THIS RESPONSE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Hang Yick Holdings Company Limited**, you should at once hand this Response Document to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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HANG YICK HOLDINGS COMPANY LIMITED
恒益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1894)

RESPONSE DOCUMENT RELATING TO CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF MR. NGAI WA PING TO ACQUIRE 30,000,000 SHARES IN HANG YICK HOLDINGS COMPANY LIMITED (OTHER THAN THOSE ALREADY OWNED BY MR. NGAI WA PING AND PARTIES ACTING IN CONCERT WITH HIM)

Financial Adviser to the Company

ADVENT 宏智融資 Advent Corporate Finance Limited

Independent Financial Adviser to the Independent Board Committee

HOORAY 好盈

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Response Document.

A letter from the Board is set out in the section headed "Letter from the Board" of this Response Document. A letter from the Independent Board Committee containing its recommendation in respect of the Partial Offer is set out in the section headed "Letter from the Independent Board Committee" of this Response Document. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee in respect of the Partial Offer and the principal factors considered by it in arriving at its recommendation is set out in the section headed "Letter from the Independent Financial Adviser" of this Response Document.

11 November 2026

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The timetable set out below is extracted from the Offer Document dated 14 October 2026 issued by the Offeror, and incorporates the extension of time for the despatch of this Response Document to on or before Wednesday, 11 November 2026 pursuant to the joint announcement dated 28 October 2026 issued by the Company and the Offeror. Unless otherwise expressly stated, all time and date references below refer to Hong Kong time and dates.

Event	**Hong Kong time and dates**
Despatch date of the Offer Document and the Form of Acceptance and commencement date of the Partial Offer	Wednesday, 14 October 2026
Despatch date of this Response Document	Wednesday, 11 November 2026
Latest time and date for acceptance of the Partial Offer on the First Closing Date	4:00 p.m. on Monday, 30 November 2026
Announcement of the results of the Partial Offer as at the First Closing Date (or its extension or revision, if any), to be posted on the website of the Stock Exchange	no later than 7:00 p.m. on Monday, 30 November 2026
Latest time and date for acceptance of the Partial Offer assuming the Partial Offer becomes or is declared unconditional on the First Closing Date (i.e. the Final Closing Date)	no later than 4:00 p.m. on Monday, 14 December 2026
Announcement of the results of the Partial Offer as at the Final Closing Date to be posted on the website of the Stock Exchange *(Note 1)*	no later than 7:00 p.m. on Monday, 14 December 2026
Latest time by which the Partial Offer can be declared unconditional as to acceptances	no later than 7:00 p.m. on Monday, 14 December 2026
Designated agent starts to stand in the market to provide matching services for sale and purchase of odd lots holdings of Shares	9:00 a.m. on Tuesday, 15 December 2026

Event	Hong Kong time and dates
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Partial Offer on the Final Closing Date *(Note 2)*	4:00 p.m. on Wednesday, 23 December 2026
Latest time and date for despatch of share certificate(s) and/or any transfer receipt(s) and other document(s) of title for Shares tendered but not taken up or share certificate(s) in respect of the balance of such Shares	4:00 p.m. on Wednesday, 23 December 2026
Designated agent ceases to stand in the market to provide matching services for sale and purchase of odd lots holdings of Shares	no later than 4:00 p.m. on Monday, 25 January 2027

Notes:

1. The announcement will comply with the disclosure requirements under Rule 19.1 and Note 7 to Rule 19 of the Takeovers Code and will include, among other things, the results of the Partial Offer and details of the way in which the pro rata entitlement for each accepting Shareholder was determined.

2. Subject to the Partial Offer becoming unconditional, remittances in respect of the consideration payable for the Offer Shares tendered under the Partial Offer will be posted by ordinary post to the accepting Shareholders at their own risk as soon as possible but in any event no later than seven (7) business days following the Final Closing Date.

