INCU Corporate Finance Limited
衍丰企業融資有限公司

27 November 2026

To: The Independent Board Committee and
the Independent Shareholders of
Star Shine Holdings Group Limited

Dear Sirs or Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF THE SALE SHARE AND ASSIGNMENT OF THE SALE LOAN OF CIRCLE TIME

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the SPA and the transactions contemplated thereunder, details of which are set out in the letter from the board (the "**Letter from the Board**") contained in the circular of the Company dated 27 November 2026 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the announcement of the Company dated 23 October 2026, on 23 October 2026, after trading hours, the Vendor and the Purchaser entered into the SPA in relation to the sale and purchase of the Sale Share and the assignment of the Sale Loan. Pursuant to the SPA, (i) the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Share, representing the entire issued share capital of Circle Time; and (ii) the Company has conditionally agreed to sell and assign to the Purchaser and the Purchaser has conditionally agreed to purchase and take assignment of, all benefits and interests of and in the Sale Loan free from all encumbrances and with all rights attached thereto as at Closing.

As at the Latest Practicable Date, Circle Time is a direct wholly-owned subsidiary of the Company. As one or more of the applicable percentage ratios in respect of the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to notification and announcement requirement under Chapter 14 of the Listing Rules.

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As at the Latest Practicable Date, the Purchaser holds approximately 28.85% of the issued Shares and is the substantial shareholder of the Company. Meanwhile, the Purchaser is wholly-owned by Mr. Tsoi, who is the chairman, executive Director and substantial shareholder of the Company, and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the SPA constitute a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules, and is subject to announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, the Purchaser holds 1,454,000,000 Shares, representing approximately 28.85% of the issued share capital of the Company; Mr. Tsoi holds 100,000,000 Shares, representing approximately 1.98% of the issued share capital of the Company; Mr. Tsoi and the Purchaser control or are entitled to control over the voting rights in respect of 1,554,000,000 Shares, representing 30.83% of the issued share capital of the Company; Ms. Tsoi Wing Yuet Willy (the sister of Mr. Tsoi) holds 223,300,000 Shares, representing approximately 4.43% of the issued share capital of the Company; Mr. Tsoi Wing Ying (the brother of Mr. Tsoi) holds 36,200,000 Shares, representing approximately 0.72% of the issued share capital of the Company; Mr. Tsoi Pok Yeung (the son of Mr. Tsoi) holds 10,260,000 Shares, representing approximately 0.20% of the issued share capital of the Company; Ms. Tsoi Lam Ki (the daughter of Mr. Tsoi) holds 10,940,000 Shares representing approximately 0.22% of the issued share capital of the Company; and Mr. Cai Rong Shou (the brother of Mr. Tsoi) holds 8,920,000 Shares, representing approximately 0.18% of the issued share capital of the Company. Mr. Tsoi, the Purchaser, Ms. Tsoi Wing Yuet Willy, Mr. Tsoi Wing Ying, Mr. Tsoi Pok Yeung, Ms. Tsoi Lam Ki and Mr. Cai Rong Shou, who are required to abstain from voting on the resolution relating to the SPA, in aggregate hold 1,843,620,000 Shares, representing approximately 36.59% of total issued Shares of the Company (excluding 920,000 treasury Shares) as at the Latest Practicable Date.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the transaction must abstain from voting on the resolution relating to the SPA. Therefore, Mr. Tsoi, the Purchaser, Ms. Tsoi Wing Yuet Willy, Mr. Tsoi Wing Ying, Mr. Tsoi Pok Yeung, Ms. Tsoi Lam Ki and Mr. Cai Rong Shou will abstain from voting on the resolutions with respect to the transactions contemplated under the SPA at the EGM. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, apart from Mr. Tsoi, the Purchaser, Ms. Tsoi Wing Yuet Willy, Mr. Tsoi Wing Ying, Mr. Tsoi Pok Yeung, Ms. Tsoi Lam Ki and Mr. Cai Rong Shou, no other Shareholder has a material interest in the SPA and the transactions contemplated thereunder and shall abstain from voting on the resolution at the EGM with respect to the SPA and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chow Kit Ting, Dr. Chiu Kwok Hung, Justin, Mr. Mak Ming Hoi, and Mr. Lian Xiongwei, has been established to advise the Independent Shareholders as to whether the terms of the SPA is on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole, taking into account our recommendation.

OUR INDEPENDENCE

We, INCU Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

Except for being appointed as independent financial adviser to the Company regarding the renewal of continuing connected transactions of the Company, which the circular has been despatched on 2 December 2025, we have not acted as a financial adviser and not provided any other services to the Company during the past two years. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Disposal, and accordingly, are eligible to give independent advice and recommendations on the Disposal. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties that could reasonably be regarded as relevant to our independence.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the statements, information, opinions and representations relating to the operations, financial condition and prospects of the Group contained or referred to in this Circular and/or provided to us by the Company and the management of the Group. We have assumed that such information and any representation made to us were true, accurate and complete in all material respects as at the Latest Practicable Date and considered that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in this Circular have been arrived at after due and careful consideration and there are no other material facts not contained in this Circular, the omission of which would make any such statement made by them that contained in this Circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld.

Our review and analyses were based upon, among others, the information provided by the Group including this Circular, the Valuation Report and certain published information from the public domain, including but not limited to, the annual report of the Company for the year ended 31 December 2025 (the "**Annual Report 2025**") and the interim report of the Company for the six months ended 30 June 2026 (the "**Interim Report 2026**"). We have also discussed with the Directors and the management of the Company with respect to the terms of the SPA and the basis and assumptions adopted in the Valuation Report and the reasons for and benefits of the Disposal. We have not, however, for the purpose of this exercise, conducted any in-depth independent investigation into the businesses, affairs and financial positions of the Group nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, we have taken into account the following principal factors and reasons:

1. Background and financial information of the Group

(a) Background of the Group

The Company is an investment holding company. The Group is principally engaged in (i) manufacturing of lace and provision of dyeing services (the "**Lace and Dyeing Business**"); (ii) sales of footwear product to its customers (the "**Footwear Business**"); and (iii) design, manufacture, promote and sell a diverse range of merchandise through various forms of cooperation with international and reputable intellectual property partners (the "**IP Merchandise Business**").

