



SOMERLEY CAPITAL LIMITED

20/F., China Building, 29 Queen's Road Central, Hong Kong

Telephone: 2869 9090 Fax: 2526 2032 E-Mail: somerley@somerley.com.hk

To: *the Independent Board Committee*

8 April 2026

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER BY
MORGAN STANLEY ASIA LIMITED FOR AND ON BEHALF OF
THE OFFEROR FOR ALL THE ISSUED SHARES OF THE COMPANY
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED
BY THE OFFEROR AND THE OFFEROR CONCERT PARTIES)**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the unconditional mandatory cash offer by Morgan Stanley for and on behalf of the Offeror to acquire the Share(s) not already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties in compliance with the Takeovers Code (being the Offer). Details of the Offer are set out in the Composite Document dated 8 April 2026, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 25 April 2025, the Seller and the Offeror entered into the Share Purchase Agreement, pursuant to which the Seller has conditionally agreed to sell, and the Offeror has conditionally agreed to acquire, the Sale Shares (being 857,980,000 Shares, representing approximately 50.55% of the total issued Shares and the Seller's entire shareholding in the Company as at the date of the Share Purchase Agreement) for a total cash consideration of HK\$2,814,174,400 (equivalent to HK\$3.28 per Sale Share) (the "**Transaction Price**"). The Completion took place on 30 March 2026.



Upon Completion and as at the Latest Practicable Date, the Offeror was interested in a total of 857,980,000 Shares, representing approximately 50.55% of the total issued Shares. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make an unconditional mandatory cash offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the Offeror Concert Parties).

The Independent Board Committee, comprising the independent non-executive Directors, namely Mr. Yu Yun Kong, Mr. Szeto Wai Sun, Mr. Ling Kwok Fai, Joseph and Ms. Wong Ting Ting, Priscilla, has been established in accordance with Rules 2.1 and 2.8 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders on whether the Offer is fair and reasonable and as to the acceptance of the Offer. With the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code, we, Somerley, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

We are not associated with the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offer. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any payment or benefits from the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group, which we have assumed to be true, accurate and complete in all material respects. We have reviewed, among other things, (i) the annual reports of the Group for the years ended 31 March 2024 and 2025, (ii) the interim report of the Group for the six months ended 30 September 2025, and (iii) the relevant information contained in the Composite Document. We have discussed with an executive Director (who acted on behalf of the Board) the statements set out in the section headed “3. Material Change” in Appendix II to the Composite Document that there had been no material change in the financial or trading position or outlook of the Group since 31 March 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date. We have also reviewed the trading performance of the Shares on the Stock Exchange since the beginning of 2024. We have sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach our opinion and recommendation as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations



contained or referred to in the Composite Document were true as at the date of the Composite Document. Shareholders will be informed by the Offeror and the Company as soon as possible if there is any material change to such representations after the date of the Composite Document until the end of the Offer Period.

We have not considered the tax and regulatory implications on Independent Shareholders of acceptance or non-acceptance of the Offer, since these depend on their individual circumstances. In particular, Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

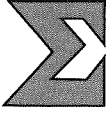
Morgan Stanley, for and on behalf of the Offeror, is making the Offer to all Independent Shareholders to acquire all the Offer Shares in accordance with the Takeovers Code on the following basis:

For each Offer Share. HK\$3.28 in cash

The Offer Price of HK\$3.28 per Offer Share is equal to the Transaction Price per Share, which was determined after an arm's length negotiation between the Seller and the Offeror, after taking into account, among others, (i) the Company's historical share prices, (ii) relevant trading comparable companies and precedent transactions, (iii) the most recent published financial information of the Company, and (iv) the Company's confirmation of no intention to declare, make or pay any dividends and/or other distribution and/or other return of capital before the closing, lapse, withdrawal or termination of the Offer (whichever is earlier), and with reference to the historical dividends of the Company.

If after the date of the Composite Document, any dividend, distribution and/or return of capital is announced, declared, made and/or paid in respect of the Shares, the Offeror will reduce the Offer Price by the gross amount of the dividend, distribution and/or return of capital paid or made by the Company in respect of each Offer Share to such Independent Shareholders who accept or have accepted the Offer.

The Offeror will not increase the Offer Price. Independent Shareholders should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.



As at the Latest Practicable Date, there were 1,697,296,308 Shares in issue and the Company did not have any outstanding options, warrants, derivatives or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares. On the basis of the Offer Price of HK\$3.28 per Offer Share and 1,697,296,308 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company would be valued at approximately HK\$5,567.1 million.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Offer Shares.

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all encumbrances and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and other distributions, if any, declared, made or paid, on or after the date on which the Offer is made, being the date of despatch of the Composite Document. Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Further details of the Offer, including the expected timetable and the terms and procedures for acceptance of the Offer, are set out in the sections headed “Expected Timetable”, “Letter from Morgan Stanley”, “Letter from the Board”, Appendix I to the Composite Document and the Form of Acceptance.

Independent Shareholders are urged to read the Composite Document and the Form of Acceptance in full. The latest time and date for acceptance of the Offer is 4:00 p.m. on 29 April 2026, unless the Offeror extends the Offer in accordance with the Takeovers Code.



PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Offer, we have taken into account the following principal factors and reasons:

1. Background to the Offer

On 25 April 2025, the Offeror and the Company jointly announced that, subject to Completion, Morgan Stanley would make the Offer for and on behalf of the Offeror to acquire all the Offer Shares in compliance with the Takeovers Code. On 30 March 2026, the Offeror and the Company jointly announced that the Completion took place on 30 March 2026 and that immediately upon Completion, the Offeror held 857,980,000 Shares, representing approximately 50.55% of the total issued Shares. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offer is being made at the Offer Price of HK\$3.28 in cash for each Offer Share to all Independent Shareholders.