3. If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning (as issued by the Hong Kong Observatory) in force, or "extreme conditions" warning (as announced by the Hong Kong Government) is in force in Hong Kong: (a) at any local time before 12:00 noon but no longer in force at or after 12:00 noon on the latest date for acceptance of the Partial Offer and the latest date for despatch of remittances for the amounts due under the Partial Offer in respect of valid acceptances, the latest time for acceptance of the Partial Offer will remain at 4:00 p.m. on the same business day and the latest date for the despatch of remittances will remain on the same business day; or (b) at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Partial Offer and the latest date for posting of remittances for the amounts due under the Partial Offer in respect of valid acceptances, the latest time for acceptance of the Partial Offer will be rescheduled to 4:00 p.m., and the latest date for the posting of remittances will be rescheduled to, the following business day which does not have either of those warnings in force at or after 12:00 noon.

Save as mentioned above, if the latest time for acceptance of the Partial Offer does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and/or the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

In this Response Document, unless the context otherwise requires, the following expressions shall have the following meanings:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"associate(s)"	has the meaning ascribed to it under the Takeovers Code
"Board"	board of Directors
"Business Day(s)"	has the meaning ascribed to it under the Takeovers Code, being a day on which the Stock Exchange is open for the transaction of business
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Closing Date"	the First Closing Date or the Final Closing Date or such later date as may be extended or revised in accordance with the Takeovers Code
"Company"	Hang Yick Holdings Company Limited (恒益控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1894)
"Condition"	the condition to which the Partial Offer is subject, as set out in the section headed "The Partial Offer" in the "Letter from the Board" of this Response Document
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company held on 31 August 2026
"Executive"	the Executive Director of the Corporate Finance Division of the SFC from time to time or any of his delegates
"Final Closing Date"	the date which is (i) the 14th day after the date on which the Partial Offer is declared unconditional as to acceptances; or (ii) the First Closing Date, whichever is the later, provided that the Partial Offer will be open for acceptance for at least 28 days following the despatch date of the Offer Document

"First Closing Date"	Monday, 30 November 2026 as the first closing day of the Partial Offer, which shall be at least 28 days following the despatch date of the Offer Document, or such later date as may be extended by the Offeror in accordance with the requirements of the Takeovers Code
"Form of Acceptance"	the form of acceptance and transfer in respect of the Partial Offer accompanying the Offer Document
"Group"	the Company and its subsidiaries from time to time
"HK$" and "HK cent(s)"	Hong Kong dollar(s) and Hong Kong cent(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all independent non-executive Directors who have no direct or indirect interest in the Partial Offer, namely Mr. Chan Chun Wing, Mr. Au Hoi Fung and Mr. Ban Jiu, formed for the purpose of advising the Qualifying Shareholders in respect of the Partial Offer
"Independent Financial Adviser"	Hooray Capital Limited (好利資本有限公司), a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Partial Offer
"Last Trading Day"	23 September 2026, being the last trading day on which the Shares were traded on the Main Board of the Stock Exchange prior to the publication of the Offeror Announcement
"Latest Practicable Date"	Monday, 9 November 2026, being the latest practicable date prior to the printing of this Response Document for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Offer Document"	the offer document despatched by the Offeror (accompanied by the Form of Acceptance) on 14 October 2026 to all the Shareholders in connection with the Partial Offer in accordance with the requirements of the Takeovers Code
"Offer Period"	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 23 September 2026 (the date of the Offeror Announcement) and ending on the Final Closing Date (or such other date on which the Partial Offer lapses, is withdrawn or is extended in accordance with the Takeovers Code)
"Offer Price"	the price per Offer Share at which the Partial Offer is made in cash, being HK$0.600 per Offer Share
"Offer Share(s)"	the Share(s) to be purchased by the Offeror from the Qualifying Shareholders under the Partial Offer, being 30,000,000 Shares held by the Qualifying Shareholders which are subject to the Partial Offer
"Offeror"	Mr. Ngai Wa Ping
"Offeror Announcement"	the announcement of the Offeror dated 23 September 2026 pursuant to Rule 3.5 of the Takeovers Code in respect of, among other things, the Partial Offer
"Overseas Shareholder(s)"	Qualifying Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
"Partial Offer"	the conditional voluntary cash partial offer made by Rainbow Capital for and on behalf of the Offeror to acquire 30,000,000 Shares (other than those already owned by the Offeror and parties acting in concert with him) at the Offer Price in cash from the Qualifying Shareholders in accordance with the Takeovers Code
"PRC"	the People's Republic of China, which for the purpose of this Response Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Pre-Condition"	the pre-condition to the making of the Partial Offer of obtaining consent by the Offeror from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code, which has been satisfied on 9 October 2026 as disclosed in the announcement of the Offeror dated 9 October 2026
"Qualifying Shareholder(s)"	Shareholder(s) other than the Offeror and parties acting in concert with him
"Rainbow Capital"	Rainbow Capital (HK) Limited (浤博資本有限公司), a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the financial adviser to the Offeror and the agent making the Partial Offer on behalf of the Offeror
"Receiving Agent" or "Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company and the receiving agent of the Offeror with respect to the Partial Offer, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong
"Relevant Period"	the period commencing on 23 March 2026, being the date falling six months immediately preceding the commencement of the Offer Period on 23 September 2026, up to and including the Latest Practicable Date
"relevant securities"	has the meaning ascribed to it under Note 4 to Rule 22 of the Takeovers Code
"Response Document"	this response document issued by the Company to the Shareholders in accordance with the Takeovers Code in respect of the Partial Offer
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of par value of HK$0.20 each in the share capital of the Company