(b) Financial performance of the Group

Set out below is a summary of the financial performance of the Group for the two financial years ended 31 December 2024 ("**FY2024**") and 31 December 2025 ("**FY2025**") respectively as extracted from the Annual Report 2025 and for the six months ended 30 June 2025 ("**HY2025**") and 30 June 2026 ("**HY2026**") respectively as extracted from the Interim Report 2026:

	FY2024	**FY2025**	**HY2025**	**HY2026**
	approximately	*approximately*	*approximately*	*approximately*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue				
Lace and Dyeing Business	79,353	81,365	39,733	43,585
Footwear Business	505,188	428,624	248,873	72,520
IP Merchandise Business	–	3,797	–	46,688
Total revenue	**584,541**	**513,786**	**288,606**	**162,793**
Profit/(Loss) for the year/period attributable to the owners of the Company	**(12,753)**	**(98,294)**	**(22,511)**	**24,249**

FY2024 vs FY2025

The Group's revenue for FY2025 was approximately RMB513.79 million, representing a decrease of approximately RMB70.75 million or 12.1% as compared to approximately RMB584.54 million for FY2024. According to the Annual Report 2025, the decrease in revenue was the combined effect of (i) the increase in revenue of Lace and Dyeing Business of approximately RMB2.01 million as a result of increased dyeing orders as customers redirected business to the Group following the mismanagement or closure of certain nearby factories; (ii) the decrease in revenue of the Footwear Business of approximately RMB76.56 million as a result of the increasingly evident impact of the imposition of reciprocal tariffs of the United States on the footwear sales in the second half of the year; and (iii) the increase in revenue of IP Merchandise Business of approximately RMB3.80 million for the first phase of collaboration which involved by sales of its diverse range of IP-related merchandise, including apparel, bags, accessories, pet-related products, and home décor.

The Group's loss for the year attributable to the owners of the Company for FY2025 was approximately RMB98.29 million, representing an increase of approximately RMB85.54 million or 670.8% as compared to approximately RMB12.75 million for FY2024. The increase in loss was mainly due to (i) the increase in impairment loss on interest in a joint venture of approximately RMB44.38 million a result of (a) one-off installation cost incurred mainly in the first half of 2025 ahead of the CR7® LIFE Museum Hong Kong's opening in July 2025; (b) upfront authorization fee of the CR7® LIFE Museum Hong Kong; (c) the unexpectedly tepid visitor volume and performance of the CR7® LIFE Museum Hong Kong following the personal appearance of the international football star around whom the CR7® LIFE Museum Hong Kong is themed; and (d) the alleged wrongdoings of the defendants of ongoing legal proceedings and the resulting deterioration in the joint venture's operations; (ii) the increase in impairment loss on property, plant and equipment of approximately RMB28.34 million as a result of the impairment assessment result triggered by the business performance of the Lace and Dyeing Business falling below management's expectation; and (iii) increase in administrative expenses of approximately RMB11.09 million as a result of the increase in number of top and senior staff and initial legal and consulting costs for different potential new projects.

HY2025 vs HY2026

The Group's revenue for HY2026 was approximately RMB162.79 million, representing a decrease of approximately RMB125.82 million or 43.6% as compared to approximately RMB288.61 million for HY2025. According to the Interim Report 2026, the decrease in revenue was the combined effect of (i) the increase in revenue of the Lace and Dyeing Business of approximately RMB3.85 million due to price increment implemented at the beginning of the year; (ii) the decrease in revenue of the Footwear Business of approximately RMB176.35 million as a result of the ongoing U.S.–China tariff dispute continues to weigh on the Group's footwear sales; and (iii) the increase in revenue of the IP Merchandise Business of approximately RMB46.69 million for its collaboration with a popular global streaming drama series and introduction of products with both licensed and proprietary patented designs.

The Group recorded a profit for the period attributable to owners of the Company of approximately RMB24.25 million for HY2026, and a loss for the period attributable to owners of the Company of approximately RMB22.51 million for HY2025. Such turnaround from loss to profit was mainly due to the combined effects of (i) fair value gain on financial assets at fair value through profit or loss of approximately RMB27.27 million; (ii) impairment loss on loans to JV of approximately RMB 2.52 million; (iii) absence of share of loss of a joint venture of approximately RMB8.05 million as a result of the one-off installation cost to set up the museum brand of an iconic Portuguese footballer, Mr. Cristiano Ronaldo dos Santos Aveiro in Hong Kong; and (iv) the absence of impairment loss recognized on property, plant and equipment of approximately RMB4.45 million in Lace and Dyeing Business.

(c) Financial position of the Group

Set out below is the consolidated statement of financial position of the Group as at 31 December 2025 and 30 June 2026 respectively as extracted from the Interim Report 2026:

	As at 31 December 2025 *approximately RMB'000* (audited)	**As at 30 June 2026** *approximately RMB'000* (unaudited)
Non-current assets		
Property, plant and equipment	72,347	64,688
Right-of-use assets	5,604	5,799
Intangible assets	810	669
Interests in a joint venture	–	–
Prepayments	642	–
Total non-current assets	**79,403**	**71,156**
Current assets		
Inventories	3,216	3,136
Contract assets	2,673	3,600
Trade and bill receivables	41,071	33,801
Prepayments, deposits and other receivables	21,236	19,004
Financial assets at fair value through profit or loss	5	56,495
Pledged deposits	–	2,470
Cash and cash equivalents	243,352	207,765
Total current assets	**311,553**	**326,271**
Total assets	**390,956**	**397,427**

	As at 31 December 2025 *approximately RMB'000* (audited)	As at 30 June 2026 *approximately RMB'000* (unaudited)
Current liabilities		
Trade and bills payables	66,477	59,099
Other payables and accruals	14,920	9,632
Contract liabilities	802	5,318
Lease liabilities	739	860
Loans from ultimate holding company	77,683	67,668
Current income tax liabilities	3,356	6,197
Total current liabilities	**163,977**	**148,774**
Non-current liabilities		
Other payables	1,271	1,246
Lease liabilities	2,787	2,882
Deferred tax liabilities	608	562
Total non-current liabilities	**4,666**	**4,690**
Total liabilities	**168,643**	**153,464**
Net assets	**222,313**	**243,963**
Gearing ratio	**0.4**	**0.3**

As shown in the above table, we note that the total assets and total liabilities of the Group do not have material increase or decrease between 31 December 2025 and 30 June 2026. We note that, as at 30 June 2026, the Group had loans from ultimate holding company of approximately RMB67.67 million and gearing ratio of approximately 0.3.