2. Information on the Group

The Company is a company incorporated in the Cayman Islands with limited liability, and the Shares have been traded on the Main Board of the Stock Exchange since August 2010. The Group principally engages in securities broking, commodities and futures broking, bullion trading and leveraged foreign exchange trading in Hong Kong.

The Group operates a total of 13 outlets across Hong Kong's core areas. As at 30 September 2025, the total number of the Group's client accounts increased to approximately 600,000, while the Group's client assets (including cash, stocks and margin deposits) reached approximately HK\$86.3 billion, representing increases of approximately 2.7% and 34.4% respectively as compared to 31 March 2025. As at the Latest Practicable Date, the market capitalisation of the Company was approximately HK\$21.4 billion.

In recent years, the Group has adjusted its marketing and operating strategies in response to the changes in the market conditions, and the Group has invested substantial resources in improving its online trading channels, services and network security so as to provide clients with more comprehensive, high-quality, and professional services.



3. Information on the Offeror

The Offeror is an exempted company incorporated in the Cayman Islands with limited liability and its principal activity is investment holding. It is indirectly wholly-owned by Shanghai Yunjin, which is in turn wholly-owned by Ant Holdco. Shanghai Yunjin holds various investments, including its wholly-owned subsidiary, Ant Wealth. Ant Wealth is a financial technology service company established in the PRC, positioning itself as a one-stop wealth management service platform launched by the Offeror Group, with a scope of business that includes financial information services, research and development as well as design and consulting services for financial products. There are more than 150 asset management institutions providing diversified inclusive financial services for hundreds of millions of users on Ant Wealth's platform.

As disclosed in the letter from Morgan Stanley, the Offeror Group operates one of the world's leading open internet platforms. Through technological innovation, the Offeror Group supports its partners in providing inclusive, convenient digital life and digital financial services to consumers and small and medium enterprises (SMEs). In addition, the Offeror Group has been introducing new technologies and products to support the digital transformation of industries and facilitate collaboration. Working together with global partners, the Offeror Group enables merchants and consumers to make and receive payments and remit around the world.

For further details of the Offeror Group, please refer to the section headed "INFORMATION ON THE OFFEROR" in the letter from Morgan Stanley.

4. Intention of the Offeror in relation to the Group

(i) Business of the Group

As set out in the letter from Morgan Stanley, following the close of the Offer, it is the intention of the Offeror that the Group will continue with its existing principal business. Nevertheless, following the close of the Offer, the Offeror intends to conduct a detailed review of the existing principal operations and businesses of the Group and the financial position of the Group for the purpose of formulating business plans and long-term development strategies, and will explore other business opportunities for the Group. In this regard, the Offeror may look into opportunities for potential expansion of the business scope within the Group's existing regulated activities, such as leveraging its experience in the wealth management business to develop the Group's wealth management business, subject to satisfying the relevant regulatory requirements.



Save as disclosed above, the proposed changes to the composition of the Board as set out below and the potential changes to certain management personnel, the Offeror has no plan to make any major changes to the current business operations of the Group, including any redeployment of the fixed assets of the Company, or to introduce any major changes in the continued employment of the employees of the Group as a result of the Offer.

It is also disclosed that, subsequent to the closing of the Offer, the Offeror intends to adjust the amount of the final dividend to be declared compared to previous financial years. It is intended that sufficient capital will be reinvested into the Group to enhance the Group's infrastructure, strengthen its technological capabilities and improve operational efficiency. Based on the above, while the historical level of dividend distribution by the Company may not be maintained or sustained in future, the reinvestment of capital into the Group's businesses may, depending on how the action plans are carried out, bring positive momentum to the business performance of the Group in future.

(ii) Composition of the Board

As at the Latest Practicable Date, the Board comprises seven Directors, with three executive Directors, and four independent non-executive Directors. As disclosed in the Completion Announcement, all the current Directors (save and except Mr. Hui Yik Bun, an executive Director) have tendered their resignations from the Board, with their resignations taking effect from the day immediately after the closing date of the Offer.

The Offeror has nominated and the Board has appointed one executive Director, three non-executive Directors and four independent non-executive Directors with effect upon the posting of the Composite Document. Biographical details of these New Directors have been set out in the Completion Announcement.

Further announcement(s) will be made upon any changes to the Board in compliance with the Takeovers Code and Listing Rules as and when appropriate.



(iii) Listing status of the Company

As set out in the letter from Morgan Stanley, (i) the Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer and does not intend to avail itself any power of compulsory acquisition, and (ii) the sole director of the Offeror and the New Directors have jointly and severally undertaken to the Stock Exchange that if, at the close of the Offer, the Company fails to comply with the minimum prescribed public float requirements under Rule 13.32B of the Listing Rules, they will take appropriate steps to ensure the Company's compliance with such requirements at the earliest possible moment. However, in our opinion, given that the closing price of the Shares on the Latest Practicable Date substantially exceeds the Offer Price by a factor of approximately 2.8 times, there is no realistic likelihood of any material acceptances of the Offer and accordingly no need to restore the public float if the price of the Shares continues to be well above the Offer Price.

5. Financial information and prospects of the Group

(i) Financial results

Set out below is a summary of the consolidated financial results of the Group for the three years ended 31 March 2023 (“FY2023”), 2024 (“FY2024”) and 2025 (“FY2025”), and for the six months ended 30 September 2024 (“HY2025”) and 2025 (“HY2026”), as extracted and summarised from the Company's consolidated financial statements. Further details and other financial information of the Group are set out in Appendix II to the Composite Document.