"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Summons"	the originating summons filed by the Offeror on 18 September 2026 in the High Court of Hong Kong (High Court Miscellaneous Proceedings No. 1606 of 2026) against the Company, Mr. Cho Kin Keung Keith, Mr. Chan Chun Wing, Mr. Au Hoi Fung and Mr. Ban Jiu, as disclosed in the announcement of the Company dated 21 September 2026
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers issued by the SFC
"%"	per cent.

HANG YICK HOLDINGS COMPANY LIMITED
恒益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1894)

Executive Directors:
Mr. Sin Kwok Chi Stephen
Mr. Cho Kin Keung Keith

Independent non-executive Directors:
Mr. Chan Chun Wing
Mr. Au Hoi Fung
Mr. Ban Jiu

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Flat 606, 6/F, Sunray Industrial Centre
610 Cha Kwo Ling Road
Yau Tong, Kowloon
Hong Kong

11 November 2026

To the Qualifying Shareholders

Dear Sir/Madam,

CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF MR. NGAI WA PING TO ACQUIRE 30,000,000 SHARES IN HANG YICK HOLDINGS COMPANY LIMITED (OTHER THAN THOSE ALREADY OWNED BY MR. NGAI WA PING AND PARTIES ACTING IN CONCERT WITH HIM)

INTRODUCTION

On 23 September 2026, the Offeror published the Offeror Announcement announcing that Rainbow Capital would, subject to the satisfaction of the Pre-Condition, for and on behalf of the Offeror make the Partial Offer to acquire 30,000,000 Offer Shares (representing approximately 12.86% of the Company's issued share capital as at the date of the Offeror Announcement) not already owned by the Offeror and parties acting in concert with him at the Offer Price of HK$0.600 per Offer Share. On 24 September 2026, the Company published an announcement pursuant to Rules 3.2 and 3.8 of the Takeovers Code in respect of the Partial Offer.

On 9 October 2026, the Offeror announced that the consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code had been obtained and thus the

Pre-Condition was satisfied. On 14 October 2026, the Offeror despatched the Offer Document (accompanied by the Form of Acceptance) setting out, among other things, the terms and conditions of the Partial Offer.

In accordance with Rule 2.1 of the Takeovers Code, the Company is required to establish an independent committee of the Board to advise the Qualifying Shareholders in respect of the Partial Offer. As disclosed in the announcement of the Company dated 24 September 2026, the Independent Board Committee, comprising all the independent non-executive Directors who have no direct or indirect interest in the Partial Offer, namely Mr. Chan Chun Wing, Mr. Au Hoi Fung and Mr. Ban Jiu, has been established to advise the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable and as to the acceptance of the Partial Offer. The Company has no non-executive Directors other than the independent non-executive Directors.