In December 2025, a joint venture of the Group, Star Power, commenced legal proceedings in the Court against three defendants, including Asia Partners in relation to disputes arising from Star Power. The claims mainly relate to (i) loss of income generated from the joint venture business; and (ii) excessive expenditure and costs incurred both as a result of the Alleged Acts. In September 2026, Star Power re-submitted a writ of summons, and the quantified portion of the claims is approximately HK$42,142,000, with further amounts to be assessed. At as the Latest Practicable Date, the Legal Proceedings are still ongoing.

2. Background of the Company and Hope Faith

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. As at 31 August 2026, the Company has provided a loan to Circle Time which amounted to approximately HK$67.7 million and a loan to Golden King which amounted to approximately HK$0.8 million.

Hope Faith is a company incorporated in Hong Kong with limited liability which is an indirectly wholly-owned subsidiary of the Company. Hope Faith is principally engaged in the sales, research and development, sourcing and merchandising of footwear in Hong Kong. As at 31 August 2026, Hope Faith has provided a loan to Circle Time, which amounted to approximately HK$2.5 million.

3. Information of Circle Time

Circle Time is a company incorporated in the British Virgin Islands and is principally engaged in investment holding. As at the Latest Practicable Date, Circle Time is a direct wholly-owned subsidiary of the Company.

As at the Latest Practicable Date, Circle Time holds: (i) 50% of the issued share capital of Star Power, being the JV formed with Asia Partners for the organisation and operation of the CR7 Museum HK; and (ii) the entire issued share capital of Golden King, which operates the merchandise business related to the CR7 Museum HK.

Upon Closing, the Company will cease to have any interest in the Disposal Group.

Set out below is the consolidated financial information of Disposal Group as extracted from its unaudited consolidated management accounts prepared in accordance with HKFRS Accounting Standards for the two financial years ended 31 December 2024 and 2025, and the eight months period ended 31 August 2026 respectively:

	For the year ended 31 December		**For eight months period ended 31 August**
	2024	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*
Loss before taxation	(17)	(42,468)	(11,879)
Loss after taxation	(17)	(42,468)	(11,879)

The unaudited consolidated net liabilities of Disposal Group amounted to approximately HK$54.4 million as at 31 August 2026.

On 25 October 2024, Asia Partners and Star Power entered into the Subscription Agreement, pursuant to which Asia Partners agreed to subscribe for and Star Power agreed to issue and allot 100 ordinary shares of the JV, representing 50% of the enlarged issued shares of Star Power at a subscription price of HK$100 (the "**Subscription**"). Pursuant to the Subscription Agreement, on 25 October 2024, Circle Time, Star Power, Asia Partners and the Warrantor entered into the JV Agreement and agreed, through their joint shareholdings in Star Power upon the Subscription, to establish a joint venture for the organization and development of the CR7 Museum HK for the 2025/2026 edition. Pursuant to the JV Agreement, the opening of the CR7 Museum HK shall end no later than 1 July 2026.

On 25 October 2024, Circle Time entered into the Loan Agreement with Star Power. Pursuant to the Loan Agreement, Circle Time has committed to providing a loan facility of not more than HK$70,000,000 (equivalent to approximately RMB64,820,000) for the working capital of Star Power. Repayment of any amount of the loan is subject to Star Power having sufficient assets after taking into account the external financing and accumulated profits. As at 31 August 2026, an aggregate loan amount of approximately HK$54.7 million has been drawn down by Star Power from the loan facility under the Loan Agreement.

On 28 October 2024, to further enable the Group to capture the IP merchandising business opportunity in hosting the CR7 Museum HK, Asia Partners, Golden King and the Warrantor entered into the Merchandising License Agreement, pursuant to which Asia Partners, the owner of IP rights in relation to CR7 Museum HK, agreed to grant Golden King the IP rights for merchandising the relevant IP for the Royalties. Pursuant to the Merchandising License Agreement, Golden King had provided the Deposit of EUR1.8 million (equivalent to approximately HK$15 million converted by exchange rate as at 31 October 2024) to Asia Partners which may act as advance against future Royalties to Asia Partners. The Purchaser has entered into a letter of undertaking on 28 October 2024 between Golden King and the Purchaser, and fully undertaken the amount and agreed to indemnify against any losses related to the Deposit. The Company is the beneficiary of the indemnity which covered the full amount of the Deposit of EUR1.8 million where the payment obligation is triggered upon a loss event. Such loss event includes but is not limited to (a) the refusal or failure by Asia Partners to refund the Deposit following a breakdown or lapse in negotiations; (b) the insolvency, liquidation or bankruptcy of Asia Partners; or (c) the Deposit becoming unrecoverable or impaired for any other reason. The indemnity takes effect from the date of letter of undertaking and remains in effect until the Deposit is fully recovered or the obligations are discharged. In October 2025, Golden King commenced legal proceedings in the Court seeking recovery of the Deposit against two defendants, including Asia Partners for breach of agreement. The defendants denied the claims and have filed a counterclaim of EUR4,200,000. Golden King has taken out an application for summary judgement against the defendants. The application was, however, dismissed by the Court after a hearing in October 2026.

In December 2025, Star Power commenced legal proceedings in the Court against three defendants, including Asia Partners in relation to disputes arising from Star Power. The claims mainly relate to (i) loss of income generated from the JV business; and (ii) excessive expenditure and costs incurred both as a result of the Alleged Acts. In September 2026, Star Power re-submitted a writ of summons, and the quantified portion of the claim is approximately HK$42,142,000 (equivalent to approximately RMB36,019,000), with further amounts to be assessed. As at the Latest Practicable Date, the Legal Proceedings are still ongoing. In relation to the legal proceedings brought by Golden King, as the plaintiff, applied to the Court for summary judgment against the defendants, and following a hearing held in October 2026, the application for summary judgment was dismissed. Considering the dispute cannot be resolved summarily, Golden King is seeking further legal advice and assessing the commercial and legal merits of the case to proceed with the legal action. In relation to the legal proceedings commenced by Star Power, Star Power filed an amended writ of summons and amended statement of claim on 14 October 2026, which include claims relating to, among other matters, the defendants' repayment obligations upon expiry of the JV Agreement. As at the Latest Practicable Date, the amended defence has not yet been filed and served by the defendants.

