2016 and was an executive director of EPI (Holdings) Limited (stock code: 689) from 18 October 2016 to 18 July 2024. ZO FUTURE GROUP and its subsidiaries are principally engaged in, among others, the operation of a professional football club in the United Kingdom and other related business, new energy automobiles and related business and investment in properties. EPI (Holdings) Limited and its subsidiaries are principally engaged in the businesses of petroleum exploration and production, solar energy, money lending and investment in securities.

**Ms. Wu Liyan** (a nominee as an independent non-executive Director)

Ms. Wu, aged 39, holds a Bachelor of Science in Business degree from University of Minnesota and a Master of Science in Integrated Marketing from New York University. She has extensive marketing and business development experiences in renowned investment management companies. Ms. Wu is an independent non-executive director of Loco Hong Kong Holdings Limited (stock code: 8162) since 29 September 2018. Loco Hong Kong Holdings Limited and its subsidiaries are principally engaged in the businesses of trading of metal, education management services and money lending.



**Mr. Wang Daming** (a nominee as an independent non-executive Director)

Mr. Wang, aged 64, holds a Bachelor's Degree in Economics from Beijing Union University in the PRC and was qualified as Assistant Economist of the PRC in 1987, and then as Economist and Senior Economist in 1990 and 1996 respectively. Mr. Wang has extensive experience in finance and holds various director position for several fund management companies in the PRC, including 中國創投資產管理有限公司 (China Venture Capital Co., Ltd.\*) and 中創工信(北京)資本管理有限公司 (CVIT (Beijing) Capital Management Co., Ltd.\*). Mr. Wang also provides advice on economic matters to government bureaux and departments in different cities including Beijing and acts as guest professors for a number of higher education institutes in the PRC. Mr. Wang is an executive director of Core Economy Investment Group Limited (stock code: 339) since 17 May 2002. Core Economy Investment Group Limited is an investment company under Chapter 21 of the Listing Rules and is principally engaged in the investment and trading of listed and unlisted securities.

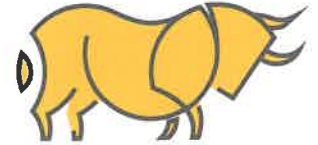
Further announcement will be published by the Company in respect of the changes to the Board in compliance with the Takeovers Code and/or the Listing Rules as and when appropriate.

*\* For identification purpose only*

**4.2 Maintaining the listing status of the Company**

As stated in the "Letter from Get Nice" in the Composite Document, the Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer. The Offeror intends to maintain the listing status of the Shares on the Stock Exchange following the close of the Offer. As stated in the "Letter from Get Nice" in the Composite Document, the sole director of the Offeror and the new directors to be appointed to the Board, will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Company will issue a separate announcement as and when necessary in this regard.

According to the Listing Rules, if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury shares), are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

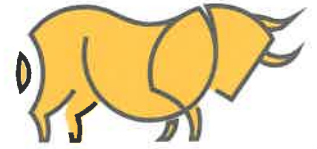


*Our view on the future prospect of the Group*

Having considered the combined effect of the following:

- (i) although the Offeror will seek for new opportunities to enhance the business of the Group, as at the Latest Practicable Date, the Offeror has not identified any new opportunities for the Group;
- (ii) although the sole shareholder and sole director of the Offeror does not have direct experience in the construction industry or RMAA services industry in Hong Kong, his profound experience in overall strategy and business development will benefit the Company's management and business operation in the long term, while for the two executive Directors of the Board, Mr. Lau Ka Ho will remain as a Director of the Group, and the Offeror intends to retain Mr. Tsang Chiu Kwan as a key personnel at the Company's subsidiary level for the operation of the existing principal businesses of the Group after the close of the Offer with a view to ensure smooth transition and operation of the Group in the foreseeable future, and for the three candidates who are nominated as independent non-executive Directors, we consider that they would be able to provide appropriate advice to the Board, such as the development of the Group's policies, oversight of corporate governance and internal controls, as they have relevant experience in being a director of listed companies; and
- (iii) although the Group was able to maintain its profitability for the six months ended 30 September 2024, the business operating environment for the Group will be challenging as discussed in the subsection "Industry overview" above,

we are of the view that there are uncertainties regarding the future prospect of the Group.

