
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wai Chi Holdings Company Limited, you should at once hand this circular to the purchaser or other transferee or to the bank, a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Wai Chi Holdings Company Limited
偉志控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1305)

MAJOR TRANSACTION AND CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE SHAREHOLDING
IN THE TARGET COMPANY

MESSIS 大有融資

Independent Financial Adviser

to the Independent Board Committee and the Independent Shareholders

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise.

A notice convening the EGM to be held at 10/F, The Wave, 4 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong on Monday, 15 December 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 31 of this circular.

Whether or not you are able to attend the forthcoming EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the forthcoming EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

25 November 2025

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Abstained Directors”	Ms. Luk Fong (i.e. the Vendor), Mr. Chen Chung Po and Ms. Yiu Kwan Yu, all of them are the Directors who had abstained from voting on the Board resolution approving the Acquisition
“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	means a day on which banks in Hong Kong are open for business, other than: (i) a Saturday or a Sunday or a public holiday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Company”	Wai Chi Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 1305)
“Completion”	the completion of the Acquisition
“Completion Date”	the date which is the 5th Business Day following the fulfilment of the Condition Precedent as being fully satisfied
“Condition Precedent”	the condition precedent to Completion, as set forth under “Condition Precedent” section in this Circular
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for considering and, if thought fit, approving the Acquisition
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Acquisition
“Independent Financial Adviser”	Messis Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Independent Shareholders”	the Shareholders other than the Vendor and its associates
“Independent Third Party(ies)”	party or parties that, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is or are not the Group’s connected person(s), within the meaning of the Listing Rules
“Land”	a land parcel located at Hongda (International) Industrial Manufacturing City, Luoyang Town, Boluo County, Guangdong Province, the PRC (中國廣東省博羅縣羅陽鎮洪達(國際)工業製造城) with a total land use right area of approximately 86,118 square metres held by Letu Photoelectric
“Latest Practicable Date”	21 November 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“LED”	light-emitting diode, a semiconductor device for emitting light
“Letu Photoelectric”	Letu Photoelectric (Huizhou) Company Limited* (樂圖光電(惠州)有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this Circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Techwide Management Company Limited, a company incorporated under the laws of the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire issued ordinary share capital in the Target Company to be acquired by the Purchaser from the Vendor, being 100 shares of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SPA”	the share sale and purchase agreement dated 15 September 2025 entered into by the Vendor and the Purchaser in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Joyful Family Consultant Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, being the subject matter (i.e. the subject entity to be acquired) under the Acquisition
“Target Group”	the Target Company and its wholly-owned subsidiary (i.e., Letu Photoelectric)
“Vendor”	Ms. Luk Fong, being the vendor under the Acquisition
“%”	per cent

In this circular, unless the context otherwise requires, the terms “associate(s)”, “close associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “percentage ratio(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

* For identification purposes only



Wai Chi Holdings Company Limited
偉志控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1305)

Executive Directors:

Mr. Chen Chung Po (*Chairman*)

Ms. Luk Fong

Ms. Yiu Kwan Yu

Ms. Yong Jian Hui

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. Au Yeung Tin Wah

Mr. Ho Chi Wai

Mr. Yu Zhenyu

Principal Place of Business

in Hong Kong:

6th Floor, Liven House

63 King Yip Street

Kwun Tong

Kowloon

Hong Kong

25 November 2025

To the Shareholders

Dear Sirs or Madam,

MAJOR TRANSACTION AND CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE SHAREHOLDING
IN THE TARGET COMPANY

INTRODUCTION

Reference is made to the announcement of the Company dated 15 September 2025 in relation to the Acquisition and the transactions as contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisition and the transactions as contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a

LETTER FROM THE BOARD

letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the valuation report of the Land; and (v) other information as required under the Listing Rules, together with a notice of the EGM and the form of proxy.

THE ACQUISITION

On 15 September 2025 (after trading hours), the Purchaser, being an indirect wholly-owned subsidiary of the Company, and the Vendor, being the vendor, entered into the SPA, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares for a consideration in the amount of HK\$155,000,000.

THE SPA

The principal terms of the SPA agreed by the parties are summarized below:

Date: 15 September 2025 (after trading hours)

Parties: (i) The Purchaser
(ii) The Vendor, namely, Ms. Luk Fong

Subject matter: The Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares.

Consideration of the Acquisition: Pursuant to the SPA, the consideration for the purchase of the Sale Shares is the payment in cash on the Completion Date by the Purchaser of the amount of HK\$155,000,000 by way of bank transfer in RMB equivalent in the PRC (or such other means as mutually agreed by the Purchaser and the Vendor in writing). The consideration shall be satisfied by the Group's internal financial resources.

LETTER FROM THE BOARD

Basis of the consideration:

The consideration of the Acquisition was determined after arm's length negotiation by the parties to the SPA. The Purchaser has considered various factors, including (i) the preliminary valuation assessed by an independent valuer, Peak Vision Appraisals Ltd, on the Land held under the Target Group of approximately RMB163,700,000 (equivalent to approximately HK\$178,433,000) as at 31 August 2025; and (ii) other factors set out in the paragraph headed "Reasons for and Benefits of the Acquisition" below in determining the consideration of the Acquisition.

Condition Precedent:

Completion shall be conditional upon the Purchaser and the Company having complied with all compliance requirements and obtained all approvals in respect of the SPA and the transactions contemplated thereunder (including but not limited to the approval of the SPA and the transactions contemplated thereunder by the Independent Shareholders of the Company in its general meeting) and all such approvals not having been revoked or withdrawn prior to the Completion Date. As at the Latest Practicable Date, the only approval required for the Acquisition is the Independent Shareholders' approval in the Company's general meeting. The Condition Precedent cannot be waived. The Purchaser shall use its best endeavours to procure the fulfilment of the Condition Precedent as soon as practicable but in any event no later than 31 December 2025.

Completion:

Subject to the fulfillment of the Condition Precedent, Completion will take place on the Completion Date (or such later date as may be agreed by the Vendor and the Purchaser in writing).

Under the Acquisition, there is no (a) guarantee of the profits or net tangible assets or other matters regarding the financial performance of the Target Group provided by the Vendor; and (b) option granted to the Group to sell the Target Group back to the Vendor and/or other rights given to the Group.

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INFORMATION ABOUT THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding and currently holds the entire equity interest in Letu Photoelectric.

Letu Photoelectric is the owner of the Land located at Hongda (International) Industrial Manufacturing Zone, Luoyang Town, Boluo County, Guangdong Province, the PRC (中國廣東省博羅縣羅陽鎮洪達(國際)工業製造城) with a total land use right area of approximately 86,118 square metres. The Land was acquired by the Vendor in 2008 and the relevant acquisition cost for the Land was approximately RMB20,404,000.

The Land is divided into Phase I and Phase II.

Currently, Phase I of the Land includes 6 blocks of 1 to 6-storey buildings, used as factory, canteen, dormitory, equipment room and duty room having a total gross floor area of approximately 40,781.96 square metres. Phase I is currently subject to a tenancy for a term of 18 years from 1 September 2025 to 31 August 2043 at a monthly rental of RMB675,605.90 (exclusive of management fee, tax and all other outgoings) from years 1 to 3, with an increase of 8% once every three years from the tenancy commencement date. The relevant tenancy agreement was entered into between Letu Photoelectric and Tamura Electronics (Huizhou) Co., Ltd.* (田村電子(惠州)有限公司) on 29 August 2025. Tamura Electronics (Huizhou) Co., Ltd. is a company incorporated in the PRC and its principal business activity is production of electronic appliances. Its ultimate beneficial owner is Tamura Corporation, a company listed on the Tokyo Stock Exchange. Such leased portion is to be intended for rental income of the Group.

Phase II of the Land is a vacant site with a site area of approximately 58,025.84 sq.m.

Financial information of the Target Group

Set out below is the audited net profit before and after taxation of the Target Group for each of the two years ended 31 December 2024:

	For the year ended	
	31 December	
	2023	2024
	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$</i>	<i>HK\$</i>
Net loss before taxation	(5,084,000)	(13,739,000)
Net loss after taxation	(3,666,000)	(10,151,000)

The audited net assets of the Target Group as at 31 December 2024 was approximately HK\$65,900,000.

LETTER FROM THE BOARD

INFORMATION ABOUT THE GROUP AND THE PURCHASER

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 1305) and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in manufacturing, trading and sales of LED backlight and lighting products, and semiconductor memory chips.

The Purchaser is an indirect wholly-owned subsidiary of the Company and its principal business is investment holding.

INFORMATION ABOUT THE VENDOR

The Vendor, Ms. Luk Fong, has been appointed as an executive Director of the Company since 22 March 2022. In addition, she is a controlling shareholder of the Company as a result of her indirect interest in 128,120,000 Shares in the Company (representing approximately 58.31% of the entire issued share capital of the Company).

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Group will be consolidated in the books and accounts of the Group. The unaudited pro forma financial information of the Group, as set out in Appendix IV to this circular, has been prepared to illustrate the financial effect of the Acquisition.

(i) Effect on net assets

Based on the unaudited pro forma statement of financial position of the Group as set out in Appendix IV to this circular, which is prepared as if the Acquisition had been completed on 30 June 2025 to illustrate the effect of the Acquisition, it is expected that the total assets of the Group would increase from approximately HK\$2,831.6 million to approximately HK\$2,876.2 million, and the total liabilities of the Group would increase from approximately HK\$1,900.2 million to approximately HK\$1,944.1 million. The net assets attributable to owners of the Company would increase from approximately HK\$931.4 million to approximately HK\$932.1 million.

(ii) Effect on earnings

The Acquisition will enable the Group to generate rental income from leasing the investment property. The aggregate annual rental income of the existing tenancy is approximately HK\$8.7 million. Upon Completion, the Company will generate rental income from the investment property, which will have a positive effect on the earnings of the Group.

LETTER FROM THE BOARD

The analysis presented above is for illustrative purposes only and do not purport to represent the actual financial performance and position of the Group following the Completion. For detailed information regarding the Target Group, please refer to “Appendix II – Accountant’s Report on the Target Group” and “Appendix III – Management Discussion and Analysis on the Target Group” in this circular.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group principally engages in manufacturing, trading and sales of LED backlight and lighting products, and semiconductor memory chips.

The Board is of the view that the Acquisition will be complementary to the Group’s existing LED backlight and lighting products portfolio and enables the Group to further expand its scale and scope of business in the LED backlight and lighting products to bring about enhanced returns to the Shareholders through increased productivity and increasingly low-cost operational efficiency.

The Company’s core businesses - manufacturing LED backlighting, lighting products, and semiconductor memory chips - require scalable production capabilities to meet growing market demand. By obtaining the Land through the Acquisition, the Company will be able to establish a core production facility dedicated to consolidating the manufacturing, production and related processes, reducing reliance on third-party facilities and lowering such basic costs as production and operational costs. Owning the Land also provides the Group with the flexibility to adapt its production facility for emerging and advanced technologies and/or pivotal operations with high economic growth potential in response to market trends.

The Group is currently operating at over 90% of its production capacity. The customer order demand is forecasted to increase by 20% year over year. The Group’s current Shenzhen and Huizhou production bases are operating at over 90% production capacity and face significant constraints because the existing backlight workshops are unable to catch up with the increasing order demand from customers due to production area bottleneck and insufficient cleanroom capacity. Customers generally increasingly require higher cleanroom standards, while several of the Group’s existing workshops remain at lower standards, which cannot fully meet customer quality expectations. Order demand from key customers is therefore expected to outpace current capacity in the coming 12–36 months without additional facilities. Since the current production capacity of the Group is insufficient to meet customer order demands, it is essential for the Group to expand production capacity in line with upstream and downstream market developments and customer needs. In this regard, the available land use right area as such offers ample space for the Group to expand production capacity to accommodate new, progressive and potentially revenue-generating product lines as and when the Group’s management considers appropriate.

LETTER FROM THE BOARD

The implementation of the acquisition of the Land will also allow certain assembly workshops in the Shenzhen production base to be moved to the Land so as to reinforce and ensure the smooth and streamlined running of the production lines. This relocation will free up space in Shenzhen, while consolidating production capacity into the Land for efficiency and better cleanroom environment.

Additionally, the Land will accommodate further expansion needs in terms of the Group's future growth. The Land in Huizhou expansion is designed to provide long-term flexibility on the construction of two new double-storey factory blocks opposite to the existing Huizhou production base. These facilities will house an injection molding centre and a backlight warehouse, and are connected to the main production base via a dedicated logistics corridor. The Land also enables future upgrades such as centralised dust-removal systems and automated production lines all of which will support cost reduction and scalable expansion. Therefore, by establishing a new production base and introducing advanced production equipment, the Acquisition aims to expand the Group's production capacity to resolve the imminent production capacity bottleneck issue, meet increasing market demand, and lay a solid foundation for the Group's continued expansion and business growth.

In assessing the fairness of the consideration of the Acquisition, the Directors (excluding the Abstained Directors) have considered the following:

- The Target Group recorded audited net losses after taxation of approximately HK\$10.15 million in 2024 and HK\$3.67 million in 2023. These losses were primarily attributable to non-cash fair value losses on the Land and the facilities situated thereon, which amounted to approximately HK\$14.35 million in 2024 and HK\$5.67 million in 2023. Excluding these fair value adjustments, the Target Group's operating results were near break-even.
- During the same period, the Target Group generated stable rental income from leasing part of the Land (i.e. Phase I) to an independent tenant, which has remained consistent and provided a recurring income stream. This indicates that the underlying property asset is income-generating and commercially valuable notwithstanding the accounting losses reported. As at the Latest Practicable Date, the Board has no intention to terminate the existing lease with the tenant for Phase I.
- The Land comprises Phase I and Phase II areas within a single contiguous lot. As the two phases share common site access, utilities and regulatory land-use approvals, it would not be practical or commercially feasible to acquire either phase separately. Acquisition of the entire lot therefore ensures that the Group obtains full and unencumbered control over the site for integrated planning, construction and long-term operational efficiency.
- The vacant portion of Phase II is critical for the Group's planned capacity expansion in Huizhou, enabling the relocation of the Shenzhen workshop and the construction of new backlight assembly workshops and supporting facilities, as set out in the Group's internal development plan.

LETTER FROM THE BOARD

- While the Land has been subject to year-to-year fair-value fluctuations under accounting standards, such non-cash re-measurement effects are not expected to have a material impact going forward, as the Group intends to retain and utilise the Land for its long-term production base rather than for trading or investment purposes. The carrying value of the Land will therefore be supported by its productive use rather than short-term market valuation changes.

In light of the above, the Directors (excluding the Abstained Directors) are of the view that the historical net losses of the Target Group do not fully reflect its underlying asset value, stable income-generating capability, or long-term prospects. Accordingly, the consideration under the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Acquisition of the Target Company represents a transformative opportunity for the Company to secure a strategic asset that drives operational efficiency, increases productive capabilities, facilitates new, innovative and diversified production, enhances financial stability, and engenders sustainable growth. By integrating the Land into its portfolio, the Company will gain a long-term tangible asset with potential for capital appreciation, thereby strengthening the Group's asset base and balance sheet, and reinforcing its commitment to delivering long-term value to its Shareholders while strengthening its leadership in the automotive LED backlight industries.

The Directors (including the independent non-executive Directors) consider that the Acquisition was negotiated and are on normal commercial terms, and the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As (i) Ms. Luk Fong, an executive Director, is also the Vendor in the Acquisition; (ii) Mr. Chen Chung Po, an executive Director, is the son-in-law of Ms. Luk Fong; and (iii) Ms. Yiu Kwan Yu, an executive Director and the wife of Mr. Chen Chung Po, is the daughter of Ms. Luk Fong, all of them, together with their respective associates, had abstained from voting on the Board resolution approving the Acquisition. Save as the aforesaid, none of the Directors has any material interest in the Acquisition and is required to abstain from voting on the Board resolution(s) in relation to the Acquisition.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition to be contemplated under the SPA exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as at the Latest Practicable Date, the Vendor is an executive Director and is a substantial shareholder (as defined under the Listing Rules) of the Company as a result of her indirect interest in 128,120,000 Shares in the Company (representing approximately 58.31% of the entire issued share capital of the Company). Accordingly, the Vendor is a connected person

LETTER FROM THE BOARD

(as defined under the Listing Rules) of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Based on the above, the Acquisition is subject to (i) the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Au Yeung Tin Wah, Mr. Ho Chi Wai and Mr. Yu Zhenyu, to advise the Independent Shareholders on the Acquisition. None of the members of the Independent Board Committee has any interest in the Acquisition.

The Independent Board Committee has resolved to appoint Messis Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition. A letter from the Independent Financial Adviser is set out on pages 17 to 31 of this circular.

BOOK CLOSURE FOR EGM ATTENDANCE

In order to ascertain the right to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 9 December 2025 to Monday, 15 December 2025 (both days inclusive) during which period no transfer of Shares will be registered.

Shareholders are reminded that in order to be entitled to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 8 December 2025.