	For the six months ended		For the year ended 31 March		
	30 September				
	2025	2024	2025	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited and restated)	(audited)
				(Note)	
Revenue	496,876	448,778	972,316	908,781	881,733
Other income	125,524	167,097	343,714	347,412	326,157
Other net income/(loss)	8,159	27,961	43,838	(19,971)	(8,674)
Staff costs	(75,092)	(73,301)	(160,847)	(139,415)	(120,120)
Amortisation and depreciation	(27,496)	(30,527)	(59,090)	(66,416)	(74,488)
Net charges for expected credit losses	(3,202)	(1,136)	(794)	(1,272)	(752)
Other operating expenses	(98,067)	(90,646)	(248,060)	(164,216)	(197,459)
Finance costs	(58,335)	(104,585)	(213,599)	(259,855)	(114,202)
Operating expenses	(262,192)	(300,195)	(682,390)	(631,174)	(507,021)
Profit before taxation	368,367	343,641	677,478	605,048	692,195
Income tax	(41,450)	(31,617)	(59,844)	(46,206)	(71,600)
Profit for the period/year	326,917	312,024	617,634	558,842	620,595
Profit attributable to the					
Shareholders for the period/year	326,917	312,024	617,634	558,842	620,595
Basic and diluted earnings per Share					
(HK cents)	19.26	18.38	36.39	32.93	36.56
Dividends paid per Share					
— Special dividends (HK cents)	—	—	—	—	70.00
— Final dividends (HK cents)	—	—	—	33.00	50.00

Note: Starting from 1 April 2024, the Group reclassified handling and settlement fee income from other income to revenue, as it is generated from principal activities of the Group, and the comparative figure for FY2024 has been restated accordingly. For FY2023, the handling and settlement fee income of approximately HK\$76.2 million was recorded and accounted for as other income

Revenue

The Group's revenue mainly comprised (i) brokerage commission income, (ii) interest income, and (iii) handling and settlement fee income, accounting for approximately 52.5%, 34.9% and 12.0% of total revenue respectively in FY2025.



The Group recorded steady revenue growth during the periods under review, increasing from approximately HK\$881.7 million in FY2023 to approximately HK\$908.8 million in FY2024, and further to approximately HK\$972.3 million in FY2025, mainly driven by the higher commission income generated from active market trading activities, partly offset by the lower interest income from margin financing. According to the Company's FY2025 annual report, the total turnover of securities on the Stock Exchange was approximately HK\$40,932.4 billion during FY2025, representing a year-on-year increase of approximately 72.1%, contributing to the increase in commission income from the Group's securities brokerage by approximately 49.3% year-on-year to approximately HK\$346.2 million in FY2025. On the other hand, due to the decreases in Hong Kong Interbank Offered Rate (HIBOR) and the Group's average daily margin lending (by approximately 9.2% year-on-year to approximately HK\$4.9 billion), the Group's interest income from margin financing decreased by approximately 13.4% year-on-year to approximately HK\$339.3 million in FY2025.

In HY2026, the Group recorded revenue of approximately HK\$496.9 million, representing a year-on-year increase of approximately 10.7%. This was primarily due to the approximately 77.4% year-on-year increase in commission income earned from the Group's securities brokerage, partly offset by the reduced interest income from margin financing by approximately 21.5% year-on-year, resulting from the decrease in HIBOR, despite an approximately 13.1% year-on-year increase in average daily margin lending to approximately HK\$5.4 billion. According to the Company's HY2026 interim report, the total turnover of securities on the Stock Exchange was approximately HK\$32,873.7 billion during HY2026, representing a year-on-year increase of approximately 122.4%.

Other income

Other income of the Group mainly represented interest income from authorised institutions and cash clients, sundry income and dividend income.

Other net income/(loss)

Other net income/(loss) of the Group mainly represented the realised and unrealised gain/(loss) from the Group's proprietary investments (principally Hong Kong-listed securities, bonds and futures contracts), and net foreign exchange differences. In FY2025, the Group recorded investment income of approximately HK\$39.9 million, as opposed to losses of approximately HK\$15.1 million and HK\$3.3 million in FY2024 and FY2023 respectively. In HY2026, the Group recorded an insignificant amount of realised and unrealised gains from financial assets, as compared to those of approximately HK\$22.1 million in HY2025.



Operating expenses

Operating expenses of the Group mainly comprised (i) staff costs, including salaries, allowances and benefits in kind and discretionary bonuses, (ii) finance costs, mainly interest expenses on bank loans drawn down to support its margin financing business, (iii) commission, handling and settlement expenses, and (iv) information and communication expenses. The movements of the operating expenses during the periods under review were mainly driven by staff costs and finance costs. The higher staff costs in FY2024 and FY2025 were mainly attributable to the increased remuneration for key management personnel of the Group. Staff costs remained stable in HY2026 at a level similar to HY2025. The fluctuations of finance costs were dependent on the level of the Group's margin financing business and HIBOR. As disclosed in the Company's annual and interim reports, the Group's average daily margin lending decreased from approximately HK\$6.0 billion in FY2023 to HK\$5.4 billion in FY2024, and further decreased to approximately HK\$4.9 billion in FY2025. In HY2026, it increased to approximately HK\$5.4 billion from approximately HK\$4.7 billion in HY2025. According to the statistics released by Hong Kong Monetary Authority, the 1-month average HIBOR started to climb up since mid-2022, reaching a high of approximately 5.5% in December 2023, and subsequently remained at elevated levels, ranging from approximately 3.8% to 4.8% between January 2024 and March 2025. In HY2026, the 1-month average HIBOR decreased to approximately 2.0%, from approximately 4.3% in HY2025. The above explains the increase in the Group's finance costs in FY2024, followed by decreases in FY2025 and HY2026.

Profit attributable to the Shareholders

In FY2025, the Group recorded a profit attributable to the Shareholders of approximately HK\$617.6 million, an increase of approximately 10.5% from approximately HK\$558.8 million in FY2024. It amounted to approximately HK\$326.9 million in HY2026, an increase of approximately 4.8% compared to HY2025. The growth under the periods under review was primarily driven by the increase in revenue, partly offset by the higher staff costs and other operating expenses, as explained above.