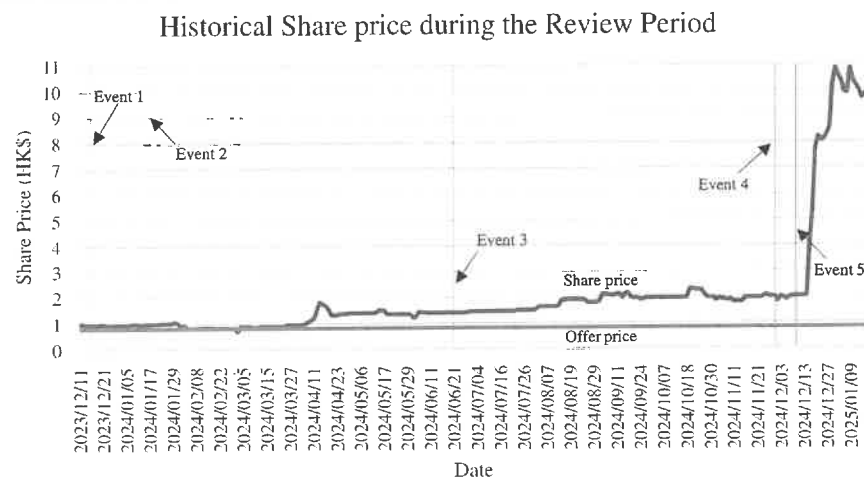


## 5. Analysis on Offer Price

### 5.1 Historical price performance of the Shares

We have reviewed the closing prices of the Shares during (i) the period commencing from 11 December 2023 up to and including 10 December 2024, being the 12-month period immediately prior to the Last Trading Day dated 10 December 2024 (the “**Pre-Announcement Period**”); and (ii) the period commencing from 11 December 2024 up to and including the Latest Practicable Date (the “**Post-Announcement Period**”, and together with the Pre-Announcement Period are collectively known as the “**Review Period**”). The Review Period commenced on 11 December 2023 and ended on the Latest Practicable Date. We consider that a period of 12 months is reasonable and sufficient for the Pre-Announcement Period for the purpose of our analysis having considered the significant and rapid changes in the financial markets in general over the past year. We consider that given such significant and rapid changes in the financial markets, historical prices prior to the Review Period may not be able to provide meaningful reference to the Independent Shareholders.

The diagram below depicts the historical Share price over this 12-month period:

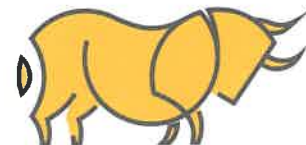


Source: Information from the website of the Stock Exchange

Event 1: Publication of the interim report for the six months ended 30 September 2023

Event 2: Declaration of special dividend per ordinary Share of the Company, followed by the payment of the special dividend on 6 February 2024

Event 3: Publication of the profit warning announcement for the year ended 31 March 2024, and followed by the annual results announcement and annual report for the year ended 31 March 2024



*Event 4:* Publication of the interim result announcement for the six months ended 30 September 2024 and followed by the interim report for the same period

*Event 5:* The Last Trading Day immediately prior to the issue and publication of the Joint Announcement

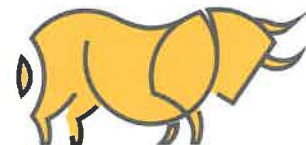
We note that the Share Price has recorded an overall increasing trend throughout the Review Period. During the Pre-Announcement Period, the closing price of the Shares ranged from HK\$0.68 to HK\$2.29 and the Offer Price of HK\$0.806 is within but at the lower part of the range. We have discussed with the Management of the Company regarding the aforesaid upward trend and were advised that, save for the events stated above, they are not aware of any particular reason that led to the increasing trend of the closing prices of the Shares during the Pre-Announcement Period. On the other hand, we further note that the Hang Seng Index, the benchmark of the Hong Kong stock market, was facing a similar increasing trend over the Pre-Announcement Period as demonstrated in the below graph and we considered that such increase in the Share price of the Company over the Pre-Announcement Period might be attributable to the positive market sentiment in the recent Hong Kong stock market.



*Source: Data extracted from Bloomberg*

Trading in the Shares was halted during the period from 11 December 2024 to 16 December 2024 for the purpose of publication of the Joint Announcement. During the Post-Announcement Period, we observed a surge in the closing price of the Share from HK\$2.02 on the Last Trading Day to HK\$9.78 on Latest Practicable Date, and the Offer Price represents (i) a discount of approximately 91.76% to the closing price of HK\$9.78 on the Latest Practicable Date; and (ii) a discount of approximately 60.61% to the average closing price of approximately HK\$2.05 during the Review Period. We have



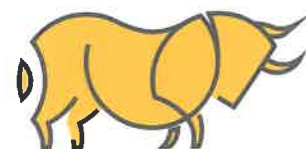


discussed with the Management of the Company regarding the aforesaid surge in share price and were advised that, save for the publication of the Joint Announcement, they are not aware of any particular reason that led to the surge in the closing prices of the Shares.