EGM

A notice convening the EGM to be held at 10/F, The Wave, 4 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong on Monday, 15 December 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. At the EGM, ordinary resolutions will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the SPA and the transactions as contemplated thereunder by way of poll.

A form of proxy for use at the EGM is enclosed to this circular and is also published on the websites of the Company (www.waichiholdings.com) and the Stock Exchange (www.hkexnews.hk). If you intend to appoint a proxy to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at

LETTER FROM THE BOARD

17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

VOTING AT THE EGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

In the case of an equality of votes on a poll, the chairman of the meeting shall, subject to the Company's articles of association, be entitled to casting vote in addition to any other vote he may have.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the Vendor and Rexell Technology Company Limited (being a company with its entire shareholding held by the Vendor) (which held 128,120,000 Shares in aggregate, representing approximately 58.31% of the total number of issued Shares, as at the Latest Practicable Date), none of the other Shareholders has a material interest in the transactions as contemplated under the SPA and is required to abstain from voting on the relevant resolutions at the EGM.

RECOMMENDATION

The Directors (including all the independent non-executive Directors whose views are set forth in the letter from the Independent Board Committee but excluding the Abstained Directors) consider that the terms of the SPA and the transactions as contemplated thereunder, which were determined after arm's length negotiations between the parties thereto, are on normal commercial terms, and are fair and reasonable, and although the entering into of the SPA was not made in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including all the independent non-executive Directors but excluding the Abstained Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the SPA and the transactions as contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee; (ii) the letter from the Independent Financial Adviser; and (iii) the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Wai Chi Holdings Company Limited
Chen Chung Po
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter from the Independent Board Committee to the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular, setting out its recommendation to the Independent Shareholders in respect of the SPA and the transactions as contemplated thereunder.



Wai Chi Holdings Company Limited **偉志控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1305)

25 November 2025

To the Independent Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE SHAREHOLDING IN THE TARGET COMPANY

We refer to the circular of the Company dated 25 November 2025 (the “**Circular**”) of which this letter forms a part. Terms defined in the Circular shall bear the same meanings herein unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to advise you in respect of the SPA and the transactions as contemplated thereunder. Messis Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

Having taken into account the advice of the Independent Financial Adviser, we are of the opinion that the SPA and the transactions as contemplated thereunder are on normal commercial terms, fair and reasonable. Although the entering into of the SPA was not made in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the SPA and the transactions as contemplated thereunder.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also draw the attention of the Independent Shareholders to (i) the letter from the Board; (ii) the letter from the Independent Financial Adviser; and (iii) the additional information set out in the appendices to the Circular.

Yours faithfully,
For and on behalf of the
Independent Board Committee
Wai Chi Holdings Company Limited

Au Yeung Tin Wah
*Independent non-executive
Director*

Ho Chi Wai
*Independent non-executive
Director*

Yu Zhenyu
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Messis Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, which has been prepared for the purposes of incorporation in this circular.

MESSIS 大有融資

25 November 2025

To the Independent Board Committee and the Independent Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE SHAREHOLDING IN THE TARGET COMPANY

INTRODUCTION

We refer to our appointment as Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 25 November 2025 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 15 September 2025 (after trading hours), the Purchaser, being an indirect wholly-owned subsidiary of the Company, and the Vendor, being the vendor, entered into the SPA, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share for a consideration in the amount of HK\$155,000,000.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition to be contemplated under the SPA exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as at the date of this Circular, the Vendor is an executive Director and is a substantial shareholder (as defined under the Listing Rules) of the Company as a result of her indirect interest in 128,120,000 Shares in the Company (representing approximately 58.31% of the entire issued share capital of the Company). Accordingly, the Vendor is a connected person (as defined under the Listing Rules) of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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Based on the above, the Acquisition is subject to (i) the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) the reporting, announcement, circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened by the Company to seek the Independent Shareholders' approval of the Acquisition. All Shareholders who have a material interest in the Acquisition, together with their associates, will be required to abstain from voting at the EGM.

As the Vendor is indirectly interested in 128,120,000 Shares in the Company (representing approximately 58.31% of the entire issued share capital of the Company), the Vendor and her associates are required to abstain from voting on the relevant resolution(s) concerning the Acquisition to be proposed at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Au Yeung Tin Wah, Mr. Ho Chi Wai and Mr. Yu Zhenyu, has been established to advise the Independent Shareholders as to whether the terms of the SPA and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and how to vote on the Acquisition at the EGM, taking into account the recommendations of the Independent Financial Adviser.

We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the SPA and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole, and to advise the shareholders how to vote.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders on (i) whether the terms of the SPA and the transactions contemplated thereunder are fair and reasonable; (ii) whether the SPA and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the SPA and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole; and (iv) whether the Independent Shareholders should vote in favour of the SPA and the transactions contemplated thereunder.

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We have not acted as an independent financial adviser or financial adviser for other transactions of the Group, and have not provided any other services to the Group, in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the SPA and the transactions contemplated thereunder is at market level and not conditional upon successful passing of the resolutions, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Group and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Group and/or the Directors and/or its senior management staff (the “**Management**”) are true and accurate. We have assumed that all statements, information and representations provided by the Directors and the Management, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in this Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its adviser and/or the Directors, which have been provided to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable and there are no reasons to doubt the accuracy and reliability of such public 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, opinions expressed in this Circular have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement contained in this Circular misleading.

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business of the Group.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group

The Group is principally engaged in manufacturing, trading and sales of LED backlight and lighting products, and semiconductor memory chips.

1.1 Historical Information of the Group

The summary of the key items of the Group's (i) consolidated statement of profit or loss for the financial year ended 31 December 2023 ("FY 2023") and 31 December 2024 ("FY 2024"); and (ii) the unaudited consolidated statement of profit or loss for the six months ended 30 June 2024 ("H1 2024") and 30 June 2025 ("H1 2025"); and (iii) the consolidated statement of financial position as at 31 December 2023 and 31 December 2024 as well as the unaudited consolidated statement of financial position as at 30 June 2025, are set out below:

Consolidated statement of profit or loss for FY 2023 and FY 2024

	For the year ended 31 December 2024	For the year ended 31 December 2023
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Revenue	2,372,277	1,985,768
Gross profit	346,106	268,601
Profit for the year	46,957	36,731

The Group's audited revenue increased from approximately HK\$1,985.8 million for FY 2023 to approximately HK\$2,372.3 million for FY 2024, representing an increase of approximately 19.5%, which was primarily due to (i) increase in revenue from the LED backlight business (mainly comprising automobile onboard displays, television displays and other industrial equipment displays) from approximately HK\$1,656.4 million for FY 2023 to approximately HK\$1,958.4 million for FY 2024, which was in turn attributable to the robust growth in demand for backlights for automobile onboard displays, which recorded a 22.6% increase in sales for FY 2024.

The Group's profit for the year increased by a larger scale from approximately HK\$36.7 million for FY 2023 to approximately HK\$47.0 million for FY 2024, representing an increase of approximately 27.8%, which was primarily due to the combined effect of the 19.5% increase in revenue as mentioned above and the improvement in gross profit margin from approximately 13.5% for FY 2023 to approximately 14.6% for FY 2024.

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Consolidated statement of profit or loss for H1 2024 and H1 2025

	For the six months ended 30 June 2025 HK\$ '000	For the six months ended 30 June 2024 HK\$ '000
Revenue	1,127,460	1,166,073
Gross profit	166,545	132,255
Profit for the period	27,984	24,264

The Group's unaudited revenue remained stable at approximately HK\$1,127.5 million for H1 2025 (H1 2024: approximately HK\$1,166.1 million). Performance of the core sector of LED business, where the Group has placed particular focus on, maintained its strong momentum, with revenue reaching approximately HK\$1,126,066,000 for H1 2025, representing an increase of approximately 18.7% compared to that of H1 2024.

The Group's profit for the period increased from approximately HK\$24.3 million for H1 2024 to approximately HK\$28.0 million for H1 2025, representing an increase of approximately 15.3%.

Consolidated statement of financial position as at 31 December 2023, 31 December 2024 and 30 June 2025

	As at 30 June 2025 HK\$ '000	As at 31 December 2024 HK\$ '000	As at 31 December 2023 HK\$ '000
Non-current assets	389,722	402,662	419,283
Current assets	2,441,834	2,353,829	1,979,440
Total assets	2,831,556	2,756,491	2,398,723
Current liabilities	1,872,603	1,828,378	1,526,446
Non-current liabilities	27,548	31,552	4,073
Total liabilities	1,900,151	1,859,930	1,530,519
Net assets	931,405	896,561	868,204

The Group's audited total assets increased from approximately HK\$2,398.7 million as at 31 December 2023 to approximately HK\$2,756.5 million as at 31 December 2024, representing an increase of approximately 14.9%. The Group's unaudited total assets further increased to approximately HK\$2,831.6 million as at 30 June 2025, representing an increase of approximately 3.1%.

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As at 30 June 2025, the Group's unaudited net assets were approximately HK\$931.4 million, up from approximately HK\$896.6 million as at 31 December 2024.

1.2 Outlook and prospects of the Group

Amongst the businesses of manufacturing, trading and sales of LED backlight and lighting products, and semiconductor memory chips, the Group has and will continue to focus on its core business of LED products, especially that of LED backlights for automobile onboard displays. According to the interim report of the Company for H1 2025 (**"2025 Interim Report"**), the Group continuously studies industry trends, vigorously invests in product research and development, and production to ensure meeting customer demands, in order to adapt to the dynamic landscape of the LED lighting industry and to maintain itself as a reliable and trusted player in the market.

As understood from the management of the Company, the LED backlight and automobile display market in the PRC is a fast-growing sector in the LED industry, fueled by the rapid expansion of new energy vehicles (NEVs), which have an increasing emphasis on intelligent cockpits as well as advanced driver-assistance systems (ADAS), where LED backlight is primarily used in LCD-based displays for automotive applications.

According to the 《新能源汽车产业发展规划(2021–2035年)》(The New Energy Vehicles Industry Development Plan (2021–2035)), the NEV industry is one of the industries focused by the PRC government to drive the national economic growth. According to China Association of Automobile Manufacturers (中國汽車工業協會), the penetration rate of NEVs reached 40.9% in 2024, representing a year-on-year increase of approximately 9.3%. Such penetration rate further increased to around 45% in the first half of 2025. It is expected that NEVs will become the mainstream in the automobile industry for both domestic sale and export.

As stated in the annual report of the Company for FY 2024, the management of the Company believes that the long-term demand for LED backlighting and automotive display solutions remains strong, and that with a strong commitment to innovation, operational excellence and strategic expansion, the Group shall be well-positioned to capture new growth opportunities in such evolving LED landscape.

Indeed, such commitment by the Group has paid off, as evidenced by the increase in the Group's revenue for FY 2024 as discussed above, with the Group's audited revenue increased from approximately HK\$1,985.8 million for FY 2023 to approximately HK\$2,372.3 million for FY 2024, which was in turn attributable to the robust growth in demand for backlights for automobile onboard displays, which recorded a 22.6% increase in sales for FY 2024.

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Considering the strong financial performance of the Group, fueled by the LED backlight and automobile display market in the PRC which the Group has strategically focused on, we are of the view that it is reasonable for the Company to further consolidate its market position by strengthening its production capabilities.

2. Reasons for and benefits of the Acquisition

As stated in the Letter from the Board, the current production capacity of the Group is insufficient to meet customer order demands, and it is essential for the Group to expand production capacity in line with upstream and downstream market developments and customer needs. As advised by the management of the Company, the existing production capacity has been utilised as to over 90% for FY 2024, while the customer order demand is forecasted to increase by 20% year over year, and the order demand from key customers is expected to outpace current capacity in the coming 12 to 36 months without expansion in production capacity. As advised by the management of the Company, the aforesaid estimated order demand is derived from the rolling order projections communicated with the Group's key customers on the LED backlight products for coming 12 months, whereas such order projections are used for mould preparation that can take up to a year.

As further stated in the Letter from the Board, the implementation of the acquisition of the Land will also allow certain assembly workshops in the Shenzhen production base to be moved to the Land so as to reinforce and ensure the smooth and streamlined running of the production lines. As advised by the management of the Company, the new assembly workshops will be equipped with cleanroom with higher standards, a quality requirement now demanded by the Group's customers.

Additionally, the Land will accommodate further expansion needs in terms of the Group's future growth. By establishing a new production base, the Acquisition aims to expand the Group's production capacity to resolve the imminent production capacity bottleneck issue and, meet increasing market demand. This production base expansion also serves the relocation purpose as it will free up space in the current production base in Shenzhen, allowing the Group to redistribute its production capabilities in order to improve operational efficiency.

As advised by the management of the Company, the new production base will be dedicated to production of LED backlight products. We were further given to understand that the expansion of production base on the Land is designed to provide long-term flexibility on the construction of two new double-storey factory blocks opposite to the existing Huizhou production base. The new facilities will house an injection molding centre and a backlight warehouse, and are connected to the main production base via a dedicated logistics corridor. The Land also enables future upgrades such as centralised dust-removal systems and automated production lines all of which will support cost reduction and scalable expansion. All in all, the set up of the new production facilities on the Land is expected to enhance its production capacity and capabilities.

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As such, we concur with the Board that the Acquisition represents a transformative opportunity for the Company to secure a strategic asset that drives operational efficiency, increases productive capabilities, facilitates new, innovative and diversified production, enhances financial stability, and engenders sustainable growth, and that the Acquisition is in the interests of the Company and its Shareholders as a whole.

3. Principal terms of the SPA

3.1 Summary of the key terms

Date:	15 September 2025 (after trading hours)
Parties:	(i) The Purchaser (ii) The Vendor, namely, Ms. Luk Fong
Subject matter:	The Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Share.
Consideration of the Acquisition:	Pursuant to the SPA, the consideration for the purchase of the Sale Share is the payment in cash upon Completion by the Purchaser of the amount of HK\$155,000,000. The consideration shall be satisfied by the Group's internal financial resources.
Basis of the consideration:	The consideration of the Acquisition was determined after arm's length negotiation by the parties to the SPA. The Purchaser has considered various factors, including (i) the historical operational and financial performance of the Target Group; (ii) the preliminary valuation assessed by an independent valuer, Peak Vision Appraisals Ltd, on the Land held under the Target Group of approximately RMB163,700,000 (equivalent to approximately HK\$178,433,000) as at 31 August 2025; and (iii) other factors set out in the paragraph headed "Reasons for and Benefits of the Acquisition" in the Letter from the Board in determining the consideration of the Acquisition.

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Condition Precedent:

Completion shall be conditional upon the Purchaser and the Company having complied with all compliance requirements and obtained all approvals in respect of the SPA and the transactions contemplated thereunder (including but not limited to the approval of the SPA and the transactions contemplated thereunder by the Independent Shareholders of the Company in its general meeting) and all such approvals not having been revoked or withdrawn prior to the Completion Date. The Condition Precedent cannot be waived. The Purchaser shall use its best endeavours to procure the fulfilment of the Condition Precedent as soon as practicable but in any event no later than 31 December 2025.

Completion:

Subject to the fulfillment of the Condition Precedent, Completion will take place on the Completion Date (or such later date as may be agreed by the Vendor and the Purchaser in writing).

3.2 Information about the Target Group

The Target Company is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding and currently holds the entire equity interest in Letu Photoelectric.

Letu Photoelectric is the owner of the Land located at Hongda (International) Industrial Manufacturing Zone, Luoyang Town, Boluo County, Guangdong Province, the PRC (中國廣東省博羅縣羅陽鎮洪達(國際)工業製造城) with a total land use right area of approximately 86,118 square metres.

3.3 The appraised value of the Land

The consideration of the Acquisition was determined after arm's length negotiation by the parties to the SPA. The Purchaser has considered various factors, including (i) the historical operational and financial performance of the Target Group; (ii) the preliminary valuation (the “**Valuation**”) assessed by an independent valuer, Peak Vision Appraisals Ltd (the “**Independent Valuer**”), on Land held under the Target Group of approximately RMB163,700,000 (equivalent to approximately HK\$178,433,000) as at 31 August 2025 (the “**Valuation Date**”); and (iii) other factors set out in the paragraph headed “Reasons for and Benefits of the Acquisition” in the Letter from the Board in determining the consideration of the Acquisition.

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In assessing the Valuation, we have reviewed and discussed with representative of the Independent Valuer, the methodology of, and basis of and assumptions adopted for, the Valuation on the Land held under the Target Group, as set out in the Valuation Report in Appendix V to the Circular. The Land held under the Target Group comprises (i) phase I of the property; and (ii) phase II of the property, which is a vacant site.

We have discussed with the engagement team of the Independent Valuer as to their expertise, valuation experience, their scope of work and valuation procedures conducted in relation to the Valuation of the Land held under the Target Group. We were given to understand that both the exterior and the interior, where possible, of the property was inspected by member of the engagement team of the Independent Valuer. We also noted that the Independent Valuer reviewed the background information and other relevant data concerning the Land, reviewed the applicable legal documents, titles/registrations/permits/licenses relating to the right of use of the Land. The Independent Valuer made no allowance in the valuation for any charges, mortgages or amounts owing on the properties when it assessed the appraised value of the Land, which is in line with common valuation practice.