Dividends paid to the Shareholders

The total dividends paid to the Shareholders decreased from HK\$1.2 per Share in FY2023 to HK\$0.33 per Share in FY2024, mainly due to the absence of a one-off special dividend of HK70 cents during FY2023.

In FY2025 and HY2026, the Directors resolved not to recommend payment of any dividend. As stated in the letter from the Board, as at the Latest Practicable Date, (i) the Company had not declared any dividend and/or other distribution and/or other return of capital which remains



unpaid; and (ii) the Company did not intend to declare, make or pay any dividend and/or other distribution and/or other return of capital before the closing of the Offer, or the lapse, withdrawal or termination of the Offer (whichever is earlier).

(ii) Financial position

Set out below is a summary of the consolidated financial position of the Group as at 31 March 2024 and 2025 and as at 30 September 2025, as extracted and summarised from the Company's consolidated financial statements. Further details and other financial information of the Group are set out in Appendix II to the Composite Document.

	As at	As at 31 March	
	30 September	2025	2024
	2025	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Property, plant and equipment	43,837	61,609	112,094
Accounts receivable	9,382,979	7,012,365	6,349,686
Financial assets at fair value through profit or loss	1,189	1,080	51,578
Financial assets at amortised cost	153	353	162
Cash and cash equivalents	640,008	476,613	441,275
Other assets	108,972	138,608	123,661
Total assets	10,177,138	7,690,628	7,078,456
Accounts payable	2,594,760	1,664,441	1,702,548
Bank loans	5,585,750	4,370,000	3,775,000
Other liabilities	167,910	154,386	156,633
Total liabilities	8,348,420	6,188,827	5,634,181
Equity attributable to the Shareholders	1,828,718	1,501,801	1,444,275



Accounts receivable

As at 30 September 2025, the Group's accounts receivable amounted to approximately HK\$9,383.0 million, representing over 90% of its total assets. The accounts receivable were from:

- (i) margin clients (who were required to pledge securities as collateral to the Group in order to obtain the margin loans) of approximately HK\$6,586.1 million. On the same date, the total market value of the securities pledged as collateral in respect of the loans to borrowing margin clients and all margin clients was approximately HK\$18,124.9 million and HK\$34,681.0 million respectively;
- (ii) cash clients (who were required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions) of approximately HK\$539.6 million, which were secured by their portfolios of securities. On the same date, the total market value of their portfolios of securities was approximately HK\$2,801.8 million; and
- (iii) clearing houses, brokers and dealers of approximately HK\$2,257.3 million in aggregate (net of loss allowance), which mainly related to pending trades and margin deposits arising from the business of dealing in securities and futures and options contracts respectively.

Cash and cash equivalents

As at 30 September 2025, the Group had cash and cash equivalents of approximately HK\$640.0 million, mainly comprised cash at bank and in hand, and deposits with banks. The Group maintained segregated accounts with authorized institutions to hold client money in the normal course of business. On the same date, client money maintained in segregated accounts not otherwise dealt with in the Group's financial statements amounted to approximately HK\$11,058.8 million.

Property, plant and equipment

As at 30 September 2025, the Group's property, plant and equipment amounted to approximately HK\$43.8 million, mainly representing the right-of-use assets relating to properties leased for the Group's outlets, Central head office and branches in Hong Kong.



Bank loans

As at 30 September 2025, the Group had bank loans of approximately HK\$5,585.8 million, including (i) secured loans of approximately HK\$5,285.8 million, for which the Group re-pledged the securities collateral deposited by its margin clients to banks. The fair value of such securities collateral amounted to approximately HK\$8,508.7 million on the same date, and (ii) unsecured loans of HK\$300 million. All the Group's bank loans were repayable within one year. On the same date, the unutilised banking facilities of the Group amounted to approximately HK\$12,948.5 million.

Accounts payable

As at 30 September 2025, the Group's accounts payable amounted to approximately HK\$2,594.8 million, mainly representing payables to margin clients, brokers and cash clients. All of the accounts payable are expected to be settled within one year or are repayable on demand.

Gearing ratio

As at 30 September 2025, the Group's gearing ratio, being total bank borrowings divided by the total shareholders' equity, was approximately 305.4%. The Group regularly reviews and manages its capital structure and makes adjustments in response to changing economic conditions. During FY2025 and HY2026, all the licensed subsidiaries of the Group complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules (Cap. 571N of the Laws of Hong Kong).

Contingencies and commitments

The Company provided corporate guarantees totalling approximately HK\$15,114.7 million in respect of banking facilities granted by authorised institutions to its subsidiaries engaging in securities and futures broking as at 30 September 2025, and these subsidiaries had utilised approximately HK\$4,290.0 million of the banking facilities in aggregate. The Group had capital commitments of approximately HK\$1.1 million as at 30 September 2025.

As set out in Appendix II to the Composite Document, as at 28 February 2026, the Group had (i) secured bank borrowings of approximately HK\$4,890.0 million, and (ii) unsecured bank borrowings of approximately HK\$631.5 million. In addition, the Company provided corporate guarantees of HK\$15,522 million in respect of banking facilities granted to its subsidiaries engaging in securities and futures broking on the same date.



(iii) Prospects of the Hong Kong securities industry and the Group

According to the statistics published by the Hong Kong Exchanges and Clearing Limited, there were 71 and 119 companies newly listed¹ on the Stock Exchange in 2024 and 2025 respectively. The total equity funds raised on the Stock Exchange increased by approximately 235.3% to approximately HK\$644.4 billion in 2025. Notably, the gross fundraising of Contemporary Amperex Technology Co., Limited's H share offering in May 2025 amounted to approximately HK\$35.7 billion, being the largest initial public offerings (IPO) in Hong Kong during the year 2025. The abovementioned could at least in part be driven by a series of economic stimulus policies and measures implemented by the PRC government, the anticipated monetary easing policies adopted by global major central banks, and the investor enthusiasm for Mainland China's technology sector.