Due to the Alleged Acts of the defendants and the resulting deterioration in Star Power's operations, the management of the Group has assessed the recoverable amount of its loan to Star Power and determined that the loan to the joint venture is not recoverable through business operation. Any potential recoveries from the Legal Proceedings will be recognised only when they become virtually certain. The Directors, with reference to the available independent legal advice, consider that it is premature to assess the likely outcome of the Legal Proceedings.

4. Information of the Purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

As at the Latest Practicable Date, the Purchaser holds approximately 28.85% of the issued Shares and is the substantial shareholder and ultimate holding company of the Company. The Purchaser is wholly owned by Mr. Tsoi, who is the chairman, executive Director and substantial shareholder of the Company. As at 31 August 2026, the Purchaser has provided Shareholder Loan which amounted to approximately HK$71.2 million.

5. Reasons for and benefits of the Disposal

As discussed in the Letter from the Board and based on our understanding from the management of the Company, the Disposal is considered to be in the interests of the Company and the Shareholders as a whole taken into account:

(i) Prospect of the Disposal Group

We have obtained and reviewed the JV Agreement, discussed with the management of the Company and note that the CR7 Museum HK has ceased operation on 8 June 2026 according to the agreed opening period (i.e. operation to end no later than 1 July 2026) under the JV Agreement. We have also obtained the latest unaudited consolidated management accounts of the Disposal Group for the eight months ended 31 August 2026 and note that the Disposal Group recorded no revenue and remained in a loss-making position, while being in a net liability position. It indicates that substantial profitability constraints arising from cessation of the CR7 Museum HK. In addition, as abovementioned, Star Power and Golden King are currently involved in ongoing Legal Proceedings against the defendants, including Asia Partners. The outcome, duration and ultimate recoverable amount of the Legal Proceedings are subject to significant uncertainties, and there is no assurance of a favourable outcome or recovery. In light of the Alleged Acts and the resulting deterioration in the operations of Star Power, the Group does not expect the JV business to generate any meaningful income or cash flow in the foreseeable future.

As discussed with the management of the Company, continuing to hold the interests in the Disposal Group would require the Group to devote substantial management time and attention to the conduct of the Legal Proceedings without any corresponding benefit to the Group's business or prospects. We concur with the view of the Directors that the Disposal represents an opportunity for the Group to exit from a loss-making business with uncertain prospects at a definite consideration, thereby realising the value of the Group's investment, ceasing further capital support and removing the financial burdens and uncertainties associated with the Legal Proceedings. With reference to the available independent legal advice, the Directors consider that it is premature to assess the likely outcome of the Legal Proceedings. Since the first Legal Proceedings commenced in October 2025 and up to the Latest Practicable Date, the Group incurred costs of approximately HK$2.3 million, and based on the legal advisers' advice, the Group expected that the Legal Proceedings will carry on for at least 15 months from the Latest Practicable Date, subject to court scheduling. In addition, the conduct of the Legal Proceedings would require the continued involvement of designated senior personnels, who are expected to devote over 200 hours to assist in preparing documents, collating evidence, liaising with lawyers, discussing and aligning strategies, as well as preparing for trial and related matters, which would otherwise be devoted to the Group's daily operations. We have obtained and reviewed the legal advice provided by the legal advisers of the Company and made enquiries with them regarding the basis of their estimations. We note that the parties to the Legal Proceedings were granted leave to amend their pleadings accordingly while the amended defence is pending as mentioned in the section headed "3. Information of Circle Time" above. Court proceedings are governed by strict statutory procedural timelines and Court's orders. Following the close of pleadings, the parties to the Legal Proceedings will proceed to pre-trial procedures in accordance with Court directions, which are expected to take around 6 months (if not extended) comprising discovery and inspection of documents, preparation and exchange of witness statements, and seeking counsel's advice on evidence and merits. Thereafter, the trial dates will generally be fixed approximately 9 to 12 months after completion of these pre-trial procedures (subject to the Court's availability), resulting in an estimated total duration of at least 15 months to complete. We have also discussed with both the legal advisers and the management of the Company the scope of internal support required, including document preparation, evidence collation, strategy discussions, and trial attendance, noting that the estimated hours were assessed by the legal advisers based on their prior litigation experience and the expected workload for the Legal Proceedings, and compared such estimated time against the historical time already expended by the Company's senior personnel since the commencement of the Legal Proceedings in October 2025. Based on the above, we consider the estimated duration and Company's senior personnel time commitment for the Legal Proceedings is reasonable.

Taking into account (a) that it is currently premature to assess the likely outcome of the Legal Proceedings and any potential recoveries from the Legal Proceedings will be recognised only when they become virtually certain; (b) the Legal Proceedings remain ongoing as at the Latest Practicable Date and the uncertainty and time required to resolve such claims through litigation as disclosed above; (c) the Disposal shall transfer the potential recoveries from the Legal Proceedings to the Purchaser which enables the Group to realise such potential recoveries immediately upon Closing, without committing further costs, management resources or time to subsequent legal procedures as discussed above; (d) no continuous earnings or operational cash flows are generated by the Disposal Group following the cessation of its operations in June 2026, with no intention of resuming business; and (e) the Disposal would reduce the indebtedness and overall liabilities of the Group by setting off the relevant amounts against the Consideration as discussed below, we concur with the Directors' view that the Disposal is in the interests of the Company.

(ii) Improvement in the financial position and performance of the Group following the Disposal

We have obtained and reviewed the legal opinion from an independent legal adviser. Pursuant to the legal opinion by an independent legal adviser and as per our discussion with the management of the Company, the Directors consider that it is premature to assess the likely outcome of the Legal Proceedings. In evaluating the financial impact of the Legal Proceedings on the Group, we note that as at the Latest Practicable Date, the Group had already incurred costs of approximately HK$2.3 million in respect of the Legal Proceedings and the total potential legal expenses arising from the Legal Proceedings remain uncertain. Upon completion of the Disposal, the Company will cease to have any interests in the Disposal Group, and its financial results, including further losses and contingent liabilities arising from or in connection with the Legal Proceedings, will no longer be consolidated into the financial statements of the Group. Given that the outcome and timeframe of the Legal Proceedings remain uncertain, we consider that the Disposal enables the Group to eliminate its ongoing financial exposure, avoid potential prolonged litigation, and save further legal and professional costs.