We further note that the Shares have consistently traded at or above the Offer Price. Among 271 trading days during the Review Period, the closing price of the Shares were above the Offer Price in 270 trading days.

Having considered that (i) the recent surge in closing price of the Shares during the Post-Announcement Period and the Offer Price represents (a) a discount of approximately 91.76% to the closing price of HK\$9.78 on the Latest Practicable Date; and (b) a discount of approximately 60.61% to the average closing price of approximately HK\$2.05 during the Review Period; and (ii) the Shares have consistently traded at a price substantially higher than the Offer Price during the Post Announcement Period, we consider that the Offer Price is not fair or reasonable in such context.

**Shareholders should note that the information set out above is not an indicator of the future performance of the Shares and that the price of the Shares may increase or decrease after the Latest Practicable Date.**



## 5.2 Historical liquidity of the Shares

Apart from the daily closing price of the Shares, we have also performed a review on the average daily trading volume per month, as well as the percentage of average daily trading volume of the Shares as compared to (i) the total number of the issued Share at the relevant time; and (ii) total number of Shares held by the public for the Review Period and up to the Latest Practicable Date:

Month	Total monthly trading volume of the Shares <i>Number of Shares</i>	No. of trading days <i>Days</i>	Average daily trading volume of the Shares <i>Number of Shares</i>	Percentage of average daily trading volume to the total number of issued Shares <i>(Note 1)</i> %	Percentage of average daily trading volume to the total number of Shares held by the public <i>(Note 2)</i> %
<i>Pre-announcement period</i>					
<b>2023</b>					
December (from 11 December 2023)	2,204,000	13	169,538	0.046	0.097
<b>2024</b>					
January	3,284,000	22	149,273	0.040	0.086
February	6,328,000	19	333,053	0.090	0.191
March	3,732,000	20	186,600	0.050	0.107
April	3,352,000	20	167,600	0.045	0.096
May	1,372,000	21	65,333	0.018	0.037
June	1,164,000	19	61,263	0.016	0.035
July	28,000	22	1,273	0.000 <i>(Note 3)</i>	0.001
August	272,000	22	12,364	0.003	0.007
September	412,000	19	21,684	0.006	0.012
October	596,000	21	28,381	0.008	0.016
November	636,000	21	30,286	0.008	0.017
December (up to the Last Trading Day)	112,000	7	16,000	0.004	0.009
<i>Post-announcement period</i>					
<b>2024</b>					
December (from the Last Trading Date)	8,721,400	13	670,877	0.180	0.385
January (up to the Latest Practicable Date)	6,389,000	12	532,417	0.143	0.305



*Source: Information from the website of the Stock Exchange*

*Note:*

- (1) The total number of issued Shares is 372,000,000, as extracted from the latest monthly return of equity issuer on movements in securities of the Company.
- (2) The total number of Shares held by the public is 174,451,000, as disclosed in the Joint Announcement.
- (3) It represents approximately 0.0003% of average daily trading volume to the total number of issued Shares in July 2024.

As illustrated in the table above, the average daily trading volume of the Shares during the Pre-Announcement Period ranged from approximately 1,273 Shares to approximately 333,053 Shares, representing approximately 0.000% to approximately 0.090% of the total number of the Shares in issue, or approximately 0.001% to approximately 0.191% of the total number of Shares held by the public.

During the Post-Announcement Period, the average daily trading volume of the Shares in December 2024 and January 2025 were 670,877 and 504,000 Shares, respectively, representing approximately 0.180% and 0.135% of the total number of the Shares in issue or approximately 0.385% and 0.289% of the total number of Shares held by public, respectively. The average daily trading volume of Shares during the Post-Announcement Period was higher than the range of average daily trading volume of Shares during the Pre-Announcement Period. In particular, we note that the trading volume from 17 December 2024 (the first day after the resumption of trading and after the publication of the Joint Announcement) to 19 December 2024 ranged from approximately 1,010,000 Shares to approximately 3,040,000 Shares, which was approximately 5,221,000 Shares in aggregate. The aggregate trading volume in the aforesaid three trading days exceeded most of the monthly trading volume during the Pre-Announcement Period. We have discussed with the Management of the Company regarding the increase in trading volume during the Post-Announcement Period and were advised that, save for the publication of the Joint Announcement, they are not aware of any particular reason that led to the increase in the trading volume of the Shares.