The positive momentum continued in the first two months of 2026. Hong Kong maintained its position as one of the world's top IPO venues, with over 20 companies listing and raising proceeds of approximately HK\$89.2 billion in the first two months of 2026, representing more than ten times the amount raised for the same period last year. In terms of total deal value, Hong Kong ranked first globally in terms of IPO fundraising in 2025.

According to a research paper published by the SFC on 5 February 2026, after gaining approximately 17.7% in 2024, the Hang Seng Index rose approximately 27.8% further in 2025, outperforming most major overseas markets. Market sentiment was lifted by the advancements in the technology sector, while the anticipated policy measures in the PRC to stimulate economic growth bolstered investor confidence. The average daily turnover on the Stock Exchange surged by approximately 89.5% to approximately HK\$249.8 billion in 2025 from approximately HK\$131.8 billion in 2024. Southbound Stock Connect became more active in 2025, with an average daily trading increasing by approximately 151.2% year-on-year to approximately HK\$121.1 billion. The Stock Exchange and the SFC have been working with the PRC authorities to, among others, expand the scope of eligible exchange-traded funds under the Hong Kong Stock Connect and include RMB denominated stocks in Southbound Stock Connect.

In the first two months of 2026, the average daily turnover on the Stock Exchange was approximately HK\$260.9 billion, and representing an increase of approximately 17.3% as compared to the same period of 2025. As of 28 February 2026, there were 2,700 listed companies listed on the Stock Exchange, with a total market capitalisation of approximately HK\$49,876.1 billion, representing increases of approximately 5.2% and 41.2% respectively compared to the end of 2025 and 2024. As at the Latest Practicable Date, the number of active IPO applications increased to over 400, as compared to 84 as of the end of 2024. The above statistics indicate encouraging signs and active market trading conditions.

¹ Including listing from GEM to Main Board and de-SPAC transactions



We note from the SFC's report titled "Financial Review of the Securities Industry for the year ended 31 December 2025" published on 31 March 2026 that the Hong Kong securities dealers and securities margin financiers delivered a strong performance in 2025, with total net profits and total value of transactions increased by approximately 61.6% and 51.9% to approximately HK\$71.7 billion and HK\$219.0 trillion respectively. Improvements across major income streams were recorded, in particular net securities commission income was up by approximately 49.7% to HK\$30.2 billion in 2025.

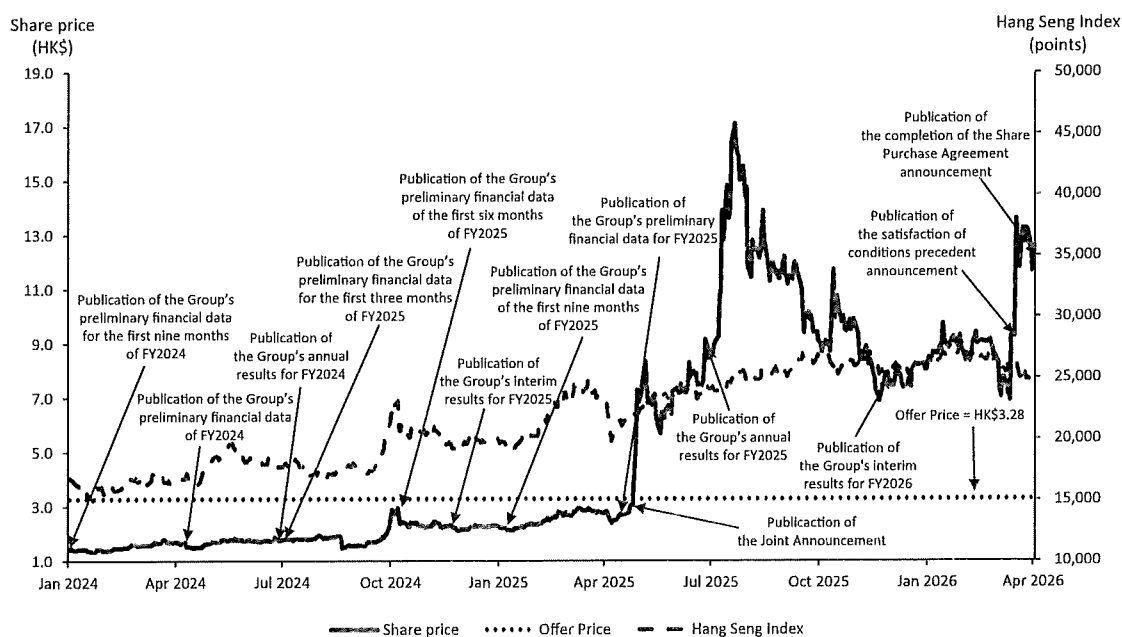
As discussed in the sub-section earlier, the Group's revenue and overall financial performance in recent periods have benefited from its clients' market trading activities, as evidenced by the uplifted IPO fundraising and average daily turnover on the Stock Exchange as analysed above. As a participant in the Hong Kong securities industry, we consider that the business prospects of the Group will continue to be influenced by these factors. These factors are in turn subject to, among others, stock market performance and sentiment, economies in the region, and significant global events, such as the latest conflicts in the Middle East, which may have led to the recent downturn in the stock market. If such conflicts can be solved in the short term, and the fundraising and trading activities in the market continue to improve, there may be higher levels of trading activities conducted by the Group's clients, which in turn will positively impact the revenue and profitability of the Group's principal operations and businesses in the near future.