In addition, pursuant to the SPA, the Purchaser has conditionally agreed to purchase and take assignment of, all benefits and interests of and in the Sale Loan free from all encumbrances and with all rights attached thereto as at Closing. As at 31 August 2026, the Sale Loan owed by the Disposal Group to the Company amounted to approximately HK$71.0 million. We concur with the Directors' view that the likelihood of recovering the Sale Loan to be remote in view of the net liabilities position and dormant operational status of the Disposal Group as discussed above, and the Disposal enables the Group to realise value from an otherwise non-performing loan receivable from Sale Loan and will enhance the overall financial position and performance of the Group by reallocate its time, attention and resources from the Legal Proceedings and the non-performing JV business to other existing business of the Group.

(iii) Net proceeds from the Disposal will be off-set the Shareholder Loan due from the Company to the Purchaser

As mentioned in the section headed "1. Background and financial information of the Group" above in this letter, as at 30 June 2026, the Group had loans from ultimate holding company of approximately RMB67.67 million and gearing ratio of approximately 0.3. As at 31 August 2026, the Purchaser has provided Shareholder Loan which amounted to approximately HK$71.2 million, which was drawn down by the Company on multiple occasions between October 2024 and July 2026 for general working capital of the Group. The balances of the Shareholder Loan of approximately HK$54.7 million are unsecured, fixed interest rate ranging from approximately 5.7% to 6.5% per annum and repayable on demand; and the remaining balances are unsecured, non-interest bearing and repayable on demand. Assuming no change in the outstanding amount of the Shareholder Loan after 31 August 2026, the outstanding amount of the Shareholder Loan immediately after the set-off upon Closing will be approximately HK$12.4 million.

As per our discussion with the management of the Company, the Group has considered alternative settlement methods such as an equity exchange or a cash settlement of the Shareholder Loan. In light of the proposed Disposal to the Purchaser, the Group has elected to negotiate netting off the Shareholder Loan against the Consideration to maintain the Group's current liquidity position without cash outflow. We note that the set-off arrangement enables the Group to discharge its debt obligation to the Purchaser while preserving its existing cash reserves and avoiding any shareholding dilution to existing Shareholders when compared to equity issue. In addition, as the Consideration of HK$58,700,000 will be satisfied in full by setting off against the Shareholder Loan due from the Company to the Purchaser, the Disposal will reduce the indebtedness and overall liabilities of the Group without requiring additional cash outflow, thereby improving the gearing position of the Group. We have obtained and reviewed the breakdown of the Shareholder Loan from the management of the Company and re-calculated the interest savings and gearing ratio, and we note that the settlement method enables the Group to reduce the Shareholder Loan by HK$58.7 million, achieve annual interest savings of approximately HK$3.2 million and improve the gearing ratio from approximately 0.3 to approximately 0.1 upon Closing of the Disposal. Therefore, we concur with the Directors' view that setting off the Consideration against the Shareholder Loan is fair and reasonable.

Having considered the above reasons and benefits, we consider that entering into the SPA is in the interests of the Company and the Shareholders as a whole.

6. Principal terms of the SPA

The principal terms of the SPA are set out as follows:

Date

23 October 2026 (after trading hours)

Parties

The Vendor:	the Company
The Debt Vendor:	the Company
The Creditors:	(i) the Company;
	(ii) Hope Faith
The Debtors:	(i) Circle Time;
	(ii) Golden King
The Purchaser:	Glorious Way Investments Limited

Assets to be disposed of

Pursuant to the SPA, (i) the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Share, representing the entire issued share capital of Circle Time; and (ii) the Company has conditionally agreed to sell and assign to the Purchaser and the Purchaser has conditionally agreed to purchase and take assignment of, all benefits and interests of and in the Sale Loan free from all encumbrances and with all rights attached thereto as at Closing.

The Sale Share is the one ordinary share in Circle Time, being the entire issued share capital in Circle Time.

The Sale Loan is the total amount owed by Circle Time to the Company after the Pre-Closing Loan Restructuring. The amount of the Sale Loan shall equal the sum of (a) the Hope Faith Loan Balance, (b) the Golden King Loan Balance, and (c) the Target Loan Balance, which shall equal HK$70,965,199 after the Pre-Closing Loan Restructuring (i.e. the Pre-Closing Target Loan Balance).

The sale and purchase of the Sale Share and the assignment of the Sale Loan shall be completed simultaneously.

As at the Latest Practicable Date, Circle Time is a direct wholly-owned subsidiary of the Company. Circle Time holds the entire issued share capital of Golden King and 50% of the issued share capital of Star Power, being the JV. Accordingly, upon Closing, the Company will cease to have any direct or indirect interest in Circle Time, Golden King and Star Power.

Consideration and settlement terms

The Consideration for the Disposal is HK$58,700,000, comprising consideration for the Sale Share and the Sale Loan, representing the aggregate valuation of the entire issued share capital of the Disposal Group and the Sale Loan, as appraised by the Valuer, which is agreed upon between the Purchaser and the Vendor as the aggregate fair value of the Sale Share and Sale Loan.

The Consideration of HK$58,700,000 shall be satisfied in full by the Purchaser by setting off the Shareholder Loan against an amount equal to the Consideration of HK$58,700,000 at Closing, whereupon the relevant amount due from the Company shall be cancelled accordingly. No cash will be payable by the Purchaser to the Company in respect of the Sale Share and Sale Loan.

Basis of the Consideration

The Consideration for the Disposal is HK$58,700,000, comprising consideration for the Sale Share and the Sale Loan (of which the consideration for the Sale Share shall be HK$1.00, and the consideration of the Sale Loan shall be the amount of the Consideration minus HK$1.00).

The Consideration was determined based on normal commercial terms or better after arm's length negotiation between the Vendor and the Purchaser with reference to, among other things, (i) the aggregate valuation of the Sale Share and the Sale Loan as at 31 August 2026 of approximately HK$58.7 million based on asset-based approach prepared by the Valuer; (ii) the unaudited consolidated net liabilities of the Disposal Group as at 31 August 2026 of approximately HK$54.4 million; (iii) the reasons for and benefits of the Disposal as stated under the section headed "8. Reasons for and benefits of the Disposal" in the Letter from the Board; and (iv) the business prospect of the Disposal Group.