Basis of the Valuation

According to the Valuation Report, the Valuation represents the Independent Valuer's opinion of market value which is defined to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

As advised by the Independent Valuer, in valuing the Land, the Independent Valuer has complied with all the relevant requirements set out in the Listing Rules and the HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors, the RICS Valuation – Global Standards (Effective from 31 January 2025) published by the Royal Institution of Chartered Surveyors and the International Valuation Standards (Effective 31 January 2025) published by the International Valuation Standards Council, where applicable, and under generally accepted valuation procedures and practices.

Methodology of the Valuation

According to the Valuation Report as set out in Appendix V to the Circular, the Independent Valuer has adopted different valuation method in valuing the Land held under the Target Group, comprising (i) phase I of the property; and (ii) phase II of the property, which is a vacant site.

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With respect to phase I of the property on the Land

Valuation Methodology

In valuing the phase I of the property, the Independent Valuer has adopted the investment method (“**Investment Method**”) by taking into account the current rent passing and the reversionary income potential of the phase I of the property.

Based on our discussion with the Independent Valuer for the methodologies, basis and assumptions adopted by the Independent Valuer, we understood that the Investment Method is the most generally accepted methods in valuing property interest for which rental information is available. The Valuation has been made on the assumption that the owner sells the property on the open market in its existing state without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the value of the property. No forced sale situation in any manner is assumed in our valuation. In addition, the Independent Valuer has been advised by the Group that the property is not subject to any option or right of pre-emption which would concern or affect the sale of the property unless otherwise specified in this report. We consider that the aforesaid assumptions are justifiable given the actual status of the property subject to valuation.

The Investment Method takes into account the current rent passing and the reversionary income potential of the phase I of the property in the relevant market. Based on our understanding from the Independent Valuer, reference had been made to rental comparables in the vicinity, i.e. rental comparables in Boluo County and Huicheng District, Huizhou City. A total of 9 unit rent comparables had been identified, which is an exhaustive list as confirmed by the Independent Valuer and relates to properties with the same use and transacted within 1 months from the Valuation Date, which are deemed sufficient, appropriate and reasonable to derive a reliable opinion of value of the property as at the Valuation Date. Moreover, the unit rent adopted is consistent with the comparable references after due adjustments, made to reflect factors including but not limited to location, floor, layout, time and size in arriving at the opinion of value.

Our analysis

We have reviewed the list of rental comparables identified by the Independent Valuer from which an average unit market rent of approximately RMB12.31 per sq. m. for phase I of the property is derived. We note that (i) the rental comparables are located in Boluo County and Huicheng District, Huizhou City which are in the vicinity of the Land; (ii) the list of rental comparables is an exhaustive list; (iii) the rental comparables are of industrial use, same as that of the phase 1 of the property on the Land; (iv) the rental comparables are transacted within 1 month from the Valuation Date which in our view is reflective of the prevailing rent in the market; and (v) due adjustments to those rental comparables have been made to reflect property related factors in arriving at the valuation, with the adjustment rates applied dependent on whether the rental comparables are superior/inferior to the phase I of the property in terms of location, floor, layout, time and size.

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We were given to understand that, given that there are no identifiable nearby sale comparables that come with tenancy agreement with similar lease terms in public information, phase 1 of the property cannot be valued under Direct Comparison Method, i.e. by comparison with open sale transactions. We have also reviewed the list of market yield comparables identified by the Independent Valuer from which the market yield of phase I of the property of about 6.25% is derived. We note that (i) the market yield comparables are located in Boluo County and Huicheng District, Huizhou City which are in the vicinity of the Land; (ii) the list of market yield comparables is an exhaustive list; and (iii) the market yield comparables are of industrial use, same as that of the phase 1 of the property on the Land.

Given that (i) the Investment Method is the most generally accepted methods in valuing property interest for which rental information is available; and (ii) the Direct Comparison Method, being another generally accepted methods in valuing property interest, is not applicable as there are no identifiable nearby sale comparables that come with tenancy agreement with similar lease terms in public information, we have researched on the public domain for properties offered for sale in the market, which (i) are located in Boluo County and Huicheng District, Huizhou City that are in the vicinity of the Land; and (ii) are of industrial use, same as that of the phase 1 of the property on the Land. We note that the valuation of the phase I of the property falls within the range of proposed sale prices of such properties identified. However, given that it could not be identified as to whether any tenancy agreements are attached to such properties, and that no adjustment could be made by us to reflect factors including but not limited to location, floor, layout and size, we consider that there are no identifiable nearby sale comparables that come with tenancy agreement with similar lease terms in public information to enable valuation by way of Direct Comparison Method and that the Investment Method is the most appropriate method for valuing the phase 1 of the property on the Land.

Based on the foregoing, we consider that the selection criteria, assumptions and parameters adopted by the Independent Valuer under the Investment Method in valuing the phase 1 of the property on the Land are fair and reasonable.

With respect to phase II of the property on the Land

Valuation Methodology

In valuing phase II of the property, which is a vacant site, the Independent Valuer has adopted the direct comparison method (“**Direct Comparison Method**”) assuming sale of phase II of the property in its existing state by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between phase II of the property and the comparable properties.

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Based on our discussion with the Independent Valuer for the methodologies, basis and assumptions adopted by the Independent Valuer, we understood that the Direct Comparison Method are most generally accepted methods in valuing property interest if there is market evidence of comparable sales, as that market evidence is based on publicly available information which accurately reflects the sale market conditions at the locality and involve fewer assumptions and judgments.

The Valuation has been made on the assumption that the owner sells the property on the open market in its existing state without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the value of the property. No forced sale situation in any manner is assumed in our valuation. In addition, the Independent Valuer has been advised by the Group that the property is not subject to any option or right of pre-emption which would concern or affect the sale of the property unless otherwise specified in this report. We consider that the aforesaid assumptions are justifiable given the actual status of the property subject to valuation.

The Direct Comparison Method assumes sale of the property in its existing state by making reference to comparable sales transactions as available in the relevant market. Based on our understanding from the Independent Valuer, reference had been made to land sales comparables in the vicinity, i.e. land sales comparables in Boluo County, Huizhou City with site area greater than 20,000 sq.m. A total of 5 land sales comparables had been identified, which is an exhaustive list as confirmed by the Independent Valuer and relates to properties with the same use and transacted within 3 months from the Valuation Date, which are deemed sufficient, appropriate, and reasonable to derive a reliable opinion of value of the property as at the Valuation Date. Moreover, the unit rate adopted is consistent with the comparable references after due adjustments, made to reflect factors including but not limited to time, size and location in arriving at the opinion of value.

Our analysis

Given that the Direct Comparison Method is the most generally accepted methods in valuing property interest in valuing phase II of the property which is a vacant site, we have reviewed the list of land sales identified by the Independent Valuer from which an unit rate of approximately RMB851.00 per sq. m. is derived. We note that (i) the land sales comparables are located in Boluo County and Huicheng District, Huizhou City which are in the vicinity of the Land; (ii) the list of land sales comparables is an exhaustive list; (iii) the land sales comparables are of industrial use, same as that of phase II of the property on the Land; (iv) the land sales comparables are transacted within 3 month from the Valuation Date which in our view is reflective of the prevailing price in the market; and (v) due adjustments to those land sales comparables have been made to reflect property related factors in arriving at the valuation, with the adjustment rates applied dependent on whether the land sales comparables are superior/inferior to phase II of the property in terms of time, size and location.

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Based on the foregoing, we consider that the selection criteria, assumptions and parameters adopted by the Independent Valuer under the Direct Comparison Method in valuing phase II of the property on the Land are fair and reasonable.

Our view

Based on our analysis and work performed as set out above, we consider that the Valuation as set out in the Valuation Report, of which the selection criteria, assumptions and parameters adopted are fair and reasonable, is an appropriate reference point to assess the fairness and reasonableness of the Consideration under the SPA, and that the Consideration of the Acquisition is fair and reasonable.

4. Potential financial effects of the Acquisition

Revenue and earnings

Upon the Completion, there is no immediate material impact on the revenue and earnings of the Enlarged Group, while the Target Group will become wholly-owned subsidiaries of the Company, and their financial results will be consolidated into the Group's financial statements.

Working Capital

Based on the 2025 Interim Report, the working capital (i.e. current assets of approximately HK\$2,441.8 million, less current liabilities of approximately HK\$1,872.6 million) and bank balances and cash of the Group as at 30 June 2025 amounted to approximately HK\$569.2 million and HK\$204.5 million respectively, representing a current ratio of approximately 1.3 time.

Pursuant to the SPA, the consideration for the purchase of the Sale Share is the payment in cash upon Completion by the Purchaser of the amount of HK\$155,000,000. The consideration shall be satisfied by the Group's internal financial resources.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular (the “**Pro Forma Information**”), the current assets of the Enlarged Group would slightly decrease to approximately HK\$2,287.8 million, while the current liabilities of the Enlarged Group would remain steady at approximately HK\$1,887.1 million. As a result, the current ratio of the Enlarged Group would be approximately 1.2 time.

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Net asset value

According to the 2025 Interim Report, the unaudited consolidated net assets of the Group was approximately HK\$931.4 million as at 30 June 2025. It is currently expected that there will not be any material impact on the net assets of the Group following the Completion as the increase in the investment cost in the Target Group under the Acquisition will be offset by the decrease in bank balances for payment of the Consideration.

Based on the Pro Forma Information, the unaudited consolidated net assets of the Enlarged Group would remain steady at approximately HK\$932.1 million. On such basis, the Enlarged Group's consolidated net asset value would not deteriorate upon Completion.

Gearing ratio

According to the 2025 Interim Report, as at 30 June 2025, the Group had interest-bearing borrowings of approximately HK\$419.2 million, and a gearing ratio (which is calculated by interest-bearing borrowings to be divided by the net asset of the Group) of approximately 45.0%.

Based on the Pro Forma Information, the gearing position of the Enlarged Group would remain unchanged.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the terms of the SPA are fair and reasonable; and (ii) the Acquisition, while being not in the ordinary and usual course of business of the Group, is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Shareholders to vote in favour on the resolutions at the EGM in relation to the Acquisition.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Wallace Cheung
Managing Director

Mr. Wallace Cheung is a licensed person registered with the Securities and Futures Commission of Hong Kong and regarded as a responsible officer of MESSIS Capital Limited to carry out type 6 (advising on corporate finance) regulatory activity under the SFO and has over 15 years of experience in corporate finance industry.

1. CONSOLIDATED FINANCIAL STATEMENTS

The financial information of the Group for each of the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 and the six months ended 30 June 2025 is disclosed in the following annual reports and interim report of the Company which have been published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<https://www.waichiholdings.com>). Quick links to such financial information are set out below:

- interim report of the Company for the six months ended 30 June 2025 (pages 22 to 66):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0919/2025091900407.pdf>

- annual report of the Company for the year ended 31 December 2024 (pages 84 to 226):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0425/2025042502046.pdf>

- annual report of the Company for the year ended 31 December 2023 (pages 88 to 230):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0423/2024042300758.pdf>

- annual report of the Company for the year ended 31 December 2022 (pages 88 to 218):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042100407.pdf>

2. INDEBTEDNESS STATEMENT**Borrowings**

As at the close of business on 30 September 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the Enlarged Group had outstanding borrowings of approximately HK\$299.3 million, details of which are set out below:

	<i>HK\$'000</i>
Secured and guaranteed:	
Trust receipts loans	10,158
Bank loans	165,709
Unsecured and guaranteed:	
Bank loans	122,365
Unsecured and unguaranteed:	
Amount due to a related party	1,095
Total	<u>299,327</u>

The secured and guaranteed bank loans with the total outstanding amount of approximately HK\$165.7 million represents two loans due to a bank in the PRC and a bank in Hong Kong, all of which are repayable within a year. The unsecured and guaranteed bank loan with the outstanding amount of approximately HK\$122.3 million represents six loans due to banks in the PRC and one loan due to a bank in Hong Kong, all of which are repayable within a year.

Pledge of assets

As at the close of business on 30 September 2025, the Enlarged Group had pledged the following amount of assets to secure the borrowings and lease liabilities of the Enlarged Group:

	<i>HK\$'000</i>
Plant and machineries	–
Land and Buildings	78,239
Investment property	17,800
Right-of-use assets	–
Financial assets at fair value through profit or loss	8,173
Bank deposits	2,249,007

The buildings and investment property being pledged include (i) an industrial complex in the PRC which is currently occupied by the Group for industrial use; (ii) an industrial premises in Hong Kong which is currently occupied by the Group for warehouse and office use; and (iii) two industrial premises in Hong Kong which are currently leased to independent third parties for use as warehouse.

Derivative financial liability

As at the close of business on 30 September 2025, the Enlarged Group had outstanding derivative financial liability of approximately HK\$8.5 million, which was unsecured and unguaranteed.

Contingent liabilities

As at the close of business on 30 September 2025, the Enlarged Group did not have any contingent liabilities.

Lease liabilities

As at the close of business on 30 September 2025, the Enlarged Group had current lease liabilities of approximately HK\$5.22 million and non-current lease liabilities of approximately HK\$28.49 million, details of which are set out below:

	<i>HK\$'000</i>
Unsecured and guaranteed	722
Unsecured and unguaranteed	<u>32,937</u>
Total	<u><u>33,709</u></u>

Save as aforesaid and apart from intra-group liabilities and normal trade payables, at the close of business on 30 September 2025, the Enlarged Group did not have any loan capital issued or agreed to be issued bank overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade payables) or acceptance credits, debentures, mortgages, charges, financial leases, hire purchases commitments or guarantees.

Hire purchase commitments

As at the close of business on 30 September 2025, the Enlarged Group had outstanding hire purchase commitment of approximately HK\$1.08 million included in lease liabilities, which was secured by two vehicles under the hire purchase arrangement.

3. WORKING CAPITAL

The Directors are satisfied after due and careful consideration and taking into account the present internal financial resources available to the Group, the effect of the Acquisition and in the absence of unforeseen circumstances, the enlarged Group (after the Acquisition) will have sufficient working capital for its present requirements for at least twelve months from the date of this circular. The Company has obtained a letter on the working capital statement from its accountants as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

As disclosed in the annual report of the Company for the year ended 31 December 2024, the Group remains cautiously optimistic about the development of the LED industry. The global economic environment may remain volatile in the short term, with challenges such as inflationary pressures, supply chain disruptions, and trade policy shifts. However, the long-term demand for LED backlighting and automotive display solutions remains strong.

The automotive industry is moving towards a more streamlined and modular future, with increased industry consolidation in display manufacturing. While this presents challenges, it also creates opportunities for well-established companies with strong brand recognition. Long-term success will require scaling up operations to remain competitive. The Group continuously reviews its strategic direction to reinforce its competitiveness and resilience, positioning itself for substantial future achievements, further strengthening its position as the world's leading automotive backlight supplier.

To solidify the Group's competitive edge, the Board plans to expand our production capacity to accommodate growing order volumes, as our current facilities are reaching full utilisation. In addition, the Group aims to enhance its value-added services by extending its production line, enabling the Group to offer more comprehensive solutions to its clients.

Furthermore, cost control remains a key focus. The Group is actively exploring possibilities of strategic investments in die-casting resources to optimise production costs and improve overall efficiency. This initiative will allow the Group to manage core material expenses more effectively while ensuring product quality remains at the highest standard.

The Group's lighting services segment faced challenges in 2024. As a result, the commercial lighting business experienced a contraction. Moving forward, the Board is reassessing the Group's market strategy to better align with industry trends. The Group will continue its international expansion strategy, exploring opportunities for branded operations in Europe while also seeking collaborations with leading home appliance brands in China to drive new growth.

Despite near-term industry fluctuations, the Board is confident in the Group's ability to navigate market challenges and capture new growth opportunities. With a strong commitment to innovation, operational excellence, and strategic expansion, the Board believes that the Group is well-positioned for sustained success in the evolving LED landscape.

As disclosed in the interim report of the Company for the six months ended 30 June 2025, the global economy is projected to achieve moderate recovery in the second half of 2025, albeit within a context of historically subdued growth. Geopolitical uncertainties will continue to cast a shadow over international relations, trade development, and financial market stability. While China's economic recovery in the first half of the year has laid a solid foundation for continued growth, the resurgence of trade protectionism poses notable challenges, as evidenced by the substantially increased tariffs imposed by the United States to protect its domestic automotive industry.

Despite these headwinds, the electric vehicle (EV) market maintains promising prospects. Chinese regulators' market-stabilising measures implemented since the third quarter of 2025 are likely to help curb excessive competition and restore healthier industry fundamentals. On the international front, the global trade landscape is showing early signs of stabilisation, and tariff clarity may support more predictable export activity in the near term. Chinese EV manufacturers continue to demonstrate strong competitiveness in emerging markets, particularly in Southeast Asia, where they command a dominant 75% market share in Thailand, effectively mitigating overreliance on a few traditional key markets.