6. Analysis of price performance and trading liquidity

(i) Historical price performance of the Shares

Set out below is the movement of the closing prices of the Shares during the period from the beginning of 2024 to the Latest Practicable Date (the “Review Period”) and such prices compared against the movement of the Hang Seng Index during the Review Period:



Source: Bloomberg

Notes:

- (1) Trading in the Company's shares on the Stock Exchange has been halted with effect from 11:10 a.m. on 23 April 2025, pending publication of the Joint Announcement and resumed with effect from 9:00 a.m. on 28 April 2025
- (2) Trading in the Company's shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 16 March 2026, pending publication of the joint announcement regarding the satisfaction of the conditions precedent under the Share Purchase Agreement and resumed with effect from 9:00 a.m. on 17 March 2026

The Shares largely followed the broader market and closed consistently below the Offer Price of HK\$3.28 during the Review Period prior to the Joint Announcement. Following the publication of the Joint Announcement, the prices of the Shares surged substantially and have since been trading at substantial premiums over the Offer Price up to and including the Latest Practicable Date.



During the first nine months of 2024, the macroeconomic environment in Mainland China and Hong Kong remained challenging, as reflected in slower-than-expected economic recovery and growth. Market turnover on the Stock Exchange, which directly influences the securities brokerage business of the Group, remained subdued. During this period, despite a slight upward trend, the prices of the Shares fluctuated between HK\$1.3 and HK\$2.0, and closed at HK\$1.97 on 27 September 2024.

Since late September 2024, the PRC government introduced a series of economic stimulus policies and measures to bolster economic development and enhance the liquidity in the capital market, and the U.S. Federal Reserve and other major central banks began interest rate cuts following a period of elevated interest rates. Hang Seng Index rose from 18,247.11 points on 23 September 2024 to 23,099.78 points on 7 October 2024. Similarly, the Share price rose from around HK\$2.00 in late September 2024 and reached a high of HK\$2.95 on 7 October 2024. The prices of the Shares declined by approximately 13.6% to HK\$2.55 on 8 October 2024, and trended downwards throughout the fourth quarter of 2024 and early January 2025, similar to the trend of the Hang Seng Index.

In the first quarter of 2025, the Share price exhibited a generally upward trajectory, closing at HK\$2.82 on 2 April 2025. On 2 April 2025 (U.S. time), the U.S. Government announced to implement a series of tariff policies targeting countries around the world, leading to significant drop in Hang Seng Index and price of the Shares on the following two trading days. The prices of the Shares continued to fluctuate throughout April 2025, rising to HK\$3.05 on 23 April 2025, being the Last Trading Date before the Joint Announcement.

Price of the Shares exhibited significant movement following the publication of the Joint Announcement. Upon resumption of trading of the Shares on 28 April 2025, the Share price surged by approximately 82.0% to HK\$5.55. Since then, the upward momentum has continued. After reaching the highest point during the Review Period at HK\$17.10 on 21 July 2025, the prices of the Shares gradually returned to around or below HK\$10 level during the remainder period of 2025 and the first two months of 2026. On 16 March 2026, it was jointly announced that the Offeror completed the reporting procedures with the relevant authorities in the PRC, and it was expected that the Completion would take place on 30 March 2026. The trading of the Shares resumed on 17 March 2026, with the Share price increasing by approximately 46.7% and closed at HK\$13.60. Subsequently, the prices of the Shares were largely traded within the range of approximately HK\$11.60 to HK\$13.30, and closed at HK\$12.60 on the Latest Practicable Date, which represents an approximately 284.1% premium over the Offer Price.



(ii) *Trading liquidity*

Set out below are the monthly total trading volumes of the Shares and the percentages of the monthly total trading volumes of the Shares to the total issued Shares and public float of the Company during the Review Period:

	Monthly total trading volumes of the Shares (Note 1)	Percentage of the monthly total trading volumes of the Shares to the total issued Shares (Note 2)	Percentage of the monthly total trading volumes of the Shares to public float of the Company (Note 3)
2024			
January	50,058,837	2.9%	6.9%
February	50,888,280	3.0%	7.0%
March	69,647,800	4.1%	9.6%
April	88,204,176	5.2%	12.1%
May	106,515,000	6.3%	14.6%
June	109,486,688	6.5%	14.2%
July	115,861,583	6.8%	14.5%
August	166,782,906	9.8%	20.2%
September	224,780,003	13.2%	27.2%
October	569,012,527	33.5%	68.0%
November	140,215,000	8.3%	16.8%
December	78,387,000	4.6%	9.4%
2025			
January	72,340,000	4.3%	8.6%
February	229,966,466	13.5%	27.5%
March	249,406,445	14.7%	29.8%
April	1,732,258,430	102.1%	206.9%
May	1,430,108,562	84.3%	170.8%
June	911,890,322	53.7%	108.9%
July	1,453,388,855	85.6%	173.6%
August	960,853,631	56.6%	114.7%
September	619,551,693	36.5%	73.9%
October	704,298,680	41.5%	84.1%
November	283,488,583	16.7%	33.8%



	Monthly total trading volumes of the Shares <i>(Note 1)</i>	Percentage of the monthly total trading volumes of the Shares to the total issued Shares <i>(Note 2)</i>	Percentage of the monthly total trading volumes of the Shares to public float of the Company <i>(Note 3)</i>
December	162,497,416	9.6%	19.4%
2026			
January	242,106,293	14.3%	28.9%
February	167,918,641	9.9%	20.0%
March	2,198,052,087	129.5%	262.3%

Notes:

- (1) Source: Bloomberg*
- (2) The calculation is based on the monthly total trading volumes of the Shares divided by the total issued Shares at the end of each month*
- (3) The calculation is based on the monthly total trading volumes of the Shares divided by the total number of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) at the end of each month*

As shown in the above table, except for the relatively higher monthly trading volumes in October 2024, the monthly trading volumes of the Shares before publication of the Joint Announcement represented approximately 2.9% to 14.7% of the total issued Shares, equivalent to approximately 6.9% to 29.8% of the Shares constituting the public float of the Company. Following the publication of the Joint Announcement, the monthly trading volumes of the Shares represented a range of approximately 19.4% to 262.3% of the Shares constituting the public float of the Company.