To assess the allocation of the Consideration between the Sale Share and the Sale Loan, we have reviewed the unaudited consolidated management accounts of the Disposal Group for the eight months ended 31 August 2026. We note that the Disposal Group recorded unaudited net liabilities of approximately HK$54.4 million as at 31 August 2026, including approximately HK$71.0 million which represented the Sale Loan that the Disposal Group owed to the Company. Furthermore, given that the Disposal Group has ceased operation in June 2026 with no plan to resume business, it will generate no continuous earnings or operational cash flows. Accordingly, we consider that the Sale Share has no commercial equity value and the attribution of a nominal consideration of HK$1.00 for the Sale Share accurately reflects the net liability position of the Disposal Group.

The remaining Consideration of HK$58,699,999 is allocated to the assignment of the Sale Loan, which corresponds to the aggregate the fair market value of the Disposal Group appraised by the Valuer as discussed in the section headed "7. Valuation of the Disposal Group" below. Allocating substantially all of the Consideration to the Sale Loan enables the Group to recover a substantial portion of the outstanding receivables, majority of which being the Sale Loan, which we consider beneficial to the Group as it allows the Group to realise such potential recoveries immediately, without committing further costs, management resources or time to further legal action, given the operational cessation and ongoing Legal Proceedings of the Disposal Group as discussed under section headed "5. Reasons for and benefits of the Disposal" above.

Accordingly, we are of the view that the allocation of HK$1 to the Sale Share and HK$58,699,999 to the Sale Loan is fair and reasonable so far as the Independent Shareholders are concerned.

Closing conditions

Closing of the SPA is conditional upon satisfaction or waiver of the Conditions below:

(i) the SPA has come into effect;

(ii) each of the representations and warranties contained in the SPA shall be true and accurate in all material respects when made on the date hereof and as of the Closing Date as though made on such date;

(iii) prior to Closing, the parties to the SPA shall have obtained all necessary regulatory and corporate approvals, consents, and filings required by law and/or any governmental or regulatory bodies or stock exchanges for their execution, delivery and performance of the SPA;

(iv) the independent shareholders of the Company shall have approved the transactions contemplated by the SPA at a general meeting of the Company in accordance with Rule 14A.36 of the Listing Rules;

(v) each of the corporate actions set forth in the terms and conditions of the SPA shall have been completed, and all agreements and corporate resolutions required under the terms and conditions of the SPA shall have been duly executed and delivered; and

(vi) since 31 August 2026, no event, change, circumstance or development shall have occurred that has had, or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, assets, financial condition or operations of Circle Time or any of its subsidiaries.

In the event that approval from the Independent Shareholders for the SPA and the transactions contemplated thereunder could not be obtained at the EGM, the parties are not obliged to proceed with the Closing and the SPA shall terminate automatically.

As at the Latest Practicable Date, save as item (i) above, none of the Conditions had been fulfilled or waived.

Pre-Closing Loan Restructuring

Pursuant to the SPA, the Group assigns and novates the Vendor to receive the Hope Faith Loan Balance due from Circle Time by Hope Faith; and assigns and novates Circle Time the obligation to repay the Golden King Loan Balance due to the Company by Golden King.

Upon Closing of the assignment and novation mentioned above, the total amount owed by Circle Time to the Company shall equal the sum of (a) the Hope Faith Loan Balance, (b) the Golden King Loan Balance, and (c) the Target Loan Balance, which shall equal HK$70,965,199 (i.e. the Pre-Closing Target Loan Balance).

Closing

Closing of the Disposal shall take place upon all Conditions being satisfied or waived, which shall not be later than 31 December 2026, or on such other date as the parties to the SPA may specify in writing.

7. Valuation of the Disposal Group

As disclosed in the Letter from the Board, the Company has engaged the independent valuer to conduct the Valuation of the Disposal Group as at 31 August 2026 for the purpose of the Disposal. Based on the Valuation, the aggregate valuation of the entire issued share capital of the Disposal Group and the Sale Loan was approximately HK$58.7 million as at 31 August 2026.

Qualification of the Valuer

For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of the independent valuer (the "**Valuer**") with the Company; (ii) the Valuer's background and qualification in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by the Valuer for conducting the Valuation Report. From the information provided by the Valuer and based on our discussion with them, we understand that Mr. Elvis C F Ng, being the person-in-charge of the Valuation, has over 15 years of experience in business valuation, transaction advisory and corporate consultancy in the Asia Pacific Region including Hong Kong, the PRC and Australia, as well as in European, American, Middle-east and African countries. He is s a holder of Chartered Financial Analyst and a certified Financial Risk Manager. We also noted from the credentials provided by the Valuer that it has extensive experience in the provision of independent valuation services to various listed companies in Hong Kong. Based on the above, we are satisfied with the competence of the Independent Valuer in respect of the preparation of the Valuation Report.

Valuation methodology and assumptions

In assessing the fairness and reasonableness of the consideration of the Disposal, we have reviewed the Valuation Report and upon our further discussion with the Valuer, we agree with the Valuer to adopt asset-based approach in arriving the appraised value of the Disposal Group after considering the following reasons:

(1) Market approach

The market approach measures the value of an asset through an analysis of recent sales or offerings of comparable assets. Sales and offering prices are adjusted for differences in location, time of sale, utility, and the terms and conditions of sale between the asset being appraised and the comparable assets. The market approach was deemed inappropriate due to the difficulty in identifying meaningful, publicly traded comparable companies or precedent transactions with a similarly dormant operational status and comparable asset structure, rendering the application of market multiples unreliable.

(2) Income approach

The income approach measures the value of an asset by the present value of its future economic benefits. These benefits can include earnings, cost savings, tax deductions and proceeds from its disposition. Considering that the Disposal Group is a dormant entity with no active business operations as at 31 August 2026, the income approach was not adopted because the lack of active operations and historical financial performance makes it impossible to formulate reliable financial projections or reasonably estimate future cash flows.

(3) Cost approach

The cost approach measures the value of an asset by the cost to reproduce or replace it with another of like utility. To the extent that the asset being valued provides less utility than a new asset, the reproduction or replacement cost would be adjusted to reflect appropriate physical deterioration, functional and economic obsolescence. As it is typically applied to the valuation of specific individual tangible assets rather than determining the overall enterprise or equity value of a holding entity, cost approach is not appropriate.