The LED backlight display market is simultaneously experiencing diversified growth across multiple sectors. In automotive applications, manufacturers are driving innovation in vehicle performance and human-machine interaction, leading to increasingly sophisticated requirements for display quality and functionality, as exemplified by cutting-edge solutions like the hyper vision panoramic display in certain EVs. Following a period of fierce competition, the automotive industry is entering a phase of consolidation, which is expected to foster a more stable operating environment for upstream component suppliers. Concurrently, emerging demand from low-altitude aircraft and robotics sectors for high-performance interactive displays is creating new market opportunities with significant growth potential.

As China's automobile market transitions from volume expansion to a focus on technological transformation, the Group is actively positioning itself at the forefront of this shift. The Group remains firmly committed to its strategic focus on technological innovation, cost optimisation, and global market expansion. Our substantial R&D investments in next-generation Mini LED technology have yielded important breakthroughs, while our domestic sourcing strategy and strategic supplier partnerships have significantly enhanced production efficiency.

Looking ahead, the Group will continue to deepen integration with key upstream resources, including involvement in die-casting module solutions, and actively pursue strategic collaborations with multinational partners to further diversify its business pipeline and capture new opportunities in the evolving automotive and industrial display markets.

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WAI CHI HOLDINGS COMPANY LIMITED**Introduction**

We report on the historical financial information of Joyful Family Consultant Limited (the “**Target Company**”) and its subsidiary (together, the “**Target Group**”) set out on pages II-5 to II-39, which comprises the consolidated statements of financial position as at 31 December 2022, 2023 and 2024 and 31 August 2025, and the consolidated statements of profit or loss, the consolidated statements of other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the year ended 31 December 2022, 2023 and 2024 and the eight months ended 31 August 2025 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages II-5 to II-39 forms an integral part of this report, which has been prepared for inclusion in the circular of Wai Chi Holdings Company Limited (the “**Company**”) dated 25 November (the “**Circular**”) in connection with the acquisition of the Target Company by the Company.

Sole director's responsibility for the Historical Financial Information

The sole director of the Target Company is responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information, and for such internal control as the sole director determines is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of the Target Group for the Track Record Period (“**Underlying Financial Statements**”), on which the Historical Financial Information is based, were prepared by the sole director of the Target Company. The sole director of the Target Company is responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and for such internal control as the sole director determines is necessary to enable the preparation of Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the HKICPA. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 31 August 2025, and the consolidated financial position of the Target Group as at 31 December 2022, 2023, 2024 and 31 August 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information.

Review of Stub Period Comparative Financial Information

We have reviewed the stub period comparative historical financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the eight months ended 31 August 2025 and other explanatory information (together the "**Stub Period Comparative Historical Financial Information**"). The sole director of the Target Company is responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation and presentation set out in Note 1 and Note 3 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review,

nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 and Note 3 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

ST Lo & Co.

Certified Public Accountants (Practising)

Hong Kong, 25 November 2025

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by **ST Lo & Co.** in accordance with Hong Kong Standards on Auditing issued by the HKICPA

The Historical Financial Information is presented in Hong Kong thousand dollars ("**HK\$'000**"), unless otherwise stated.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December			Eight months ended	
		2022	2023	2024	31 August	
		2024			2024	2025
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
					(unaudited)	
Revenue	7	–	–	1,445	–	1,008
Cost of sales		–	–	(1,443)	–	(1,009)
Gross (loss) profit		–	–	2	–	(1)
Other income	8	462	1,051	1,042	687	766
Fair value gain/(loss) on investment properties		–	(5,672)	(14,350)	–	14,417
General and administrative expenses		(538)	(463)	(433)	(187)	(704)
(Loss)/Profit before income tax	9	(76)	(5,084)	(13,739)	500	14,478
Income tax credit/(expense)	11	–	1,418	3,588	–	(3,604)
(Loss)/Profit for the year/period		<u>(76)</u>	<u>(3,666)</u>	<u>(10,151)</u>	<u>500</u>	<u>10,874</u>

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Year ended 31 December			Eight months ended	
	2022	2023	2024	2024	2025
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
(Loss)/Profit for the year/period	(76)	(3,666)	(10,151)	500	10,874
Other comprehensive income (loss) for the year/period:					
Items that will not be reclassified to profit or loss					
Revaluation of investment properties upon transfer from right-of-use assets	130,723	—	—	—	—
Income tax expenses	(32,681)	—	—	—	—
	98,042	—	—	—	—
Items that will be reclassified to profit or loss					
Exchange differences arising on translation of foreign operations	(2,168)	(4,751)	(4,688)	811	4,656
Other comprehensive income (loss), net of tax	95,874	(4,751)	(4,688)	811	4,656
Total comprehensive income (loss) for the year/period	95,798	(8,417)	(14,839)	1,311	15,530

The accompanying notes are an integral part of these consolidated financial statements.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December			As at
		2022	2023	2024	31 August
	Notes	HK\$'000	HK\$'000	HK\$'000	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Property, plant and equipment	12	52,313	52,006	50,364	65,951
Right-of-use assets	13	10,049	9,479	8,912	9,014
Investment property	14	133,203	123,679	105,719	123,730
		<u>195,565</u>	<u>185,164</u>	<u>164,995</u>	<u>198,695</u>
Current assets					
Trade receivables	15	–	–	1,445	–
Prepayment, deposits and other receivables	15	448	435	253	522
Amount due from a related company	20	–	–	10	–
Bank balances and cash		<u>630</u>	<u>289</u>	<u>298</u>	<u>442</u>
		<u>1,078</u>	<u>724</u>	<u>2,006</u>	<u>964</u>
Current liabilities					
Trade payables	16	–	–	1,443	–
Accrual and other payables	16	1,093	1,061	11	13,860
Amount due to the sole director	20	74,311	74,312	74,312	233
Amounts due to a related company	20	<u>300</u>	<u>329</u>	<u>332</u>	<u>364</u>
		<u>75,704</u>	<u>75,702</u>	<u>76,098</u>	<u>14,457</u>
Net current liabilities		<u>(74,626)</u>	<u>(74,978)</u>	<u>(74,092)</u>	<u>(13,493)</u>
Non-current liabilities					
Deferred tax liabilities	17	<u>31,783</u>	<u>29,447</u>	<u>25,003</u>	<u>29,460</u>
Net assets		<u>89,156</u>	<u>80,739</u>	<u>65,900</u>	<u>155,742</u>
Equity					
Share capital	18	–	–	–	74,312
Reserves		<u>89,156</u>	<u>80,739</u>	<u>65,900</u>	<u>81,430</u>
Total equity		<u>89,156</u>	<u>80,739</u>	<u>65,900</u>	<u>155,742</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	Share capital	Exchange reserve	Property revaluation reserve	Retained earnings	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>(Note a)</i> <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 January 2022	–	(93)	–	(6,549)	(6,642)
Loss for the year	–	–	–	(76)	(76)
Other comprehensive income:					
Revaluation of investment properties upon transfer from right-of-use assets, net of tax	–	–	98,042	–	98,042
Exchange differences arising from translation of foreign operations	–	(2,168)	–	–	(2,168)
Total comprehensive income	–	(2,261)	98,042	(76)	95,798
As at 31 December 2022	–	(2,261)	98,042	(6,625)	89,156

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET GROUP

Year ended 31 December 2023

	Share capital <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Property revaluation reserve (<i>Note a</i>) <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2023	–	(2,261)	98,042	(6,625)	89,156
Loss for the year	–	–	–	(3,666)	(3,666)
Other comprehensive loss:					
Exchange differences arising from translation of foreign operations	–	(4,751)	–	–	(4,751)
Total comprehensive loss	–	(4,751)	–	(3,666)	(8,417)
As at 31 December 2023	–	(7,012)	98,042	(10,291)	80,739

Year ended 31 December 2024

	Share capital <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Property revaluation reserve (<i>Note a</i>) <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2024	–	(7,012)	98,042	(10,291)	80,739
Loss for the year	–	–	–	(10,151)	(10,151)
Other comprehensive loss:					
Exchange differences arising from translation of foreign operations	–	(4,688)	–	–	(4,688)
Total comprehensive loss	–	(4,688)	–	(10,151)	(14,839)
As at 31 December 2024	–	(11,700)	98,042	(20,442)	65,900

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET GROUP

Period ended 31 August 2025

	Share capital <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Property revaluation reserve (<i>Note a</i>) <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2025	–	(11,700)	98,042	(20,442)	65,900
Profit for the period	–	–	–	10,874	10,874
Other comprehensive income:					
Exchange differences arising from translation of foreign operations	–	4,656	–	–	4,656
Total comprehensive loss	–	4,656	–	10,874	15,530
Transactions with owners:					
Shares allotment	74,312	–	–	–	74,312
As at 31 August 2025	<u>74,312</u>	<u>7,044</u>	<u>98,042</u>	<u>(9,568)</u>	<u>155,742</u>

Note:

- (a) The property revaluation reserve is arisen from the transfer of properties from property, plant and equipment to investment properties and will be transferred to retained earnings when the relevant properties are disposed of.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)				
Cash flows from operating activities					
(Loss)/Profit before tax	(76)	(5,084)	(13,739)	500	14,478
Adjustment for:					
Amortisation of right-of-use assets	395	279	274	182	182
Foreign exchange translation	5,112	(30)	1	14	(174)
Change in fair value of investment properties	–	5,672	14,350	–	(14,417)
Bank interest income	(2)	(1)	–	–	–
Cash flows before changes in working capital	5,429	836	886	696	69
Change in trade receivables	–	–	(1,445)	–	1,445
Change in prepayments, deposits and other receivables	4,123	13	182	(701)	(270)
Change in amount due from a related company	–	–	(10)	–	10
Change in trade payables	–	–	1,443	–	(1,443)
Change in accruals and other payables	–	–	(1,050)	–	13,849
Change in amount due to the sole director	11,237	–	–	(1)	233
Change in amounts due to a related company	300	29	3	1	31
Net cash generated from/(used in) operating activities	21,089	878	9	(4)	13,924

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)				
Investing activities					
Interest received	2	1	–	–	–
Purchase of property, plant and equipment	(20,588)	(1,230)	–	–	(13,780)
Net cash used in investing activities	(20,586)	(1,229)	–	–	(13,780)
Net (decrease)/increase in cash and cash equivalents	503	(351)	9	(4)	144
Cash and cash equivalents at beginning of the year	89	630	289	289	298
Effect of foreign exchange rate changes	38	10	–	–	–
Cash and cash equivalents at end of the year, represented by bank balance and cash	630	289	298	285	442

Non-cash transaction

During the year, the Target Company has allotted 99 share at the consideration of approximately HK\$74,312,000. The consideration was offset against the amount due to the sole director.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**GENERAL INFORMATION**

Joyful Family Consultant Limited (the “**Target Company**”) is a company incorporated in British Virgin Islands with limited liability. The Target Company’s registered office is located at Quijano Chambers, P.O. Box 3159, Road Town, Tortola, British Virgin Islands and the business registered address in Hong Kong is 6/F., Liven House, 63 King Yip Street, Kwun Tong, Kowloon, Hong Kong. Its ultimate controlling party is Ms. LUK Fong.

The principal activities of the Target Company are holding of investment and trading of mechanical equipment. The principal activities of its subsidiary is holding land for property development and rental purposes. Audited financial statements have been prepared for the Target Company for the period from 19 June 2006 (date of incorporation) to 31 March 2024 and for the year ended 31 March 2025. No audited financial statements have been prepared for its subsidiary for the year ended 31 December 2022, 2023 and 2024.

The functional currency of the Target Company is United States dollars (“**US\$**”) and the subsidiary incorporated in the People’s Republic of China (the “**PRC**”) is Renminbi (“**RMB**”). For the purpose of presenting the consolidated financial statements, the Target Company and its subsidiary (hereinafter collectively referred to as the “**Target Group**”) adopted Hong Kong dollars (“**HK\$**”) as its presentation currency.

CHANGE OF TARGET COMPANY NAME

Pursuant to a special resolution passed at the extraordinary general meeting of the Target Company held on 4 November 2024, the name of the Target Company was changed from Joyful Family Limited to Joyful Family Consultant Limited.

The Historical Financial Information are presented and rounded in thousands of Hong Kong dollar (HK\$’000), unless otherwise stated.

1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all individuals HKFRSs, Hong Kong Accounting Standard and Interpretations issued by the Hong Kong Institute of Certified Public Accountant (“**HKICPA**”). The Historical Financial Information has been prepared under the historical cost convention, except for the investment properties that are measured at fair value and on the basis that the Target Company is a going concern.

The preparation of Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

All relevant standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Target Group consistently throughout the Track Record Period.

2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

2.1 New standards, interpretations and amendments not yet effective

The Target Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 21	Lack of exchangeability ¹
Annual Improvements to HKFRS Accounting Standards – Volume 11	Narrow-scope amendments to HKFRS ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ The effective date to be determined

HKFRS 18

HKFRS 18 was issued in July 2024 and will replace HKAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in HKFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

HKFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The changes in presentation and disclosure required by HKFRS 18 might require system and process changes for many entities, so entities should focus now to be ready for adoption. The Target Group is in the process of assessing the impact of adoption of HKFRS 18.

The sole director of the Target Company anticipates that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Target Group.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared on a historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Target Company and entities controlled by the Target Company and its subsidiaries.

Control is achieved where the Target Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Target Group's returns.

The Target Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Target Group are eliminated in full on consolidation.

Changes in the Target Group's ownership interest in existing subsidiary

Changes in the Target Group's ownership interests in existing subsidiary that do not result in the Target Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Target Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Target Company.

3.2 Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. Specifically, the Target Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Target Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good (or a bundle of goods) that is distinct or a series of distinct goods that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Target Group’s performance as the Target Group performs;
- The Target Group’s performance creates and enhances an asset that the customer controls as the asset is created or enhanced; or
- The Target Group’s performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods.

Revenue is measured based on the consideration to which the Target Group expects to be entitled in a contract with a customer, excludes discounts and sales related taxes.

Sales of goods

Revenue from sales of goods is recognised when goods are delivered to location specified by the customers and accepted by the customers, which is recognised at a point in time when the customer has the ability to direct the use of the products.

Service income

Revenue from services are recognised over time on a systematic basis over the contract term beginning on the date that the service is made available to customer until the end of the service.

Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

Interest income

Interest income is recognised as it accrues using the effective interest method.

3.3 Leasing*Definition of a lease*

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Target Group as lessor

The Target Group enters into lease agreements as a lessor with respect to its investment property. Leases for which the Target Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging on operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.4 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Target Group's foreign operations are translated into the presentation currency of the Target Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Target Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Target Company are reclassified to profit or loss.

3.5 Retirement benefit costs

Payments to stage-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered services entitling them to the contributions.

3.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss.

3.7 Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or for administrative purposes other than construction in progress as described below are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

3.8 Ownership interests in leasehold land and buildings

When the Target Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those are classified and accounted for as investment properties under the fair value model.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including cost of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and carrying amount of the asset and is recognised in profit or loss.

3.9 Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is measured at its fair value. Gains or losses arising from changes in the fair value of investment property is included in profit or loss for the period in which they arise.

3.10 Investment in subsidiaries

Investment in subsidiaries are stated on the statement of financial position of the Target Company at cost less accumulated impairment loss.

3.11 Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (i) cash, which comprises cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (ii) cash equivalents, which comprises short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3.12 Trade and other payables

Trade and other payables, including amount due to a subsidiary, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. They are classified as current liabilities unless the Target Company has an unconditional right to defer settlement of the liability at least 12 months after the end of reporting period.

3.13 Financial instruments

Equity investments (other than investments in subsidiary, associate, joint venture or partnership) and other financial instruments are initially recognised at fair value, which is normally the transaction price. Subsequent to initial recognition, equity investments and other financial instruments are measured at fair value with changes in fair value recognised in profit or loss except for equity investment that is not publicly traded and whose fair value cannot be measured reliably, and contracts linked to instruments, if exercised, will result in delivery of financial instruments whose fair value cannot be measured reliably, are measured at cost less impairment.

At the end of each reporting period, the carrying amounts of the equity investments and other financial instruments are reviewed for evidence that the fair values are below the carrying amounts. If there is an indication that there has been a significant difference between the carrying amounts and best estimate of the amount that the Target Group would receive if assets were sold at the reporting date, an impairment loss is recognised immediately in the statement of comprehensive income and retained earnings. A reversal of an impairment loss is recognised immediately in profit or loss but limited to the carrying amounts would have been had no impairment been recognised.