The historical trading volume of the Shares during the Pre-Announcement Period is relatively thin as compared to the Post-Announcement Period, as evidenced by the fact that the percentage of average daily trading volume to the total number of issued Shares during the Pre-Announcement Period has generally been below 0.1% during the Review Period. Given the Shares are illiquid, the disposal of a significant number of Shares held by the Shareholders in the open market would likely to trigger price slump of the Shares.



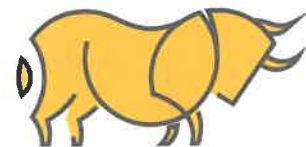
However, given the increase in trading volume during the Post-Announcement Period and the current market price of the Shares as at the Latest Practicable Date is substantially higher than the Offer Price (i.e. HK\$0.806 per Share), the Independent Shareholders who would like to realise part or all of their investments in the Shares may, instead of accepting the Offer, consider selling their Shares in the open market.

**Shareholders should be noted that such relatively high liquidity of shares trading may or may not sustain after the Latest Practicable Date.**

### 5.3 *Comparable analysis*

In assessing the fairness and reasonableness of the Offer Price, we have considered using the price-to-earnings ratio (the “**P/E ratio**”) analysis and the price-to-book ratio (the “**P/B ratio**”) analysis to compare the Offer Price against the market valuation of other comparable companies. P/E ratio analysis and P/B ratio analysis are commonly adopted valuation method in the valuation of companies.

As stated in the Interim Report 2024, approximately 65.8% and 34.2% of the Group’s revenue was derived from provision of RMAA Services and building construction services in Hong Kong for the year ended 31 March 2024, respectively. Therefore, we have selected comparable companies based on the following criteria: (i) the shares of which are listed on the Main Board of the Stock Exchange; (ii) principally engaged in the provision of both RMAA Services and building construction services and more than 80% of the revenue is derived from aggregate of the provision of RMAA Services and building construction services; (iii) more than 80% of the revenue is derived from Hong Kong; (iv) the comparable companies’ segment revenue derived from the provision of RMAA Services, building construction services and Hong Kong could be identified in their latest published financial report; and (v) companies with market capitalisation below HK\$100 million and above HK\$1,000 million are considered not comparable to the Company. Based on the aforesaid selection criteria and to the best of our effort, we identified 4 comparable companies (the “**Comparables**”) and we believe the Comparables selected based on the above selection criteria are exhaustive. In view of the similarity of the industry, business



nature and market capitalisation between the Comparables and those of the Company, we consider the Comparables are fair and representative sample for comparison to the Company. We set out our findings in the table below:

Company name (Stock code)	Principal business	Share price (Note 1) (HK\$)	Market capitalisation (Note 2) (HK\$ million)	P/E ratio (Note 3) (times)	P/B ratio (Note 4) (times)
SFK Construction Holdings Limited (Stock code: 1447)	Principally engaged in general building, civil engineering and the provision of other services	0.570	228.0	9.00	0.62
CR Construction Group Holdings Limited (Stock code: 1582)	Principally engaged in building construction works and RMAA works in Hong Kong, Malaysia and the United Kingdom	0.455	227.5	3.16	0.35
Dimmi Life Holdings Ltd (Stock code: 1667)	Principally engaged in (i) construction and engineering services (building construction, RMAA works and building services and repair and restoration of historical building in Hong Kong); (ii) property development and investment in Hong Kong and Japan; and (iii) development, marketing and sale of lifestyle products in the PRC	0.230	220.8	N/A (Note 5)	13.79
Wecon Holdings Limited (Stock code: 1793)	Principally engaged in the provision of building construction services and RMAA works services	0.157	125.6	20.93	0.46
			Minimum	3.16	0.35
			Maximum	20.93	13.79
			Average	11.03	3.81
The Company (Stock code: 9900)	Principally engage in providing RMAA services and building construction services	0.806 (Note 6)	299.8 (Note 7)	10.82 (Note 8)	1.03 (Note 9)

*Source: Information from the website of the Stock Exchange*

*Notes:*

- (1) The share price is based on the closing share price as at the Last Practicable Date.
- (2) The market capitalisation is based on the number of issued shares and the closing share price as at the Last Practicable Date.