Overall, the Shares have been actively traded throughout the Review Period, especially the period after the publication of the Joint Announcement. However, if Independent Shareholders were to sell a significant number of Shares within a short timeframe, some downward pressure on the market price may be expected.



(iii) Offer Price comparisons

As discussed in the sub-section above headed “Historical price performance of the Shares”, the prices of the Shares have exhibited a generally upward trajectory, and have been consistently trading well above the Offer Price of HK\$3.28 following the publication of the Joint Announcement. Although the Offer Price represents (i) premiums of approximately 17.6% to 26.6% over the (average) closing price of the Shares on the Last Trading Day, for the last 5 to 60 trading days up to and including the Last Trading Day, and (ii) premiums of approximately 272.7% to 203.7% over the consolidated net asset value of approximately HK\$0.88 and HK\$1.08 per Share respectively as at 31 March 2025 and 30 September 2025, the Offer Price represents a significant discount of approximately 74.0% to the closing price of the Shares of HK\$12.60 per Share on the Latest Practicable Date. On the basis of such substantial discount to market, we do not consider the Offer to be fair and reasonable so far as the Independent Shareholders are concerned.

In our opinion, the price of the Shares following the publication of the Joint Announcement has been largely influenced by the Offeror becoming the controlling shareholder of the Group and its stated intentions and potential changes to be introduced to the Group. As the timing and extent of the changes, or the detailed action plans for the changes, are not known as at the Latest Practicable Date, it would be difficult to evaluate their potential impacts on the Group’s performance and financial position. As such, it is uncertain how the market price of the Shares will perform, or whether it will be maintained at the current level, following the close of the Offer.

7. Peer comparison

As set out in the sections above headed “2. Information on the Group” and “5. Financial information and prospects of the Group”, the Group principally engages in securities broking, commodities and futures broking, bullion trading and leveraged foreign exchange trading in Hong Kong, with over 95% of total revenue from brokerage commission income, interest income, and handling and settlement fee income in FY2025. In order to evaluate the fairness and reasonableness of the Offer, we have analysed the companies (the “**Comparable Company(ies)**”) listed on the Stock Exchange that we consider to have businesses similar to those of the Group, which (i) recorded total revenue of not less than HK\$50 million, with over 50% attributable to commission income from the brokerage businesses and/or interest income from the margin financing business in Hong Kong, according to their latest published full year financial statements, and (ii) had a market capitalisation of at least HK\$500 million as at the Latest Practicable Date. The above selection criteria aim to identify a sufficient number of companies comparable to the Company in the Hong Kong securities industry, having regard to the Company’s business substance and operating scale, with an appropriate minimum revenue threshold to exclude those with insignificant business operations and activities.



A total of three Hong Kong listed Comparable Companies were identified, but one of them recorded net loss and loss before interest, taxes, depreciation and amortisation, in its latest full year financial results, rendering comparisons based on earnings-based multiples not applicable. With only two Comparable Companies that earnings-based multiples can be analysed, we have expanded the search for Comparable Companies to include those listed on stock exchanges outside Hong Kong that can be identified on Bloomberg, on a best effort basis. A total of four Comparable Companies were identified. We acknowledge that the listing venue of Futu Holdings Limited (i.e. NASDAQ) differs from, and its market capitalisation is significantly higher than, those of other Comparable Companies and the Company. Nevertheless, having regard to the fact that (i) all the Comparable Companies, including Futu Holdings Limited, are principally engaged in the businesses similar to those of the Group, and (ii) the majority of their revenue is generated from the brokerage businesses and/or margin financing business in Hong Kong, and (iii) our view that Futu Holdings Limited is a close Comparable Company despite the listing venue being on a stock exchange outside Hong Kong, as its brokerage commission and handling charge income and interest income accounted for over 90% of its total revenues, and nearly 80% of its brokerage commission and handling charge income were derived from Hong Kong, according to its latest published annual report, we consider these Comparable Companies to be fair and representative comparables for the purpose of this analysis, and our research on these Comparable Companies provides a meaningful guidance to the Independent Shareholders as to the fairness and reasonableness of the Offer Price. We consider the list of Comparable Companies represents an exhaustive list that we were able to identify from the Stock Exchange's website and Bloomberg, based on the above selection criteria.

When evaluating the valuation benchmarks, we have adopted the price-to-earnings ("P/E") ratio as the primary metric, as it is widely used for companies with mature and profitable businesses (including the Group) and, in our view, is a more suitable ratio for comparison than price-to-sales ratio, which is generally more appropriate for early-stage or fast-growing companies with limited profitability. In terms of assets-based ratios, we have analysed the price-to-book ("P/B") ratio of the Comparable Companies. Our findings are set out as follows:



Company and stock code	Market capitalisation	Closing price	TTM consolidated net profits	Latest consolidated net asset value	P/E ratio	P/B ratio
	as at the Latest Practicable Date	as at the Latest Practicable Date		(HK\$ million)		
	(HK\$ million)	(HK\$)	(HK\$ million)	(HK\$ million)	(times)	(times)
	(A)	(B)	(C)	(A/B)	(A/C)	
	(Note 1)	(Note 1)	(Note 2)	(Note 3)		
Listed on the Stock Exchange						
Get Nice Holdings Limited (Stock code: 64)	1,910	3.09	59	6,661	32.4	0.3
Victory Securities (Holdings) Company Limited (Stock code: 8540)	967	4.55	60	239	16.1	4.0
Quam Plus International Financial Limited (Stock code: 952)	868	0.14	N/A	1,690	N/A	0.5
Listed on stock exchanges outside Hong Kong						
Futu Holdings Limited (Stock code: FUTU)	152,080	US\$140.04 (equivalent to HK\$1,092)	11,338	40,001	13.4	3.8
				Maximum	32.4	4.0
				Minimum	13.4	0.3
				Mean	20.6	2.2
				Median	16.1	2.2
The Company at the Offer Price	5,567 (Note 4)	3.28 (Note 5)	633	1,829	8.8	3.0