3.14 Impairment losses on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Target Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generation units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Target Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.15 Fair value measurement

When measuring fair value except for the Target Group's value in use of assets for the purpose of impairment assessment, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Target Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Target Group determines whether transfer occurs between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

3.16 Related parties

For the purpose of these consolidated financial statements, related party includes a person and entity as defined below:

- (i) A person or a close member of that person's family is related to the Target Group/the Target Company if that person:
 - (i) is a member of the key management personnel of the Target Group/the Target Company or of a parent of the Target Group/the Target Company;
 - (ii) has control or joint control over the Target Group/the Target Company; or
 - (iii) has significant influence over the Target Group/the Target Company.
- (ii) An entity is related to the Target Group/the Target Company if any of the following conditions applies:
 - (i) the entity and the Target Group/the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third entity;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group/the Target Company or an entity related to the Target Group/the Target Company. If the reporting entity is itself such as plan, the sponsoring employers are also related to the plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (i);
- (vii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group/the Target Company or to the parent of the Target Group/the Target Company; or
- (viii) a person identified in (i)(2) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATES UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 3, the directors of the Target Company are required to make judgement, estimates and assumptions about the amounts of assets and liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Target Company have made in the process of applying the Target Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

4.1 Key sources of estimation uncertainty

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit or taxable temporary difference will be available against which the tax losses can be utilised. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits or taxable temporary difference together with future tax planning strategies. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Valuation of trade receivables

Allowance for impairment of trade receivables are based on assumptions about ECL. The Target Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is past due as well as the Target Group's historical credit loss experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimations could materially affect the result of the assessment and it may be necessary to make additional allowance for impairment to the consolidated statement of profit or loss. As at 31 December 2022, 2023 and 2024 and 31 August 2025, the carrying amounts of trade receivables of the Target Group was approximately HK\$nil, HK\$nil, HK\$1,445,000 and HK\$nil respectively. No credit loss allowance for trade receivables were recognised during the year ended 31 December 2024.

Estimated impairment of property, plant and equipment and right-of-use-assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Target Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying amount of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

As at 31 December 2022, 2023 and 2024 and 31 August 2025, the carrying amounts of right-of-use assets were approximately HK\$10,049,000, HK\$9,479,000, HK\$8,912,000 and HK\$9,014,000 respectively. No impairment loss on right-of- use assets were recognised during Track Record Period.

5 CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target Group's overall strategy remains unchanged from prior year.

The capital structure of the Target Group consists of equity attributable to owners of the Target Company, comprising issued share capital and reserves.

The sole director of the Target Company reviews the capital structure regularly. As part of this review, the sole director of the Target Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the sole director of the Target Company, the Target Group will balance its overall capital structure through the payment of dividends, new shares issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

6 FINANCIAL INSTRUMENTS

Categories of financial instruments:

	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025
				HK\$'000
Financial assets				
Financial assets at amortised cost				
– Trade receivables	–	–	1,445	–
– Prepayments, deposits and other receivables	448	435	253	522
– Amount due from a related company	–	–	10	–
– Bank balances and cash	630	289	298	442
	<u>1,078</u>	<u>724</u>	<u>2,006</u>	<u>964</u>
Financial liabilities				
Financial liabilities at amortised cost				
– Trade payables	–	–	(1,443)	–
– Accruals and other payables	(1,093)	(1,061)	(11)	(13,860)
– Amount due to a related company	(300)	(329)	(332)	(364)
– Amount due to the sole director	(74,311)	(74,312)	(74,312)	(233)
	<u>(75,704)</u>	<u>(75,702)</u>	<u>(76,098)</u>	<u>(14,457)</u>

6.1 Financial risk management objectives and policies

The Target Group's major financial instruments include trade receivables, amount due from a related company, deposits and other receivables, cash and bank balances, trade payables, accruals and other payables, amount due to the sole director and amount due to a related company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Credit risk

Credit risk refers to the risk that the Target Group's counterparties default on their contractual obligations resulting in financial losses to the Target Group. As at 31 December 2022, 2023 and 2024 and 31 August 2025, the Target Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Target Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Target Group mainly arises from bank balances, trade receivables and amount due from a related company. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. The carrying amounts of these balances represent our Target Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts.

For trade receivables, the Target Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Target Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Target Company consider that the Target Group's credit risk is significantly reduced.

For other receivables and amount due from a related company, the Target Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Target Group considers that there are no significant increase in credit risk of these amounts since initial recognition.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Target Group's current credit risk rating framework comprises the following categories:

Categories	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Doubtful	Amount is over 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	Amount is over 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Target Company has no realistic prospect of recovery	Amount is written off

Liquidity risk

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows. The management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Target Group's operations.

The remaining undiscounted contracted maturity profile of the Target Group's non-derivative financial liabilities at the end of the reporting period, based on the earliest date in which the Target Group is required to settle, is summarised below:

	On demand or less than 1 year HK\$'000	More than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 December 2022				
Non-derivative financial liabilities				
– Accruals and other payables	1,093	–	1,093	1,093
– Amount due to the sole director	74,311	–	74,311	74,311
– Amount due to a related company	300	–	300	300
	<u>75,704</u>	<u>–</u>	<u>75,704</u>	<u>75,704</u>
	75,704	–	75,704	75,704
As at 31 December 2023				
Non-derivative financial liabilities				
– Accruals and other payables	1,061	–	1,061	1,061
– Amount due to the sole director	74,312	–	74,312	74,312
– Amount due to a related company	329	–	329	329
	<u>75,702</u>	<u>–</u>	<u>75,702</u>	<u>75,702</u>
	75,702	–	75,702	75,702

	On demand or less than 1 year <i>HK\$'000</i>	More than 1 year <i>HK\$'000</i>	Total undiscounted cash flows <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
As at 31 December 2024				
Non-derivative financial liabilities				
– Trade payables	1,443	–	1,443	1,443
– Accruals and other payables	11	–	11	11
– Amount due to the sole director	74,312	–	74,312	74,312
– Amount due to a related company	332	–	332	332
	<u>76,098</u>	<u>–</u>	<u>76,098</u>	<u>76,098</u>
As at 31 August 2025				
Non-derivative financial liabilities				
– Accruals and other payables	13,860	–	13,860	13,860
– Amount due to the sole director	233	–	233	233
– Amount due to a related company	364	–	364	364
	<u>14,457</u>	<u>–</u>	<u>14,457</u>	<u>14,457</u>

7 REVENUE

Revenue represented revenue arising on sales of goods excludes discounts and sales related taxes for the year. An analysis of the Target Group's revenue for the year is as follows:

	Year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)	
Sales of goods	<u>–</u>	<u>–</u>	<u>1,445</u>	<u>–</u>	<u>1,008</u>
Timing of revenue recognition					
At a point in time	<u>–</u>	<u>–</u>	<u>1,445</u>	<u>–</u>	<u>1,008</u>

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8 OTHER INCOME

An analysis of the Target Group's other income for the year is as follows:

	Year ended 31 December			Eight months ended 31 August	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2024 HK\$'000 (unaudited)	2025 HK\$'000
Bank interest income	2	1	–	–	–
Consultancy services income	–	–	10	–	80
Rental income	460	1,050	1,032	687	686
	<u>462</u>	<u>1,051</u>	<u>1,042</u>	<u>687</u>	<u>766</u>

9 (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at after charging the following items:

	Year ended 31 December			Eight months ended 31 August	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2024 HK\$'000 (unaudited)	2025 HK\$'000
Amortisation of right-of-use assets	395	279	274	182	182
Legal and professional fees	54	19	–	–	–
	<u>54</u>	<u>19</u>	<u>–</u>	<u>–</u>	<u>–</u>

10 DIRECTORS' REMUNERATIONS

The emoluments paid or payable to the sole director of the Target Company during the years was as follows:

	Year ended 31 December			Eight months ended 31 August	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2024 HK\$'000 (unaudited)	2025 HK\$'000
Fees	–	–	–	–	–
Salaries and allowance	–	–	10	–	80
Retirement benefits schemes contribution	–	–	1	–	4
	<u>–</u>	<u>–</u>	<u>11</u>	<u>–</u>	<u>84</u>

Ms LUK Fong was appointed on 8 January 2022.

11 INCOME TAX EXPENSE

Pursuant to the rules and regulations of the British Virgin Islands (the “BVI”), the Target Group is not subject to any income tax in the BVI.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the reporting period.

Pursuant to circular issued by Ministry of Finance and National Tax Bureau on 17 January 2019 and 2 August 2023 respectively, the small-scaled minimal profit enterprise with an annual taxable income below RMB3,000,000 (RMB3,000,000 included) is entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20% from 1 January 2019 to 31 December 2023 and further extended from 1 January 2023 to 31 December 2027, respectively. Certainly the PRC subsidiary of the Target Group was qualified during the years ended 31 December 2024, 2023 and 2022. No provision for PRC Enterprise Income Tax has been made as the subsidiary has sufficient tax loss to set off against current year's assessable profits.

The tax charged/(credited) for the years can be reconciled to the loss/(profit) before tax per consolidated statement of comprehensive income as follows:

	Year ended 31 December			Eight months ended 31 August	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2024 HK\$'000 (unaudited)	2025 HK\$'000
(Loss)/Profit before tax	(76)	(5,084)	(13,739)	500	14,478
Income tax at applicable tax rate of 16.5%	(13)	(839)	(2,267)	83	2,389
Effects of different tax rates of subsidiary operating in other jurisdictions	(5)	(422)	(1,166)	43	1,235
Tax effect of tax loss not recognised	18	1,261	3,433	–	–
Utilisation of tax loss previously not recognised	–	–	–	(126)	(3,624)
Fair value (gain)/loss on investment properties (<i>note 17</i>)	–	(1,418)	(3,588)	–	3,604
	–	(1,418)	(3,588)	–	3,604

12 **PROPERTY, PLANT AND EQUIPMENT**

	Construction in progress HK\$'000
Cost	
At 1 January 2022	35,046
Addition	20,588
Exchange realignment	(3,321)
At 31 December 2022	52,313
Cost	
At 1 January 2023	52,313
Addition	1,230
Exchange realignment	(1,537)
At 31 December 2023	52,006
Cost	
At 1 January 2024	52,006
Exchange realignment	(1,642)
At 31 December 2024	50,364
Cost	
At 1 January 2025	50,364
Addition	13,780
Exchange realignment	1,807
At 31 August 2025	65,951

The construction in progress is not depreciated until it is put into commercial use and accordingly is stated at cost.

The construction in progress represents the factory premises being built on the leasehold land in the PRC. The construction work was completed and was under process of obtaining the certification of completion, which was expected to be obtained by the end of 2025. There will be no further capital expenditure to be inputted into the construction work.

13 RIGHT-OF-USE ASSETS

	Land use right <i>HK\$'000</i>
Cost	
At 1 January 2022	24,705
Transfer to investment property	(8,749)
Exchange realignment	(1,702)
At 31 December 2022	14,254
Accumulation amortisation	
At 1 January 2022	6,794
Charge for the year	395
Transfer to investment property	(2,508)
Exchange realignment	(476)
At 31 December 2022	4,205
Net book value	
At 31 December 2022	10,049
At 1 January 2022	17,911
Cost	
At 1 January 2023	14,254
Exchange realignment	(416)
At 31 December 2023	13,838
Accumulation amortisation	
At 1 January 2023	4,205
Charge for the year	279
Exchange realignment	(125)
At 31 December 2023	4,359
Net book value	
At 31 December 2023	9,479
At 1 January 2023	10,049

	Land use right <i>HK\$'000</i>
Cost	
At 1 January 2024	13,838
Exchange realignment	(436)
At 31 December 2024	13,402
Accumulation amortisation	
At 1 January 2024	4,359
Charge for the year	274
Exchange realignment	(143)
At 31 December 2024	4,490
Net book value	
At 31 December 2024	8,912
At 1 January 2024	9,479
Cost	
At 1 January 2025	13,402
Exchange realignment	431
At 31 August 2025	13,833
Accumulation amortisation	
At 1 January 2025	4,490
Charge for the period	182
Exchange realignment	147
At 31 August 2025	4,819
Net book value	
At 31 August 2025	9,014
At 1 January 2025	8,912

Right-of-use assets of approximately RMB20,404,000 represent land use rights located in the PRC and is held for own use under medium term leases. On 28 August 2022, the Target Company leases out approximately 37.38% of total land use rights with a carrying amount of approximately RMB5,440,000 (equivalent to approximately HK\$6,241,000) with operating lease arrangement. As of 31 August 2025, carrying amount of approximately RMB8,327,000 (equivalent to approximately HK\$9,014,000) is held for own use under medium term leases.

The above item of right-of-use assets is depreciated on a straight-line basis over the terms of the lease per annum.

The amortisation of right-of-use assets for the year ended 31 December 2022, 2023 and 2024 and for the eight months period ended 31 August 2025 were approximately HK\$395,000, HK\$279,000 and HK\$274,000 and HK\$182,000 respectively.

14 INVESTMENT PROPERTIES

	<i>HK\$'000</i>
At 1 January 2022	–
Transfer from right-of-use assets	6,241
Increase in fair value upon transfer from right-of-use asset	130,723
Exchange realignment	(3,761)
At 31 December 2022 and at 1 January 2023	133,203
Fair value changes	(5,672)
Exchange realignment	(3,852)
At 31 December 2023 and at 1 January 2024	123,679
Fair value changes	(14,350)
Exchange realignment	(3,610)
At 31 December 2024 and at 1 January 2025	105,719
Fair value changes	14,417
Exchange realignment	3,594
At 31 August 2025	123,730

On 28 August 2022, the Target Group's land use right with a carrying amount of approximately RMB5,440,000 (equivalent to approximately HK\$6,241,000) held under operating lease to earn rentals was measured using the fair value model and was transferred from right-of-use assets and accounted for as investment property.

The fair value of the Target Group's investment property on 28 August 2022, amounting to approximately RMB119,400,000 (equivalent to approximately HK\$136,964,000) have been derived at on the basis of a valuation carried out in July 2025 by Peak Vision Appraisals Limited, an independent qualified professional valuers not connected with the Target Group. Peak Vision Appraisals Limited are members of the Institute of Valuers. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions and is categorised as Level 3 of the fair value hierarchy. In estimating the fair value of the property, the highest and best use of the property is their current use.

Details of the valuation techniques and assumptions are discussed below.

An analysis of the Target Group's investment property that is measured subsequent to initial recognition at fair value, grouped into fair value hierarchy Levels 1 to 3 based on the degree to which the inputs to fair value measurements is observable is as follows:

The following table gives information about how the fair value of the investment property was determined (in particular, the valuation techniques and inputs used):

Fair value hierarchy	Fair value	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
As at 31 December 2022					
Level 3	RMB119,400,000	Investment method based on estimated market price per square metre	Monthly rent per floor area	RMB10.33–RMB18.59	The higher the estimated monthly rent per floor area, the higher the fair value
As at 31 December 2023					
Level 3	RMB114,200,000	Investment method based on estimated market price per square metre	Monthly rent per floor area	RMB9.50–RMB17.10	The higher the estimated monthly rent per floor area, the higher the fair value
As at 31 December 2024					
Level 3	RMB100,800,000	Investment method based on estimated market price per square metre	Monthly rent per floor area	RMB8.90–RMB16.01	The higher the estimated monthly rent per floor area, the higher the fair value
As at 31 August 2025					
Level 3	RMB114,300,000	Investment method based on estimated market price per square metre	Monthly rent per floor area	RMB10.62–RMB13.36	The higher the estimated monthly rent per floor area, the higher the fair value

15 TRADE AND OTHER RECEIVABLES

	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025
				HK\$'000
Trade receivables, net	–	–	1,445	–
Other receivables	448	435	253	522
	<u>448</u>	<u>435</u>	<u>1,698</u>	<u>522</u>

As at 31 December 2022, 2023 and 2024 and 31 August 2025, the gross amount of trade receivables arising from contracts with customers were amounted to approximately HK\$nil, HK\$nil, HK\$1,445,000 and HK\$nil respectively.

The Target Group allows an average credit period of 90 days to its trade customers.

The following is an aged analysis of trade receivables (net of allowance for impairment of trade receivables) presented based on the due date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025
				HK\$'000
Not past due	<u>–</u>	<u>–</u>	<u>1,445</u>	<u>–</u>

The Target Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. As of 31 December 2022, 2023 and 2024 and 31 August 2025, the loss allowance for trade receivables were HK\$nil.

As at 31 December 2022, 2023 and 2024 and 31 August 2025, included in other receivables mainly comprise rental receivables. Rental income for the year ended 31 December 2022, 2023 and 2024 and for the eight months period ended 31 August 2025, were approximately HK\$460,000, HK\$1,050,000 HK\$1,032,000 and HK\$686,000, respectively.

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16 TRADE AND OTHER PAYABLES

	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025
				HK\$'000
Trade payables	–	–	1,443	–
Accrued expenses	–	–	11	4
Other payables	1,093	1,061	–	13,856
	1,093	1,061	11	13,860
Total trade and other payables	1,093	1,061	1,454	13,860

The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period is as follows:

	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025
				HK\$'000
0 to 90 days	–	–	1,443	–

The average credit period on purchase of goods is from 30 days to 90 days. The Target Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Other payables and accruals are non-interest bearing and are expected to be realised within twelve months from the end of each reporting period.