Hooray Capital Limited has been appointed by the Company with the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code as the Independent Financial Adviser to advise the Independent Board Committee and the Qualifying Shareholders in respect of the Partial Offer and, in particular, as to whether the Partial Offer is fair and reasonable and as to the acceptance of the Partial Offer. The letter of advice from the Independent Financial Adviser to the Independent Board Committee is set out in the section headed "Letter from the Independent Financial Adviser" of this Response Document.

The purpose of this Response Document is to provide you with, among other things, information relating to the Group and the Partial Offer, the recommendation of the Board and the Independent Board Committee to the Qualifying Shareholders in respect of the Partial Offer, and the advice from the Independent Financial Adviser to the Independent Board Committee on the Partial Offer.

You are advised to read this Response Document, the recommendation of the Board, the recommendation of the Independent Board Committee and the advice from the Independent Financial Adviser carefully before taking any action in respect of the Partial Offer.

THE PARTIAL OFFER

The terms of the Partial Offer are set out in the Offer Document and the Form of Acceptance. You are recommended to refer to the Offer Document and the Form of Acceptance for further details.

The Partial Offer is being made by Rainbow Capital, for and on behalf of the Offeror, on the basis set out below:

For each Offer Share ..... **HK$0.600 in cash**

As at the Latest Practicable Date, the Company had 233,357,000 Shares in issue, and the Offeror and parties acting in concert with him were interested in 2,000,000 Shares (representing

approximately 0.86% of the issued share capital of the Company). As at the Latest Practicable Date, the Company did not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares.

The Partial Offer is extended to all Qualifying Shareholders in accordance with the requirements of the Takeovers Code.

The making of the Partial Offer was subject to the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. On 9 October 2026, the Offeror announced that the consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code had been obtained and thus the Pre-Condition was satisfied.

The Partial Offer is subject to the Condition that valid acceptances being received (and not, where permitted, withdrawn) in respect of a minimum of 30,000,000 Offer Shares (representing approximately 12.86% of the Company's issued share capital as at the Latest Practicable Date) at or before 4:00 p.m. (Hong Kong time) on the First Closing Date, which shall be at least 28 days following the despatch date of the Offer Document issued by the Offeror in respect of the Partial Offer, or such later date as may be extended by the Offeror in accordance with the requirements of the Takeovers Code.

Based on the Offer Price of HK$0.600 per Offer Share and assuming full valid acceptances of the Partial Offer for the required number of 30,000,000 Offer Shares are tendered by the Qualifying Shareholders, the total cash consideration payable by the Offeror to purchase the 30,000,000 Offer Shares from the Qualifying Shareholders under the Partial Offer will be HK$18,000,000.

As at the Latest Practicable Date, the Company confirmed that it did not have any outstanding dividends which had been declared but not yet paid and the Company did not have any intention to declare or pay any future dividend or make other distribution on the Shares prior to the close of the Partial Offer.

Further details of the Partial Offer including, among others, the expected timetable and the terms and procedures of acceptance of the Partial Offer, are set out in the Offer Document and the Form of Acceptance.

INFORMATION ON THE OFFEROR

Please refer to the Offer Document for the information on the Offeror.

INTENTION OF THE OFFEROR AND THE BOARD REGARDING THE GROUP

Your attention is drawn to the paragraphs headed "Information on the Offeror" and "Reasons for the Partial Offer" in the Offeror Announcement and the Offer Document.

As stated in the Offer Document, subject to the Partial Offer becoming unconditional in all respects, the Offeror intends to nominate himself or other new director(s) to the Board after the close of the Partial Offer, though as at the latest practicable date of the Offer Document he had not reached any final decision as to who would be nominated.