(4) Asset-based Approach

The asset-based approach provides an indication of value based on the principle that the overall value of an entity is represented by the summation of the net value of individual assets and liabilities. Since the fair value for each of the assets and liabilities will have been valued using either the market, income or cost approaches, it is not a distinct valuation approach. The Valuer considered that the asset-based approach was considered to be the most appropriate valuation approach in the Valuation. It is based on the economic principle of substitution; it essentially measures what is the net asset value as at 31 August 2026 and how much it would cost to replace those assets. The adjusted net asset value method is used to estimate the current fair value of the business or its assets.

We have obtained and reviewed the management accounts of the Disposal Group for the eight months ended 31 August 2026 and discussed with the management of the Company. Given that the Disposal Group ceased operation in June 2026, currently exists as a dormant entity, and has no plan to resume its business and the future cash flow projections are not applicable, we consider that the market approach and income approach are not appropriate. While the cost approach seeks to value specific individual tangible assets based on their reproduction or replacement cost, it does not directly determine the overall equity value of an entity, therefore, we consider that the cost approach is not appropriate as replacing operational assets is irrelevant to a non-operating entity. We note that major assets of the Disposal Group comprise mainly investment in subsidiaries and amounts receivables. Its value is therefore primarily driven by its identifiable assets and liabilities rather than its profitability or future cash flows. Accordingly, we consider that the asset-based approach is the most appropriate methodology.

For details of the assumptions adopted by the Valuer, please refer to the section headed "9. Major Assumptions" in the Valuation Report set out in Appendix I to the Circular. We have reviewed and discussed the basis and assumptions adopted in the Valuation Report. We have inquired the Valuer on the applicability of the assumptions. We have reviewed the principal assumptions adopted by the Valuer and note that (i) assuming the Disposal Group remains a dormant entity with no active business operations aligns with the existing condition of the Disposal Group as discussed above; (ii) assuming all outstanding liabilities will be recovered, settled, compensated or satisfied by Asia Partners in their gross amount or such amount in proportionate to its shareholding in the JV, without considering any write-downs, impairment or provision for bad debt arising from the ongoing litigation action and dispute between the parties; (iii) due to the inherent uncertainty and lack of material evidence to reliably assess the potential counterclaims and resulting liabilities outcomes as at the date of Valuation, these exposures are treated as unquantifiable contingent liabilities and have not been incorporated into the valuation; and (iv) the other assumptions relating to the accuracy of management provided information, statutory compliance, tax laws, macroeconomic conditions, interest and exchange rate, and the absence of undisclosed liabilities or litigation are standard and general in valuations of this nature and there is no unusual assumption which has been adopted during the Valuation. We have discussed with the management of the Company and reviewed the JV Agreement, considered the legal status of the ongoing Legal Proceedings with reference to the independent legal advice and examined the management accounts of the Disposal Group for the eight months ended 31 August 2026. We note that (a) from a valuation perspective, the Group maintains the contractual and legal entitlement to claim gross amounts due from JV, which are accordingly recognized in the financial statements of the Disposal Group; (b) the assumption of the Deposit without impairment supported by indemnity provided by the Purchaser; and (c) given the lack of a definitive legal reliable evidence to quantify potential counterclaims and any potential recoveries from the Legal Proceedings will be recognised only when they become virtually certain, it is reasonable to treat these legal risks as unquantifiable contingent liabilities rather than applying speculative valuation adjustments. We are therefore of the view that the assumptions adopted in the valuation are reasonable. During the course of our discussion with the Valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the valuation methodology and the principal basis and assumptions adopted in arriving at the appraised value of the Disposal Group.

Details of the Valuation

In preparing the Valuation Report, the Valuer concluded the Valuation using asset-based approach. As advised by the Valuer, the use of asset-based approach relates to the valuation of assets and liabilities of the Disposal Group as at 31 August 2026, which includes current assets, non-current assets and current liabilities. Details of the fair value of 100% equity interest in the Disposal Group as at 31 August 2026 was shown below:

	Book value before offsetting related party balance *(HK$'000)*	**Book Value after offsetting related party balance** *(HK$'000)*	**Fair value** *(HK$'000)*
Non-current assets			
Investment in JV – Star Power	0* *(Note 1)*	0* *(Note 1)*	14,765
Current assets			
Deposit (the EUR1.8 million Deposit to Asia Partners)	16,349	16,349	16,349
Amount due from the Company	0 *(Note 2)*	0 *(Note 2)*	0 *(Note 2)*
Amount due from JV	54,660*	27,330*	27,330
Cash and cash equivalents	252	252	252
Total current assets	71,261	43,931	43,931
Current liabilities			
Amount due to an immediate holding company	68,433	68,433	68,433
Amount due to a fellow subsidiary	2,533	2,533	2,533
Amount due to JV	0* *(Note 3)*	–	–
Total current liabilities	70,966	70,966	70,966
Net assets			**(12,300)**
Net assets excluding the net amount due to an immediate holding company and fellow subsidiary			**58,700**

Remark:* Excluding previously recognized impairments in those assets

Notes:

1. It represents HK$100 of share capital subscribed in JV. As figure is rounded to the nearest thousand, it is presented as HK$0.

2. It represents HK$8 of unpaid share capital subscribed by the Company. As figure is rounded to the nearest thousand, it is presented as HK$0.

3. It represents HK$100 of unpaid share capital subscribed by the Circle Time. As figure is rounded to the nearest thousand, it is presented as HK$0.

(a) Non-current assets

As at 31 August 2026, the non-current asset of the Disposal Group represented an investment in JV (50% equity interest in Star Power) amounted to approximately HK$100. Given the absence of active business operations within Star Power as at 31 August 2026, hence the asset-based approach was considered to be the most appropriate valuation approach and adopted to derive the fair value of the JV, Star Power.

Details of the fair value of investment in JV as at 31 August 2026 was shown below:

	Before offsetting against related party balance	**After Offsetting against related party balance**		
	Book value at 100% equity interest *(HK$'000)*	**Book value at 50% equity interest held by Asia Partners** *(HK$'000)*	**Book value at 50% equity interest held by the Disposal Group** *(HK$'000)*	**Fair value at 50% equity interest held by the Disposal Group** *(HK$'000)*
Current assets				
Amount due from Circle Time	0 *(Note 1)*	–	–	–
Amount due from Asia Partners	30,005 *(Note 2)*	15,003	15,002	15,002
Deposits	456	228	228	228
Trade Receivable	120	60	60	60
Cash and cash equivalents	462	231	231	231
Total assets	31,043	15,522	15,521	15,521
Current liabilities				
Other Payables	1,512	756	756	756
Amount due to Circle Time	54,660	27,330	–	–
Total liabilities	56,172	28,086	756	756
50% equity interest in JV				**14,765**

Notes:

1. It represents HK$100 of unpaid share capital subscribed by Circle Time. As figure is rounded to the nearest thousand, it is presented as HK$0.