17 DEFERRED TAXATION

The movements for the year in the Target Group's net deferred tax liabilities are as follows:

	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning of the reporting period	–	31,783	29,447	25,003
Charged/(Credited) to other comprehensive income	32,681	–	–	–
Charged/(Credited) to profit and loss	–	(1,418)	(3,588)	3,604
Exchange realignment	(898)	(918)	(856)	853
At end of the reporting period	31,783	29,447	25,003	29,460

No deferred tax asset has been recognised in respect of these items due to the unpredictability of future profit streams. The expiry dates of unrecognised tax losses are as follows:

	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025
				HK\$'000
Tax losses without expiry date				
Tax losses expiring on 31 December				
2027	6,364	11,406	25,139	10,643
At end of the reporting period	6,364	11,406	25,139	10,643

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends distributed to foreign investors by the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings accumulated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and jurisdiction of the foreign investors. As at 31 December 2022, 2023 and 2024 and 31 August 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Target Groups' subsidiary established in the PRC of HK\$nil. In the opinion of the directors, these accumulated profits, at the present time, are required for financing the operations of these entities and no distribution would be made in the foreseeable future.

18 SHARE CAPITAL

	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025
				HK\$'000
Issued and fully paid:				
1 ordinary share	–	–	–	–
99 shares allotted	–	–	–	74,312
	–	–	–	74,312

Upon incorporation on 19 June 2006, 1 subscribed share amounting to US\$1 (HK\$8) was issued. On 27 June 2025, the target company had passed the resolution of the 99 shares amounting to approximately HK\$74,312,000 allotted to the sole director.

19 OPERATING LEASES**As lessor**

The Target Group leases out its partial land use rights under operating lease arrangements, with leases negotiated for remaining terms ranging from 18 to 20 years. The lessees do not have an option to purchase the land use rights at the expiry of the lease periods.

As at 31 December 2022, 2023 and 2024 and 31 August 2025, maturity analysis of operating lease income for land are as the following:

	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025
				HK\$'000
Within 1 year	1,074	1,043	1,010	8,776
After 1 year but within 5 years	4,298	4,172	4,040	36,509
After 5 years	16,743	15,210	13,720	147,858
	<u>22,115</u>	<u>20,425</u>	<u>18,770</u>	<u>193,143</u>

20 RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Target Group has entered into the following significant transactions with related parties:

Transactions and balances with key management personnel

Other than the remuneration paid to the sole director of the Target Company as set out in note 10, who was considered as the key management personnel of the Target Group, the Target Group did not have any other significant compensations to key management personnel.

The remuneration of the sole director of the Target Company is determined by the board of the Target Company having regard to the performance of individuals and market trends.

The following balance with the sole director was outstanding at the end of the reporting period:

(a) Amount due to the sole director

	As at 31 December			As at
	2022	2023	2024	31 August
	HK\$'000	HK\$'000	HK\$'000	2025
				HK\$'000
Ms. LUK Fong	<u>(74,311)</u>	<u>(74,312)</u>	<u>(74,312)</u>	<u>(233)</u>

The amount due to Ms. LUK, the sole director of the Target Company, was approximately HK\$233,000 and is unsecured, interest free and has no fixed terms of repayment.

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Other related parties transactions and balances

The following was other related party transaction for the reporting period:

	For the year ended 31 December			Eight months ended 31 August	
	2022	2023	2024	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Consultancy services income from a related company A	–	–	10	–	80
Property management expenses to a related company B	–	–	–	–	(423)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(423)</u>

Ms. LUK Fong, the sole director and shareholder of the Target Company, is also a director and a ultimate beneficial owner of the related company A, and close family member of the director of related company B.

The following balance with related parties were outstanding at the end of the reporting period:

(a) *Amount due from a related company*

	As at 31 December			As at
	2022	2023	2024	31 August 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Wai Chi Electronics Limited (“WCE”)	–	–	10	–
	<u>–</u>	<u>–</u>	<u>10</u>	<u>–</u>

Wai Chi Electronics Limited (“WCE”) is a company incorporated in Hong Kong with limited liabilities and Ms. LUK Fong is a director and a ultimate beneficial owner of WCE. The amount due from WCE is unsecured, interest free and has no fixed terms of repayment. Consultancy services income for the year ended 31 December 2022, 2023 and 2024 and the period ended 31 August 2025 was HK\$nil, HK\$nil, HK\$10,000 and HK\$80,000 respectively.

(b) *Amount due to a related company*

	As at 31 December			As at
	2022	2023	2024	31 August 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Wai Chi Electronics Limited (“WCE”)	–	–	–	(30)
Wai Chi Opto Technology Ltd. (“WCOPTO”)	(300)	(329)	(332)	(334)
	<u>(300)</u>	<u>(329)</u>	<u>(332)</u>	<u>(334)</u>

The amount due to WCE is unsecured, interest free and have no fixed terms of repayment.

Wai Chi Opto Technology Ltd. (“WCOPTO”) is a company incorporated in Hong Kong with limited liabilities and Ms. LUK Fong is a director and the ultimate controlling shareholder of WCOPTO. The amount due to WCOPTO is unsecured, interest free and has no fixed terms of repayment.

21 EVENTS AFTER THE BALANCE SHEET DATE

There were no material subsequent events during the period from 31 August 2025 to the approval date of these historical financial information by the Board of Directors.

Set out below is the management discussion and analysis of the Target Group for each of the three years ended 31 December 2022, 31 December 2023 and 31 December 2024 and the eight months ended 31 August 2025. The following financial information is based on the financial information of the Target Group as set out in Appendix II to this Circular.

BUSINESS REVIEW

The Target Company is principally engaged in investment holding and trading of mechanical equipment, and the only subsidiary of the Target Company is principally engaged in property investment.

Immediately prior to Completion, the Target Company was held as to 100% by the Vendor. After Completion, the Company shall be interested in the entire issued share capital of the Target Company.

FINANCIAL REVIEW**(a) Financial performance**

For the three years ended 31 December 2022, 2023 and 2024 and eight months ended 31 August 2025, the revenue of the Target Group were approximately nil, nil, HK\$1,444,000 and HK\$1,008,000, respectively. The revenue generated since 2024 was attributed to the trading of mechanical equipment business.

For the three years ended 31 December 2022, 2023 and 2024 and eight months ended 31 August 2025, the profit (loss) before tax of the Target Group were approximately (HK\$76,000), (HK\$5,084,000), (HK\$13,739,000) and HK\$14,478,000 respectively. The increase on the loss before tax over the three years ended 31 December 2022, 2023 and 2024 was mainly attributable to the fair value loss on investment properties following the property market downturn, and the profit for the eight months ended 31 August 2025 was mainly attributable to the fair value gain on investment properties.

(b) Liquidity and financial resources

As at 31 December 2022, 2023 and 2024 and 31 August 2025, the net assets of the Target Group were approximately HK\$89,156,000, HK\$80,739,000, HK\$65,899,000 and HK\$155,742,000 respectively. The increase in the net assets of approximately HK\$89,842,000 from 31 December 2024 to 31 August 2025 was mainly attributable to the share allotment during the period. The additional share allotted was subscribed by the sole director and the consideration was offset against the amount due to the sole director.

The Target Group had bank balance and cash of approximately HK\$630,000, HK\$289,000, HK\$298,000 and HK\$442,000 as at 31 December 2022, 2023 and 2024 and 31 August 2025 respectively.

As at 31 December 2022, 2023 and 2024 and 31 August 2025, the Target Group had no borrowing.

(c) Foreign Currency Management

The Target Group principally conducts business operation in the PRC which exposes the Target Group to foreign exchange risk, primarily with respect to RMB and HK\$ denominated transactions.

The Target Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Target Group will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

(d) Gearing ratio

As at 31 December 2022, 2023 and 2024 and 31 August 2025, the Target Group had no borrowing.

(e) Contingent liabilities

The Target Group did not have any contingent liabilities as at 31 December 2022, 2023 and 2024 and 31 August 2025, respectively.

(f) Financial risk management

For the three years ended 31 December 2022, 2023 and 2024 and eight months ended 31 August 2025, the Target Group was mainly exposed to credit and liquidity rate risks arising in the normal course of business.

As the operations of the Target Group were principally based in PRC for the three years ended 31 December 2022, 2023 and 2024, and eight months ended 31 August 2025, its principal assets (including cash and cash equivalents) and liabilities as well as its business transactions were predominantly conducted in RMB. Therefore, the Target Group considered that it did not have any material exposure to fluctuations in exchange rate and no hedging measures were taken.

The credit risk of the Target Group mainly arises from bank balances, trade receivables and amount due from a related company. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. The carrying amounts of these balances represent our Target Group's maximum exposure to credit risk in relation to financial assets.

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

(g) Funding and treasury policy

The Target Group has adopted a prudent financial management approach towards its treasury policy. The Target Group closely monitored its liquidity position to ensure that the liquidity structure of its assets, liabilities, and other commitments can meet its funding requirements.

(h) Significant investment

The Target Group did not have any significant investments for the three years ended 31 December 2022, 2023 and 2024 and eight months ended 31 August 2025.

(i) Charge of assets

As at 31 December 2022, 2023 and 2024 and 31 August 2025, there was no charges of assets of the Target Group.

(j) Employees and remuneration policy

The Target Group had one employee as at 31 December 2022, 2023 and 2024 and 31 August 2025, respectively.

The total remuneration paid to the Target Group's employee for three years ended 31 December 2022, 2023 and 2024 and eight months ended 31 August 2025 was approximately nil, nil, HK\$11, 000 and HK\$84,000, respectively.

(k) Future plans and Prospects

As at the Latest Practicable Date, the Target Group did not plan to launch new business or make material investments or capital assets.

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED
GROUP****INTRODUCTION**

The following is an illustrative and unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the “**Unaudited Pro Forma Financial Information**”), which has been prepared by the directors of the Company in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Acquisition on the Group, as if it had taken place on 30 June 2025.

The Unaudited Pro Forma Financial Information has been prepared based on:

- (a) the unaudited consolidated statement of financial position of the Group as at 30 June 2025 as set out in the Company’s published interim report 2025 dated 19 September 2025;
- (b) the audited statement of financial position of the Target Company as at 31 August 2025, which have been extracted from Appendix II to this circular; and
- (c) the unaudited pro forma adjustments relating to the Acquisition that are (i) directly attributable to the Acquisition and not relating to future events or decisions; and (ii) factually supportable.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purpose only and is based on a number of assumptions, estimates, uncertainties and currently available information.

Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Enlarged Group that would have been attained has the Proposed Acquisition been completed as at 31 August 2025, nor purport to predict the Enlarged Group’s future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in the published interim report 2025 of the Company for the six months ended 30 June 2025 and other financial information included elsewhere in this circular.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 30 June 2025, where applicable, or any future date.

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Group and the consolidated financial statements of the Target Group will be consolidated into the consolidated financial statements of the Group.

APPENDIX IV**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP****THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND
LIABILITIES OF THE ENLARGED GROUP**

	The Group as at 30 June 2025 <i>HK\$'000</i> (<i>Note 1</i>) (Unaudited)	The Target Group as at 31 August 2025 <i>HK\$'000</i> (<i>Note 2</i>)	Pro forma Adjustments <i>HK\$'000</i> (<i>Note 3</i>)	The Enlarged Group <i>HK\$'000</i>
Non-current assets				
Property, plant and equipment	283,364	65,951		349,315
Right-of-use assets	54,187	9,014		63,201
Investment property	19,768	123,730		143,498
Financial assets at fair value through profit or loss	7,983	–		7,983
Financial asset at fair value through other comprehensive income	13,626	–		13,626
Deferred tax assets	10,794	–		10,794
	<u>389,722</u>	<u>198,695</u>		<u>588,417</u>
Current assets				
Inventories	353,259	–		353,259
Trade receivables	1,005,838	–		1,005,838
Bills receivables	133,598	–		133,598
Prepayments, deposits and other receivables	78,247	522		78,769
Income tax recoverable	1,484	–		1,484
Derivative financial assets	13,734	–		13,734
Pledged bank deposits	651,191	–		651,191
Bank balances and cash	204,483	442	(155,000)	49,925
	<u>2,441,834</u>	<u>964</u>		<u>2,287,798</u>

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

	The Group as at 30 June 2025 <i>HK\$'000</i> <i>(Note 1)</i> (Unaudited)	The Target Group as at 31 August 2025 <i>HK\$'000</i> <i>(Note 2)</i>	Pro forma Adjustments <i>HK\$'000</i> <i>(Note 3)</i>	The Enlarged Group <i>HK\$'000</i>
Current liabilities				
Trade payables	543,035	–		543,035
Bills payables	813,670	–		813,670
Other payables and accruals	57,255	13,860		71,115
Amount due to a related party	1,097	364		1,461
Amount due to the sole director	–	233		233
Contract liabilities	2,468	–		2,468
Bank and other borrowings	419,199	–		419,199
Derivative financial liabilities	8,540	–		8,540
Income tax payable	20,381	–		20,381
Lease liabilities	6,958	–		6,958
	<u>1,872,603</u>	<u>14,457</u>		<u>1,887,060</u>
Net current assets (liabilities)	<u>569,231</u>	<u>(13,493)</u>		<u>400,738</u>
Total assets less current liabilities	<u>958,953</u>	<u>185,202</u>		<u>989,155</u>
Non-current liabilities				
Deferred tax liabilities	391	29,460		29,851
Government grants	504	–		504
Lease liabilities	26,653	–		26,653
	<u>27,548</u>	<u>29,460</u>		<u>57,008</u>
Net assets	<u><u>931,405</u></u>	<u><u>155,742</u></u>		<u><u>932,147</u></u>

Notes:

1. The amounts are extracted from the unaudited consolidated statement of financial position of the Group as at 30 June 2025 set out on pages 24 to 25 of the published interim report for the six months ended 30 June 2025 of the Company.
2. The amounts are extracted from consolidated statement of financial position of the Target Group (as defined in the circular) as set out in Appendix II to this circular.
3. Pursuant to the Agreement, the Group conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares at the consideration of HK\$155.0 million.

The Target Group is solely property holding company established for the purpose of holding the Land. Under Hong Kong Financial Reporting Standard 3 (Revised) (“HKFRS 3”) “Business Combination”, a business consists of inputs and processes applied to those inputs that have the ability to create outputs. In view of the fact that the Target Group does not have any processes to its business, the assets acquired and liabilities assumed from the Target Company do not constitute a business as defined in HKFRS 3 and, as a result, the Acquisition will be accounted for as asset acquisition of the Target Company, and such a transaction does not give rise to goodwill.

In accordance with HKFRS 3, the fair value of the Properties should be measured at its fair value upon Completion. As such, the fair value of the Land is subject to change. For the purpose of this Unaudited Pro Forma Financial Information, reference is made to the capital value of the Land as at 31 August 2025 from the valuation report on the Land as set out in Appendix V to this circular.

4. No adjustment has been made to the unaudited pro forma financial information for acquisition-related costs (including fees to legal advisers, reporting accountants, printers, taxes and levies and other expenses) as the Directors determined that such costs are insignificant.
5. Apart from the above, no adjustments have been made to reflect any trading results or other transactions of the Group and the Target Company entered into subsequent to 31 August 2025, respectively.

**B. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL
INFORMATION****INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the directors of Wai Chi Holdings Company Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wai Chi Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”), together with Joyful Family Consultant Limited and its subsidiary (the “**Target Group**”) (collectively the “**Enlarged Group**”) by the directors of the Company for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2025 and related notes as set out on pages IV-2 to IV-4 of Appendix IV of the Company’s circular dated 25 November 2025 (the “**Circular**”) in connection with the proposed acquisition of the entire issued share capital of the Target Group (the “**Acquisition**”). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages IV-2 to IV-4 of Appendix IV of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Acquisition on the Company’s consolidated assets and liabilities as at 30 June 2025 as if the Acquisition had taken place at 30 June 2025. As part of this process, information about the Company’s consolidated assets and liabilities as of 30 June 2025 has been extracted by the directors of the Company from the Company’s interim results announcement for the six months ended 30 June 2025, on which no audit or review report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by Rule 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with Rule 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purpose of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition at 30 June 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- a. the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- b. such basis is consistent with the accounting policies of the Company; and
- c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

ST Lo & Co.

Certified Public Accountants (Practising)

Hong Kong

The following is the text of a letter and property valuation report prepared for the purpose of incorporation in this circular received from Peak Vision Appraisals Limited, an independent property valuer, in connection with its opinion of market value of the Land as at 31 August 2025.



Unit 702, 7th Floor, Capital Centre
No. 151 Gloucester Road
Wanchai, Hong Kong
www.peakval.com

Tel (852) 2187 2238
Fax (852) 2187 2239

25 November 2025

The Board of Directors
Wai Chi Holdings Company Limited
6th Floor, Liven House
63 King Yip Street
Kwun Tong
Kowloon
Hong Kong

Dear Sirs,

Re: Property interest of an industrial complex (land lot no. 01110000010) located at the section of land in Sanxu Village Committee and Meihua Village Committee, Luoyang Town, Boluo County, Huizhou City, Guangdong Province, the People's Republic of China

In accordance with the instruction from Wai Chi Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for us to value the property interest of the captioned property located in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of value of the property as at 31 August 2025 (the “**Valuation Date**”) for public documentation purpose.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation and lists out the assumptions and title investigations, which we have made in the course of our valuation, as well as the limiting conditions.