- (3) The P/E ratio is calculated based on the market capitalisation as at the Last Practicable Date divided by the net profit attributable to equity holders as extracted from the latest published annual report.
- (4) The P/B ratio is calculated based on the market capitalisation as at the Last Practicable Date divided by the net asset value attributable to equity holders as extracted from the latest published annual report/interim report or interim announcement.
- (5) The P/E ratio of Dimmi Life Holdings Ltd is not applicable as it recorded net loss in its latest financial year.
- (6) The Offer Price is HK\$0.806 per Share.
- (7) The implied market capitalisation of the Group is estimated using the Offer Price and the issued share capital of the Group of 372,000,000 Shares as at the Latest Practicable Date.
- (8) The implied P/E ratio is calculated using the implied market capitalisation divided by the net profit attributable to owners of the Company of approximately HK\$27.7 million for the year ended 31 March 2024 as extracted from the Annual Report 2024.
- (9) The implied P/B ratio is calculated using the implied market capitalisation divided by the net asset value of approximately HK\$289.9 million as at 30 September 2024 as extracted from the Interim Report 2024.

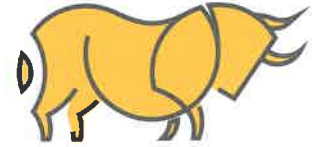
We have compared the P/E ratio of the Company as implied by the Offer Price against those of the Comparables. As illustrated in the above table, the P/E ratio of the Comparables ranged from 3.16 to approximately 20.93 times, with an average of approximately 11.03 times. Accordingly, the implied P/E ratio of the Company of approximately 10.82 times is within the range of the Comparables, but lower than the average of the Comparables of approximately 11.03 times.

In addition, we have also compared the P/B ratio of the Company as implied by the Offer Price against those of the Comparables. As shown on the above table, the P/B ratio of the Comparables ranged from 0.35 times to 13.79 times, with an average of approximately 3.81 times. The implied P/B ratio under the Offer was approximately 1.03 times, which is within the range of the Comparables, but lower than the average of the Comparables.

Having taken into account that (i) the implied P/E is lower than the average of the Comparables; and (ii) the implied P/B ratio is lower than the average of the Comparables, we consider that the Offer Price reflects a relatively less favourable price when compared to the Comparables in this respect, and hence is not fair and not reasonable so far as the Independent Shareholders are concerned.

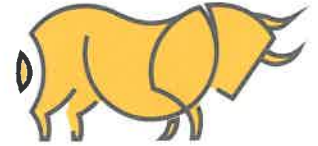
## RECOMMENDATIONS

Although there are uncertainties regarding the future prospect of the Group as discussed under the paragraph “Our view on the future prospect of the Group” above, having considered the following and in particular the recent trading pattern during the Post-Announcement Period:



- (i) the recent surge in closing price of the Shares during the Post-Announcement Period and the Offer Price represents (a) a discount of approximately 91.76% to the closing price of HK\$9.78 on the Latest Practicable Date; and (b) a discount of approximately 60.61% to the average closing price of approximately HK\$2.05 during the Review Period;
- (ii) the Shares have consistently traded at a price higher than the Offer Price during the Review Period in which among 271 trading days during the Review Period, the closing price of the Shares were above the Offer Price in 270 trading days;
- (iii) the increase in trading volume during the Post-Announcement Period; and
- (iv) the P/E ratio and P/B ratio of the Company as implied by the Offer Price is lower than the average P/E ratio and P/B ratio of the Comparables,

we consider that the Offer are not fair and not reasonable so far as the Independent Shareholders are concerned and are of the view that the Independent Shareholders who would like to realise part or all of their investments in the Shares may, instead of accepting the Offer, consider selling their Shares in the open market. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer.



As each individual Independent Shareholder would have different investment objectives and/or circumstances, we would recommend the Independent Shareholders who may require advice in relation to any aspect of the Composite 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. Furthermore, they should carefully read the procedures for accepting the Offer as set out in the Composite Document, its appendices and the accompanying Forms of Acceptance.

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



**Matthew Leung**  
*Managing Director*



**Sumwing Shum**  
*Managing Director*

Mr. Matthew Leung is licensed under the Securities and Futures Ordinance to carry on Type 6 (advising on corporate finance) regulated activity and is currently a responsible officer and sponsor principal of Grande Capital Limited. Mr. Leung has over 14 years of experience in the corporate finance industry.

Mr. Sumwing Shum is licensed under the Securities and Futures Ordinance to carry on Type 6 (advising on corporate finance) regulated activity and is currently a responsible officer of Grande Capital Limited. Mr. Shum has over 10 years of experience in the corporate finance industry.