2. It includes HK$100 of unpaid share capital subscribed by Asia Partners, representing a 50% equity interest in JV.

For our due diligence purpose, we have obtained and reviewed the underlying calculation of the valuation of JV from the Valuer and the management accounts of JV for the eight months ended 31 August 2026 from the Company. We have obtained and cross-checked with the underlying documents such as invoices and bank statement from the Company and note that the book values of JV's assets and liabilities as at 31 August 2026 were adopted as their fair values for the valuation, except for the amount due from and amount due to Circle Time. We understand that these represented reciprocal balances between JV and Circle Time, representing 50% of the amount due from JV (approximately HK$27.3 million) and the amount related to unpaid share capital subscribed by Circle Time (HK$100), were offset against the related party balances to reflect the net equity position. On this basis, the appraised net assets value attributable to the 50% equity interest in the JV, Star Power, was approximately HK$14.8 million.

(b) Current assets

As at 31 August 2026, the current assets of the Disposal Group amounted to approximately HK$43.9 million, comprising deposits of approximately HK$16.3 million, amount due from the Company of HK$8, amount due from JV of approximately HK$27.3 million and cash and cash equivalents of approximately HK$0.3 million. We obtained and reviewed the management accounts for the eight months ended 31 August 2026 of the Disposal Group and the bank statements from the Company and note that the current assets in the balance sheet represent the liquid assets that can reasonably be converted into cash within one year. As per our discussion with the Valuer and we understand that the Valuer have assumed there exist no material differences between the book values and fair values of the current assets as at 31 August 2026, and the book values of the current assets as at 31 August 2026 was adopted as their fair values in the valuation.

Deposit

Regarding the Deposit of EUR1.8 million (equivalent to approximately HK$16.3 million) in relation to the indemnity provided by the Purchaser as mentioned in the section headed "3. Information of Circle Time" above, the Company is the beneficiary of the indemnity which covered the full amount of the Deposit where the payment obligation is triggered upon a loss event. We have obtained and reviewed the Merchandising License Agreement and the letter of undertaking and confirmed that the indemnity obligations are continuous. We note that the indemnity takes effect from the date of letter of undertaking and remains in effect until the Deposit is fully recovered or the obligations are discharged. Given the protection offered by the indemnity, we consider that it is reasonable that the indemnity has been taken into account in determining the Consideration by incorporating the full book value of the Deposit as part of the asset when deriving the value of Sale Share.

Amount due from JV

The JV is held as to 50% by Circle Time and 50% by Asia Partners. Before offsetting related party balance, the amount due from JV was approximately HK$54.7 million. The reciprocal balance between the JV and Circle Time of approximately HK$27.3 million was offset against the corresponding related party balances. Consequently, the remaining carrying balance (and its fair value) of the amount due from the JV represents the net reciprocal balance between the JV and Asia Partners. We note that the historical impairment on the amount due from JV, the Expected Credit Loss (the "**ECL**") provision, was excluded because the fair value was adopted rather than at amortized cost in the valuation. The net carrying amount, the gross amount less the ECL, is an entity-specific accounting estimate. Such accounting adjustments do not necessarily reflect the fair value that a market participant would place on the underlying receivables. Therefore, we concur that the historical provision arises from the accounting adjustments was excluded and the gross amount at book was adopted in the valuation is appropriate.

(c) Current liabilities

As at 31 August 2026, the current liabilities of the Disposal Group amounted to approximately HK$71.0 million, comprising amount due to an immediate holding company of approximately HK$68.4 million and amount due to a fellow subsidiary of approximately HK$2.5 million. We obtained and reviewed the management accounts for the eight months ended 31 August 2026 of the Disposal Group and note that the current liabilities in the balance sheet represent the debts or obligations that are due within one year. Hence, the Valuer have assumed there exist no material differences between the book values and fair values of the current liabilities as at 31 August 2026, and the book values of the current liabilities as at 31 August 2026 was adopted as their fair values in the valuation.

Based on our review of the underlying documents such as the management accounts, invoices and bank statements of the Disposal Group as discussed above and our discussion with the Valuer regarding (i) the scope of work and experiences of the Valuer; (ii) the reasons and appropriateness of adopting the asset-based approach for the Valuation; (iii) the basis, assumptions and methodology adopted in the Valuation Report; and (iv) the valuation work performed by the Valuer, we consider that the valuation performed by the Valuer as well as the basis, assumptions and methodology adopted in the Valuation Report are appropriate.

8. Financial effects of the Disposal

Upon Closing, Circle Time will cease to be a subsidiary of the Company. Accordingly, the financial results, assets and liabilities of the Disposal Group will cease to be consolidated into the consolidated financial statements of the Group. The Company will not receive any proceeds from the Disposal.

Upon Closing, the Group is expected to recognise an unaudited net gain which is directly dealt within equity from the Disposal of approximately HK$42.1 million, calculated by reference to: (i) the Consideration of HK$58.7 million; (ii) the carrying amount of the net liabilities of the Disposal Group of approximately HK$54.4 million as at 31 August 2026; and (iii) the Sale Loan of approximately HK$71.0 million as at 31 August 2026.

The aforesaid estimation is for illustrative purpose only and does not purport to represent the financial position of the Group after Closing. The actual financial effects of the Disposal will be determined with reference to the financial status of the Disposal Group as at Closing and is subject to final audit.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular, that (i) the principal terms of the SPA; (ii) the valuation as set out in the Valuation Report; and (iii) the reasons for and benefits of the Disposal, we are of the view that despite entering into the SPA is not in the ordinary and usual course of business of the Group, the terms of the SPA is on normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to approve the SPA and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
INCU CORPORATE FINANCE LIMITED

Gina Leung	**Psyche So**
Managing Director	*Director*

Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

Ms. Psyche So is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over ten years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.