Our valuation is our opinion of market value which is defined to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the phase I of the property, we have adopted the Investment Method by taking into account the current rent passing and the reversionary income potential of the phase I of the property or, wherever appropriate, the Direct Comparison Method assuming the property is capable of being sold in its existing state and by making reference to comparable sales evidence as available in the relevant market.

In valuing the phase II of the property, which is a vacant site, we have adopted the Direct Comparison Method assuming sale of the phase II of the property in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the phase II of the property and the comparable properties.

Our valuation has been made on the assumption that the owner sells the property on the open market in its existing state without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the value of the property. No forced sale situation in any manner is assumed in our valuation. In addition, we have been advised by the Group that the property is not subject to any option or right of pre-emption which would concern or affect the sale of the property unless otherwise specified in this report.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have been provided by the Group with copies of documents in relation to the title to the property located in the PRC. We have not examined the original documents to verify the ownership and to ascertain the existence of any amendments which do not appear on the copies handed to us. In the course of our valuation, we have relied on the advice given by the Group and the legal opinion prepared by Beijing Jun He Law Offices, the Group's legal adviser on the PRC law (the "**PRC Legal Adviser**"), regarding the title to the property.

The property was inspected during July 2025 by Mr. Nick C. L. Kung, a director of our firm who has over 20 years of experience in the inspection of properties in Hong Kong and the PRC. We have inspected the exterior and, where possible, the interior of the property. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

We have not carried out on-site measurements to verify the correctness of the site and floor areas of the property but have assumed that the site and floor areas shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached property valuation report are based on information contained in the documents provided to us and are, therefore, only approximations.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any development.

We have relied to a considerable extent on the information provided by the Group and the PRC Legal Adviser regarding the title to the property, and we have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, tenancy agreement, site and floor areas and all other relevant materials regarding the property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld. The management of the Company has reviewed and confirmed the factual content and has agreed to the assumptions and limiting conditions of this report.

In valuing the property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors (the “**HKIS**”), the RICS Valuation – Global Standards (Effective from 31 January 2025) published by the Royal Institution of Chartered Surveyors (the “**RICS**”) and the International Valuation Standards (Effective 31 January 2025) published by the International Valuation Standards Council, where applicable, and under generally accepted valuation procedures and practices.

For the subject valuation, Peak Vision Appraisals Limited does not yet adopt a rotation policy, and instead, our valuation will be periodically reviewed by another member of the HKIS and/or the RICS, where applicable.

In accordance with the RICS Valuation – Global Standards (Effective from 31 January 2025), we are also required to draw your attention to the possibility that this valuation may be investigated by the RICS for compliance with such standards.

The proportion of total fees payable by the Company during the preceding year relative to the total fee income of Peak Vision Appraisals Limited is minimal.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

We hereby confirm that we have no material connection or involvement with the Group, the property or the value reported herein and that we are in a position to provide an objective and unbiased valuation.

Our property valuation report is enclosed herewith.

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited

Nick C. L. Kung
MRICS, MHKIS, R.P.S. (GP),
RICS Registered Valuer, MCIREA
Director

Chern Sung Lee
CFA, CPA, MRICS,
RICS Registered Valuer
Director

Notes:

- (1) Mr. Nick C. L. Kung is a RICS Registered Valuer and a Registered Professional Surveyor (General Practice) who has over 20 years of experience in the valuation of properties in Hong Kong and the PRC.
- (2) Mr. Chern Sung Lee is a CFA Charterholder, a member of the Hong Kong Institute of Certified Public Accountants, a member of the Royal Institution of Chartered Surveyors and a RICS Registered Valuer and has more than 10 years of experience in the valuation of properties in Hong Kong and the PRC.

Property Valuation Report

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2025
An industrial complex (land lot no. 01110000010) located at the section of land in Sanxu Village Committee and Meihua Village Committee, Luoyang Town, Boluo County, Huizhou City, Guangdong Province, the PRC	The property comprises an industrial complex erected thereon an irregular shaped parcel of land (land lot no. 01110000010) with a site area of approximately 86,118.00 sq.m., located at the section of land in Sanxu Village and Meihua Village, Luoyang Town (now known as Luoyang Subdistrict), Boluo County. Phase I of the property includes 6 blocks of 1 to 6-storey buildings, used as factory, canteen, dormitory, equipment room and duty room having a total gross floor area of approximately 40,781.96 sq.m., all completed in about 2022 (about 3 years old) erected on a site area of approximately 28,092.16 sq.m. Details of the gross floor area are set out in <i>Note (i)</i> below. Phase II of the property is a vacant site with a site area of approximately 58,025.84 sq.m. The land use rights of the property have been granted for a term expiring on 7 April 2058 for industrial use.	As advised by the Group, as at the Valuation Date, phase I of the property was subject to a tenancy for a term of 18 years from 1 September 2025 to 31 August 2043 at a monthly rental of approximately RMB675,605.90 from years 1 to 3, with an increase of 8% once in every three years thereafter exclusive of management fee, tax and all other outgoings. (<i>See Note (x) below</i>) The construction works of the phase II of the property (factory no. 2) was suspended. (<i>See Note (ii) below</i>) Phase II of the property was a vacant site pending development.	RMB163,700,000 (RENMINBI ONE HUNDRED AND SIXTY THREE MILLION SEVEN HUNDRED THOUSAND ONLY) (<i>See Note (ii) below</i>)

Notes:

- (i) Details of the gross floor area breakdown of the phase I of the property are listed as follows:

Building	No. of Storey	Approximate Gross Floor Area (sq.m.)
Factory no. 11	2	16,816.00
Dormitory no. 1	6	4,530.00
Canteen	3	1,596.00
Duty room	1	65.52
Equipment room	2	2,139.00
Factory no. 3	4	15,635.44
	Total:	40,781.96

- (ii) As advised by the Group, the Group plans to redevelop the phase II of the property into another industrial complex for its own use. Currently this site includes the previously constructed foundation works for a factory building (factory no. 2) and the construction of such was suspended and became idle since 2022. As the original foundation works no longer meet the design and functional requirements of the proposed industrial complex, the Group intends to formulate a new development plan and reconstruct the site accordingly. In the course of our valuation, we have not considered the value arising from the construction in progress of the said factory building (factory no. 2) within the phase II of the property.
- (iii) Pursuant to the State-owned Land Use Rights Certificate No. Bo Fu Guo Yong (2008) Di Bu 010376 issued by the People's Government of Boluo County dated July 2013, the land use rights of the property with a site area of approximately 86,118.00 sq.m. have been granted to Letu Photoelectric (Huizhou) Company Limited ("**Letu Photoelectric (Huizhou)**") for a term expiring on 7 April 2058 for industrial use.
- (iv) Pursuant to the Construction Land Use Planning Permit No. Bo Gui Di Zi [2007] 0155 issued by Boluo County Planning Bureau dated 10 December 2006, approvals have been granted to Letu Photoelectric (Huizhou) to develop the property with a site area of 86,118.00 sq.m. for industrial use.
- (v) Pursuant to the Grant Contract of State-owned Land Use Rights No. 441322-2008-000011 (the "**Grant Contract**") entered into between Boluo County Land and Resources Bureau and Letu Photoelectric (Huizhou) on 8 April 2008, Boluo County Land and Resources Bureau agreed to grant the land use rights of the property to Letu Photoelectric (Huizhou). The salient conditions stipulated in the said contract are summarised as follows:

(a)	Location	:	The section of land in Sanxu Village Committee and Meihua Village Committee, Luoyang Town
(b)	Site area	:	86,118.00 sq.m.
(c)	Land use	:	Industrial use
(d)	Land use term	:	50 years
(e)	Land grant consideration	:	RMB19,810,000
(f)	Plot ratio	:	1.2
(g)	Site coverage	:	40%
(h)	Height limit	:	16m

- | | | | |
|-----|---------------------|---|--|
| (i) | Greenery ratio | : | 35% |
| (j) | Construction period | : | Construction work to be commenced before 8 October 2008 |
| (k) | Other requirement | : | The proportion of land designated for administrative offices and living service facilities shall not exceed 7%; the investment amount shall not be less than RMB850/ sq.m. |
- (vi) According to the Announcement on the Adjustment of the Master Planning Scheme of the Factory Area of Letu Photoelectric (Huizhou) Company Limited dated 9 June 2022 issued by Boluo County Natural Resources Bureau, and the attached adjusted master plan: factory nos. 2 and 3 have been modified from 3-storey to 4-storey, the equipment room from 1-storey to 2-storey, and the canteen from 2-storey to 3-storey. The adjusted master plan comprises 11 blocks of factory buildings, 2 blocks of complex buildings, a dormitory building, a canteen building, an equipment building and 2 blocks of guard rooms. The adjusted technical and economic indicators of the planning scheme are summarised as follows:
- | | | | |
|-----|---|---|---|
| (a) | Site area | : | 86,118.00 sq.m. |
| (b) | Building footprint area | : | 49,635.20 sq.m. |
| (c) | Total proposed gross floor area | : | 136,188.72 sq.m. |
| (d) | Site coverage | : | 57.63% |
| (e) | Plot ratio | : | 1.58 |
| (f) | Greenery ratio | : | 10% |
| (g) | Site coverage of area designated for administrative offices and living service facilities | : | 6.32% of site area |
| (h) | Gross floor area designated for administrative offices and living service facilities | : | 15.06% of total proposed gross floor area |
| (i) | Car parking spaces | : | 422 |
| (j) | The fire resistance level | : | Level 2 |
| (k) | The risk of fire hazard in production | : | Class C |

- (vii) Pursuant to 2 Construction Works Planning Permits issued by Boluo County Natural Resources Bureau both dated 10 September 2020, approvals have been granted to Letu Photoelectric (Huizhou) to develop a 2-storey factory building and a 6-storey dormitory building of the property, having a total gross floor area of approximately 21,346.00 sq.m., which are in compliance with the planning requirements. Details of the permits are summarized as follows:

Permit No.	Building	No. of Storey	Approximate Gross Floor Area (sq.m.)
Bo Zi Ran Zi Jian Zi Di 4413222020-0520	Factory no. 11	2	16,816.00
Bo Zi Ran Zi Jian Zi Di 4413222020-0522	Dormitory no. 1	6	4,530.00
Total:			21,346.00

- (viii) Pursuant to 5 Construction Works Planning Permits issued by Boluo County Natural Resources Bureau all dated 15 September 2022, approvals have been granted to Letu Photoelectric (Huizhou) to develop 5 blocks of 1 to 4-storey buildings of the property, having a total gross floor area of approximately 31,099.96 sq.m., which are in compliance with the planning requirements. Details of the permits are summarized as follows:

Permit No.	Building	No. of Storey	Approximate Gross Floor Area (sq.m.)
Bo Zi Ran Zi Jian Zi Di 4413222022-0653	Canteen	3	1,596.00
Bo Zi Ran Zi Jian Zi Di 4413222022-0654	Factory no. 3	4	15,635.44
Bo Zi Ran Zi Jian Zi Di 4413222022-0655	Duty room	1	65.52
Bo Zi Ran Zi Jian Zi Di 4413222022-0656	Factory no. 2	4	11,664.00
Bo Zi Ran Zi Jian Zi Di 4413222022-0657	Equipment room	2	2,139.00
Total:			31,099.96

- (ix) Pursuant to the Construction Works Commencement Permit No. 441322202104200201 issued by Boluo County Housing and Urban-Rural Development Bureau dated 20 April 2021, approvals have been granted to Letu Photoelectric (Huizhou) for the commencement of construction works of 7 blocks of buildings (factory nos. 2, 3 and 11, dormitory no.1, canteen, equipment room and duty room) of the property, having a total gross floor area of approximately 43,878.00 sq.m., which are in compliance with the requirements for the works commencement.
- (x) Pursuant to the tenancy agreement (the “**Tenancy Agreement**”) entered into between Letu Photoelectric (Huizhou) and 田村電子(惠州)有限公司 (Tamura Electronics (Huizhou) Co., Ltd.), an independent third-party, dated 29 August 2025, phase I of the property with a total gross floor area of approximately 40,781.96 sq.m. is subject to a tenancy for a term of 18 years from 1 September 2025 to 31 August 2043 at a monthly rental of RMB675,605.90 from years 1 to 3, with an increase of 8% once in every three years thereafter (the above monthly rental are exclusive of management fee, tax and all other outgoings).
- (xi) We have been provided with a legal opinion on the property by the PRC Legal Adviser, which contains, *inter alia*, the following information which has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- The land premium for the land use rights of the property has been fully settled;
 - The land use rights of the property are legally held by Letu Photoelectric (Huizhou), and the land of the property is not subject to seizure, mortgage, or freezing restrictions;

- (c) Letu Photoelectric (Huizhou) is legally entitled to occupy, use, transfer, lease, mortgage, or otherwise legally dispose of the land use rights, and its legal rights and interests are protected by law;
 - (d) The land use rights of the property are not subject to guarantees or other restrictions;
 - (e) Leasing registration procedures have not been carried out for the Tenancy Agreement, which does not affect the legal validity of the Tenancy Agreement. The Tenancy Agreement is valid, and Letu Photoelectric (Huizhou)'s rights and interests in leasing the phase I of the property are protected by law;
 - (f) Letu Photoelectric (Huizhou)'s leasing of the phase I of the property, which has not yet passed the completion acceptance, to a third party does not constitute a major violation, and the Boluo County Natural Resources Bureau will not impose any penalty;
 - (g) As confirmed by Letu Photoelectric (Huizhou), the completion acceptance of the phase I of the property (excluding duty room) is expected to be issued by September 2025, with real estate registration to be completed within three months thereafter;
 - (h) Phase I of property does not violate any laws or administrative regulations. There are no substantive obstacles for Letu Photoelectric (Huizhou) to proceed with the construction completion acceptance procedures and real estate registration, and Boluo County Natural Resources Bureau will not impose any penalty on Letu Photoelectric (Huizhou); and
 - (i) Phase I of the property can be mortgaged in accordance with the law, and its lawful rights and interests are protected by law.
- (xii) In valuing the phase I of the property, we have adopted the investment method. The investment method, also known as "term and reversion" method, estimates the value of the phase I of the property by capitalizing the rental income on a fully leased basis having regard to the current passing rental income. In this method, the total rental income is divided into the term rental income and the reversionary rental income. The term value involves the capitalization of the current rental income over the existing lease term. The reversionary value is taken to be current market rental income upon the expiry of the lease and is capitalized on a fully leased basis and is discounted back to the valuation date. The investment method provides an indication of value by comparing the asset with identical or similar assets for which rental information is available. Adjustments were made to reflect the differences in various aspects between the subject property and the rental comparables to arrive at the adopted unit market rent of the phase I of the property.
- (xiii) In our valuation, we have adopted an average unit market rent of approximately RMB12.31 per sq.m. per month for the phase I of the property. The market yield of the phase I of the property is about 6.25% which is determined with reference to market research reports published by Coldwell Banker Richard Ellis Group entitled "Q1 2025 Asia Pacific Cap Rate Survey" and "2025 Asia Pacific Real Estate Market Outlook Mid-Year Review" and market research report published by Colliers International Hong Kong Limited entitled "Asia Pacific Cap Rates Report Q2 2025".

In our valuation, we have made reference to rental comparables in the vicinity, i.e. rental comparables in Boluo County and Huicheng District, Huizhou City. These rental comparables are properties with the same use and transacted within 1 month* from the Valuation Date, which are deemed sufficient, appropriate and reasonable to derive a reliable opinion of value of the phase I of the property as at the Valuation Date. The unit rent comparables are about RMB9.00 to RMB16.20 per sq.m. per month for industrial properties. The unit rent adopted by us is consistent with the said comparable references after due adjustments. Due adjustments to those rental comparables have been made to reflect factors including but not limited to location, floor, layout, time and size in arriving at our opinion of value.

* Generally, comparables that are closer to the Valuation Date offer a more accurate reflection of market conditions as at the Valuation Date, and the time frame of comparables depends on the availability of relevant comparables. Typically, we incorporate more than 3 comparables in our valuation whenever possible. In the course of our valuation, given that transactions occurred within 1 month from the Valuation Date are sufficient to derive an objective and reliable opinion of value, we deemed the 1-month time frame to be reasonable.