Source: Comparable Companies' public filings, Bloomberg and website of the Stock Exchange

Notes:

- (1) For Futu Holdings Limited, being 1 April 2026, the business day prior to the Latest Practicable Date, due to time zone difference
- (2) Being the respective consolidated reported net profits attributable to the ordinary shareholders for the trailing-twelve-months ("TTM"), as extracted from the respective latest published full-year financial statements and half-year financial statements (where available)
- (3) Being the respective consolidated reported net assets value attributable to the ordinary shareholders, as extracted from the respective latest published financial statements
- (4) Being the Offer Price of HK\$3.28 times 1,697,296,308 Shares in issue as at the Latest Practicable Date
- (5) Being the Offer Price of HK\$3.28



(i) P/E ratio

As shown above, the P/E ratio as represented by the Offer Price is approximately 8.8 times, lower than the P/E ratios of all profitable Comparable Companies, ranging from approximately 13.4 to 32.4 times. On P/E basis alone, the Offer Price represents a valuation that is much lower than the market valuation of the Company's profitable peers.

(ii) P/B ratio

The P/B ratio of the Comparable Companies exhibited a wide range, with two Comparable Companies having P/B ratios at or below 0.5 times and the remaining two Comparable Companies having P/B ratios at or above 3.8 times. Although the P/B ratio as represented by the Offer Price of approximately 3.0 times is within the range of the Comparable Companies, the wide range of P/B ratios and the fact that certain Comparable Companies holds significant financial investments and/or investment properties interests (in particular the two Comparable Companies with low P/B ratios) render the analysis of P/B ratio, in our view, less relevant to the Independent Shareholders.

We regard P/E ratio as our main consideration for peer comparison, as the financial performance and profitability are more relevant parameters for valuation of companies in the brokerage sector than their net asset backing. Based on our discussion with the management of the Group, the Group's financial performance is principally driven by its clients' trading activities rather than income generated from the Group's financial assets.



DISCUSSION

Improving financial performance and encouraging prospects of the Group prior to the Offer

The Group principally engages in securities broking, commodities and futures broking, bullion trading and leveraged foreign exchange trading in Hong Kong. The Group recorded steady growth in its revenue in recent periods, largely benefited from the increasingly active market trading activities in Hong Kong, as evidenced by the 89.5% increase in average daily turnover on the Stock Exchange to HK\$249.8 billion in 2025. Positive momentum in the capital markets continued in the first two months of 2026, mainly driven by the stimulus policies by the PRC government, the anticipated monetary easing policies by global major central banks, and the investor enthusiasm for Mainland China's technology sector. These factors signal encouraging prospects for the Group's future financial performance.

Valuation of the Company as implied by the Offer Price appears unfavourable when compared with its profitable peers

We have identified several Comparable Companies which are principally engaged in similar businesses in Hong Kong. The P/E ratios of the three profitable Comparable Companies between 13.4 and 32.4 times are significantly higher than that of 8.8 times as represented by the Offer Price. As at the Latest Practicable Date, the Company's own P/E ratio based on its closing market price was approximately 33.8 times.

The P/B ratios of the Comparable Companies exhibited a wide range of approximately 0.3 to 4.0 times. While the P/B ratio as represented by the Offer Price of approximately 3.0 times is within such range, we consider the P/B ratio analysis to be less relevant to the Independent Shareholders given such wide range and the fact that certain Comparable Companies hold significant assets other than those directly relevant to brokerage businesses. We consider the P/E ratio to be a more relevant parameter when evaluating a profitable brokerage business. On the above basis, we consider the Offer Price reflects an unfavourable valuation when compared with those of the Comparable Companies.

The Offer Price represents a substantial discount to the prevailing market price

The Offer Price of HK\$3.28 per Offer Share represents a premium of 17.6% to 26.6% over the (average) closing prices of the Shares for the periods of last 60 trading days up to the Last Trading Day. However, the prices of the Shares rose substantially following the publication of the Joint Announcement, and closed at HK\$12.60 as at the Latest Practicable Date, approximately 2.8 times over the Offer Price.



OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, in particular the unfavourable valuation of the Group as represented by the Offer Price against those of the Comparable Companies, the recent encouraging financial performance and position of the Group and its future prospects, and the discounts of the Offer Price to the latest market prices of the Shares, we consider the terms of the Offer are not fair and not reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders not to accept the Offer.

The sole director of the Offeror and the New Directors have jointly and severally undertaken to the Stock Exchange that if, at the close of the Offer, the Company fails to comply with the minimum prescribed public float requirements, they will take appropriate steps to ensure the Company's compliance with such requirements at the earliest possible moment. However, as the market price of the Shares is currently substantially above the Offer Price, there seems no realistic likelihood of any material acceptances of the Offer and accordingly no reasonable likelihood of a need to restore the public float.

As the Shares have been trading consistently and substantially higher than the Offer Price of HK\$3.28 since the publication of the Joint Announcement, closing at HK\$12.60 as at the Latest Practicable Date, Independent Shareholders who are unsure of the future prospects of the Company may consider disposing of some or all of their Shares in the market instead of accepting the Offer. Independent Shareholders who wish to dispose of their Shares in the market should monitor the market price and the trading liquidity of the Shares closely.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED


M. N. Sabine
Chairman

Mr. M. N. Sabine is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over forty years of experience in the corporate finance industry.