In our valuation, the rental comparables adopted for the phase I of the property are exhaustive based on the selection criteria. We consider these comparables are located in the vicinity and are of the same use, and thus are representative and comparable to the phase I of the property. The details are as follows:

Comparable	1	2	3
Property address	No. 3, Shangxing 4th Road, Yuanzhou Town, Boluo County, Huizhou City	Shiwan Town, Boluo County, Huizhou City	Shiwan Town Science and Technology Industrial Park, Boluo County, Huizhou City
Level	The whole property	Level 1	Level 1
Use	Industrial	Industrial	Industrial
Approximate			
Gross floor area (sq.m.)	5,600	3,000	7,500
Monthly rental (RMB)	50,400	48,600	97,500
Unit rent (RMB/sq.m./month)	9.00	16.20	13.00
Date	1 August 2025	3 August 2025	13 August 2025
Adjustments			
Time	approximately 0%	approximately 0%	approximately 0%
Location	approximately -5%	approximately -15%	approximately -5%
Level	approximately 0%	approximately 0%	approximately 0%
Size	approximately -7%	approximately -8%	approximately -7%
Layout and condition	approximately 30%	approximately 5%	approximately 10%
Comparable	4	5	6
Property address	Yida Road, Futian Town, Boluo County, Huizhou City	Yuantou Industrial Zone, Shiwan Town, Boluo County, Huizhou City	Fuxing Industrial Zone, Futian Town, Boluo County, Huizhou City
Level	Whole block	Level 1	Whole block
Use	Industrial	Industrial	Industrial
Approximate			
Gross floor area (sq.m.)	6,000	6,350	5,800
Monthly rental (RMB)	72,000	82,600	58,000
Unit rent (RMB/sq.m./month)	12.00	13.01	10.00
Date	14 August 2025	14 August 2025	14 August 2025
Adjustments			
Time	approximately 0%	approximately 0%	approximately 0%
Location	approximately -5%	approximately -5%	approximately 10%
Level	approximately 0%	approximately 0%	approximately 0%
Size	approximately -7%	approximately -7%	approximately -7%
Layout and condition	approximately 15%	approximately 17%	approximately 10%
Comparable	7	8	9
Property address	Near Meiliyuanzhou, Yuanzhou Town, Boluo County, Huizhou City	Qingtang Village, Huicheng District, Huizhou City	Jinyuan Industrial Zone, Xiaojinkou, Huicheng District, Huizhou City
Level	The whole property	The whole property	Level 1
Use	Industrial	Industrial	Industrial

Comparable	7	8	9
Approximate			
Gross floor area (sq.m.)	6,200	7,000	6,000
Monthly rental (RMB)	74,400	63,000	84,000
Unit rent (RMB/sq.m./month)	12.00	9.00	14.00
Date	14 August 2025	27 August 2025	28 August 2025
Adjustments			
Time	approximately 0%	approximately 0%	approximately 0%
Location	approximately -10%	approximately -5%	approximately -5%
Level	approximately 0%	approximately 0%	approximately 0%
Size	approximately -7%	approximately -7%	approximately -7%
Layout and condition	approximately 20%	approximately 30%	approximately 10%

* The comparables listed above being exhaustive based on the selection criteria

- (xiv) In valuing the phase II of the property, we have adopted the Direct Comparison Method, which provides an indication of value by comparing the asset with identical or similar assets for which price information is available. Adjustments were made to reflect differences in various aspects between the subject property and the comparables to arrive at the adopted unit rate of the phase II of the property.
- (xv) In our valuation, we have adopted unit rate of approximately RMB851.00 per sq. m. for the phase II of the property, which is based on the simple average of the following land sales comparables after adjustments.

In our valuation, we have made reference to land sales comparables in the vicinity, i.e. land sales comparables in Boluo County, Huizhou City with site area greater than 20,000 sq.m. These land sales comparables are properties with the same use and transacted within 3 months* from the Valuation Date, which are deemed sufficient, appropriate, and reasonable to derive a reliable opinion of value of the phase II of the property as at the Valuation Date. The prices of those land sales transaction references unit rate of about RMB686.74 to RMB1,029.44 per sq. m. for industrial properties. The unit rate adopted by us is consistent with the said sales comparable references after due adjustments. Due adjustments to those sales comparables have been made to reflect factors including but not limited to time, size and location in arriving at our opinion of value.

* *Generally, comparables that are closer to the Valuation Date offer a more accurate reflection of market conditions as at the Valuation Date, and the time frame of comparables depends on the availability of relevant comparables. Typically, we incorporate more than 3 comparables in our valuation whenever possible. In the course of our valuation, given that transactions occurred within 3 months from the Valuation Date are sufficient to derive an objective and reliable opinion of value, we deemed 3-month time frame to be reasonable.*

In our valuation, the sales comparables adopted for the phase II of the property are exhaustive based on the selection criteria. We consider these comparables are located in the vicinity and are of the same use, thus are representative and comparable to the phase II of the property. The details are as follows:

Comparable	1	2	3
Property address	The southwest corner of the intersection of Jiuhe Road and Tongyu Road (near Tianyu Bleaching and Dyeing) in Yuanzhou Town, Boluo County	Northern side of Jiangjun North Road, Shiwan Town, Boluo County	Eastern side of Chuangxin Road, Xinxing Village, Taimei Town, Boluo County
Land use	Industrial	Industrial	Industrial
Site area (sq.m.)	24,220.00	66,541.00	34,744.00
Land use term	50	50	50

Comparable	1	2	3
Transaction price (RMB)	24,760,000	68,500,000	23,860,000
Unit rate (RMB/sq.m.)	1,022.30	1,029.44	686.74
Date	25 June 2025	30 June 2025	11 July 2025
Adjustments			
Time	approximately 0%	approximately 0%	approximately 0%
Location	approximately -5%	approximately -5%	approximately 33%
Size	approximately -1%	approximately 0%	approximately -1%
Land use term	approximately -10%	approximately -10%	approximately -10%
Comparable	4	5	
Property address	Eastern side of Shiwan Avenue, Shiwan Town, Boluo County	The 12th ditch (local name) section of the 7th and 10th economic cooperatives of Xialiao Village, Longxi Street, Boluo County	
Land use	Industrial	Industrial	
Site area (sq.m.)	27,166.00	20,635.00	
Land use term	50	50	
Transaction price (RMB)	21,600,000	17,570,000	
Unit rate (RMB/sq.m.)	795.11	851.47	
Date	15 July 2025	22 August 2025	
Adjustments			
Time	approximately 0%	approximately 0%	
Location	approximately 15%	approximately 12%	
Size	approximately -1%	approximately -1%	
Land use term	approximately -10%	approximately -10%	

* The comparables listed above being exhaustive based on the selection criteria

(xvi) Our calculation of the market value of the property is shown as follows:

		Approximate
Phase I of the property		
Term 1 (1 September 2025 to 31 August 2028) total rental		RMB24,340,000
Term 1 value (present value @9.00%) (See Note below)	(A)	RMB20,540,000
Term 2 (1 September 2028 to 31 August 2031) total rental		RMB26,240,000
Term 2 value (present value @9.00%) (See Note below)	(B)	RMB17,100,000
Term 3 (1 September 2031 to 31 August 2034) total rental		RMB28,360,000
Term 3 value (present value @9.00%) (See Note below)	(C)	RMB14,270,000
Term 4 (1 September 2034 to 31 August 2037) total rental		RMB30,640,000
Term 4 value (present value @9.00%) (See Note below)	(D)	RMB11,900,000
Term 5 (1 September 2037 to 31 August 2040) total rental		RMB33,080,000
Term 5 value (present value @9.00%) (See Note below)	(E)	RMB9,910,000
Term 6 (1 September 2040 to 31 August 2043) total rental		RMB35,710,000
Term 6 value (present value @9.00%) (See Note below)	(F)	RMB8,260,000
Market annual rental (40,781.96 sq.m. X RMB12.31 X 12 month)		RMB6,020,000
Market yield		6.25%
Reversion value (present value @6.25%) (See Note below)	(G)	RMB32,340,000
Market value of phase I of the property (H=A+B+C+D+E+F+G)	(H)	RMB114,320,000
Rounded (See Note below):	(H)	RMB114,300,000
Phase II of the property		
Site area (sq.m.)		58,025.84
Unit rate (per sq.m.)		RMB851
Market value of phase II of the property	(I)	RMB49,380,000
Rounded:	(I)	RMB49,400,000
Market value of the property		
Market Value of the property (H+I):		<u>RMB163,700,000</u>

Note: Phase I of the property was subject to the Tenancy Agreement (see note (x) above) as at the Valuation Date. The term value is simply the present value of rental to be derived from the abovementioned Tenancy Agreement. The reversion value is the value to be derived from the phase I of the property after the expiry of the Tenancy Agreement. As the reversion value is a future value (upon expiry of the Tenancy Agreement), it has been discounted to the present value.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and chief executive's interests and short positions in shares, underlying shares and debentures of the company or any of its associated corporations

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive personnel of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in Appendix C3 to the Listing Rules were as follows:

Name of Director	Capacity/ nature of interest	Number of shares	Number of shares underlying unvested (Note 4)	Number of share options outstanding (Note 5)	Total Interests in shares and class of shares (Note 6)	Approximate percentage of the issued share capital of the Company (%)
Ms. Luk Fong ^(Note 1)	Beneficial owner	128,120,000	–	–	128,120,000 (L)	58.31%
Mr. Chen Chung Po ^(Note 2)	Beneficial owner	–	800,000	800,000	1,600,000 (L) (Note 7)	0.73%
Ms. Yiu Kwan Yu ^(Note 3)	Beneficial owner	–	200,000	400,000	600,000 (L) (Note 7)	0.27%
Ms. Yong Jian Hui	Beneficial owner	–	400,000	400,000	800,000 (L) (Note 7)	0.36%

Notes:

1. Ms. Luk Fong holds 100% of the issued share capital of Rexell Technology Company Limited, which is the controlling shareholder holding approximately 58.31% of the issued share capital of the Company.
2. Mr. Chen Chung Po, as the spouse of Ms. Yiu Kwan Yu, is deemed to be interested in the shares of the Company held by Ms. Yiu Kwan Yu by virtue of the SFO. The total number of shares held by Mr. Chen Chung Po and Ms. Yiu Kwan Yu represents approximately 1% of the issued share capital of the Company.
3. Ms. Yiu Kwan Yu, as the spouse of Mr. Chen Chung Po, is deemed to be interested in the shares of the Company held by Mr. Chen Chung Po by virtue of the SFO. The total number of shares held by Mr. Chen Chung Po and Ms. Yiu Kwan Yu represents approximately 1% of the issued share capital of the Company.
4. The Share Award Scheme was adopted pursuant to a shareholders' resolution passed on 19 December 2022, whereby the Company granted a total of 1,400,000 shares to Mr. Chen Chung Po, Ms. Yiu Kwan Yu and Ms. Yong Jian Hui.
5. The Company adopted the share option scheme on 27 October 2014 (the “**2014 Share Options Scheme**”), under which the Directors may grant options to eligible persons to subscribe for the Company's shares. Under the 2014 Share Option Scheme, a total of 1,600,000 share options were granted to Mr. Chen Chung Po, Ms. Yiu Kwan Yu and Ms. Yong Jian Hui. They will be entitled to subscribe for 1,600,000 shares upon full exercise of all the share options in accordance with the relevant rules of the Share Option Scheme. The 2014 Share Option Scheme was terminated and new rules of the share option scheme (the “**Share Option Scheme**”) were approved and adopted at the extraordinary general meeting held on 19 December 2022.
6. The letter “L” denotes the Directors' long position in the shares of the Company or the relevant associated corporation.
7. The total number of shares in which the 3 Directors (namely, Mr. Chen Chung Po, Ms. Yiu Kwan Yu and Ms. Yong Jian Hui) are interested consist of the shares granted to them under the Share Award Scheme and the shares that they will be entitled to subscribe for upon full exercise of the share options granted under the 2014 Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they had taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests and short positions of substantial shareholders and other parties in the shares, underlying shares of the company

As at the Latest Practicable Date, so far as the directors and chief executive officer of the Company were aware, the following persons and corporations (excluding the directors and chief executive officer of the Company) had interests or short positions in any of the shares or underlying shares of the Company which were required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the shares of the Company.

Name of Shareholder	Capacity/nature of interest	Number of shares held	Approximate percentage of issued share capital
Rexell Technology Company Limited <i>(Note 1)</i>	Beneficial owner	128,120,000	58.31%
Ms. Luk Fong <i>(Note 2)</i>	Interest of a controlled corporation	128,120,000	58.31%

Notes:

1. Rexell Technology Company Limited directly holds 128,120,000 shares representing approximately 58.31% of the issued share capital of the Company.
2. Ms. Luk Fong is the legal and beneficial owner of all the issued shares of Rexell Technology Company Limited and is therefore deemed to be interested in all the shares of the Company held by Rexell Technology Company Limited under the SFO.

3. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

4. MATERIAL CONTRACTS

The following contract (not being contracts entered into in the ordinary course of business of the Group) were entered into by members of the Group within the two years immediately preceding the date of this circular which are or may be material:

- the SPA.

5. LITIGATION AND CLAIMS

As at the Latest Practicable Date, so far as the Directors were aware, no member of the Group was involved in any litigation or claims of material importance, and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates was considered to have an interest in a business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

7. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have given an opinion or advice on the information contained in this circular:

Name	Qualification
Messis Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
ST Lo & Co.	Certified Public Accountants
Peak Vision Appraisals Limited	independent professional valuer

Each of the experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its opinion, letter or advice (as the case may be) and references to its name in the form and context in which they respectively appear.

Each of the experts confirmed that it did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, each of the experts was not interested, directly or indirectly, in any assets which had been, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with any member of the Group which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

9. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Cheung Wai Hung who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and a chartered tax adviser of the Taxation Institute of Hong Kong.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (c) The headquarters and principal place of business of the Company in Hong Kong is located at 6th Floor, Liven House, 63 King Yip Street, Kwun Tong, Kowloon, Hong Kong.
- (d) The Cayman Islands principal share registrar and transfer office is Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (e) The Hong Kong share registrar and transfer office is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (<https://www.waichiholdings.com>) and the Stock Exchange (www.hkexnews.hk) from the date of this circular until 14 days thereafter:

- (a) the SPA;

- (b) the accountants' report on the Target Company as set out in Appendix II to this circular;
- (c) the report on the unaudited pro forma financial information of the Group upon completion of the Acquisition, the text of which is set out in Appendix IV to this circular;
- (d) the valuation report of the Land, the text of which is set out in Appendix V to this circular;
- (e) the consent letters referred to in the paragraph headed "Qualification and consent of experts" in this Appendix; and
- (f) this circular.



Wai Chi Holdings Company Limited
偉志控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1305)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of Wai Chi Holdings Company Limited (the “**Company**”) will be held at 10/F, The Wave, 4 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong on Monday, 15 December 2025 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTIONS

“THAT:

- (a) the conditional sale and purchase agreement dated 15 September 2025 (the “**Agreement**”) entered into between Techwide Management Company Limited (the “**Purchaser**”) and Ms. Luk Fong (the “**Vendor**”) in relation to the acquisition (the “**Acquisition**”) by the Purchaser of the entire issued share capital (the “**Sale Shares**”) of Joyful Family Consultant Limited (the “**Target Company**”) from the Vendor, a copy of which has been produced to the meeting and signed by the chairman of the meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification, and that all the transactions in relation to the Acquisition contemplated thereunder be and they are hereby approved, confirmed and ratified; and
- (b) the directors (the “**Directors**”) of the Company be and are hereby authorized to exercise all the powers of the Company to perform all such acts, deeds and things and execute all documents and to take all steps and/or to enter into any transactions, arrangements, contracts, supplemental agreements as they consider necessary, desirable or expedient to effect and implement and/or to give effect to the terms of the Agreement, the Acquisition and the transactions contemplated thereunder (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the Directors) and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers which are not material in the context of the entire Acquisition as a whole. For the avoidance of doubt, all such acts, deeds and things and such documents to be performed or executed are limited to acts, deeds, things, documents, transactions, arrangements, contracts, and supplemental agreements that are ancillary

NOTICE OF EGM

or giving effect to the Agreement, the Acquisition and the transactions contemplated thereunder and are not inconsistent with the purpose thereof as may be approved by the Directors.”

By order of the Board
Wai Chi Holdings Company Limited
Chen Chung Po
Chairman

Hong Kong, 25 November 2025

Notes:

- (a) Members who are entitled to attend, speak and vote at the EGM are those whose names appear as members on the register of members of the Company on Monday, 15 December 2025. The register of members of the Company will be closed from Tuesday, 9 December 2025 to Monday, 15 December 2025 (both days inclusive), during which period no transfer of shares in the Company can be registered. In order to be entitled to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 8 December 2025.
- (b) Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a Shareholder. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof should he/she so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.
- (c) The Chinese translation of this circular is for reference only, and in the event of any inconsistency between the English and Chinese versions, the English version shall prevail.
- (d) As at the date of this circular, the Board comprises four executive Directors, namely, Mr. Chen Chung Po (Chairman and Chief Executive Officer), Ms. Luk Fong, Ms. Yiu Kwan Yu and Ms. Yong Jian Hui; and three independent non-executive Directors, namely, Mr. Au Yeung Tin Wah, Mr. Ho Chi Wai and Mr. Yu Zhenyu.