The Directors note the Offeror's stated intention in the Offer Document that as at the latest practicable date of the Offer Document, the Offeror has no intention to (i) downsize, cease or dispose of the existing business of the Company; (ii) introduce any major changes in the principal business, including any redeployment of the fixed assets of the Company other than those in its ordinary and usual course of business; or (iii) discontinue the employment of the employees of the Group following the close of the Partial Offer, and that no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to any assets or business of the Company. The Directors will consider any proposals put forward by the Offeror in the context of the overall direction and strategy of the Group's business development and with in mind the best interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Company is an exempted company incorporated in the Cayman Islands with limited liability and its issued Shares have been listed on the Main Board of the Stock Exchange (stock code: 1894) since 12 October 2018. The Group is principally engaged in the provision of steel and metal engineering services (ranging from design, manufacture, supply to installation of steel and metal products such as roller shutters and metal doors for construction projects in Hong Kong and the PRC) and sales of steel and metal products.

Under Rule 11.1(f) of the Takeovers Code and Practice Note 7 issued by the SFC, except with the consent of the Executive, a valuation will be required of the properties of the offeree company if it has significant property interests when the offeror is an interested party. For the purpose of Rule 11.1(f) of the Takeovers Code, an "interested party" refers to (i) a party holding, or together with parties acting in concert with it holding, immediately before either the commencement of an offer period or an obligation arises to make a mandatory offer under Rule 26.1 of the Takeovers Code, 30% or more of the voting rights of the offeree company; (ii) a director of the offeree company; or (iii) a party acting in concert with any of (i) or (ii).

Immediately before the commencement of the Offeror Period, the Offeror was neither a Director of the Company nor holding (together with parties acting in concert with him) 30% or more of the voting rights of the Company. Accordingly, the Offeror is not an interested party under Rule 11.1(f) of the Takeovers Code and no property valuation report is required to be included in this Response Document.

The financial information of the Group is set out in Appendix I to this Response Document.

In deciding whether or not to accept the Partial Offer, the Independent Shareholders should consider the qualified opinion issued by the independent auditors of the Company on the consolidated financial statements of the Group for the year ended 31 March 2024.

The following is an extract of the independent auditor's report on the Group's financial statements for the year ended 31 March 2024:

*"In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the Group's consolidated financial position as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.*

Comparability of the current year's figures and the corresponding figures for the Group's Consolidated Financial Performance and Consolidated Cash Flows

*As stated in our Independent Auditor's Report on the Group's consolidated financial statements for the year ended 31 March 2024 dated 28 June 2024, regarding the matters described in Note 2(a) to the consolidated financial statements for the year ended 31 March 2024, the board of directors of the Company (the "**Board**") as of the date of this report was of the opinion that certain payments of prepayments, deposits and advances ("**PPDA**") transactions (also known as "**Incident Transactions**") that occurred during the years ended 31 March 2019 and 2020, involving HY China Investment Company Limited ("**HY China**"), a wholly-owned subsidiary of the Company and its subsidiaries (the "**HY China Group**") were considered to be suspicious and may not have been entered into under normal commercial arrangement. As further explained matters described in Note 2(b) to the Group's consolidated financial statements for the year ended 31 March 2024, the Board advised that since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of the HY China Group in 2020, whom the Group were unable to contact after their departure, the Company has retained the basic business records of the HY China Group, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentations (collectively referred to as the "**Basic Records**"), that were left behind by the former key management personnel and accounting departments of the HY China Group as far as possible. The Basic Records were not considered to be of a sufficient level for our audit purposes. More specific business records and supporting explanations of the HY China Group's accounting records were needed for our audit, including but not limited to, (i) certain supporting documents of certain business transactions, such as invoices, receipts and purchase orders; (ii) detailed explanation of the accounting entries made (collectively, the "**Specific Records**").*

In the absence of the Specific Records of the HY China Group following the departure of certain former key management personnel in 2020, the Board considered that they could only use their best endeavor to preserve the books and records that were left behind by the former

*key management personnel and the accounting department and they were unable to determine whether these Specific Records were complete in the first place, and they had no other access to such Specific Records despite they have taken all reasonable steps and have used their best endeavor to locate such Specific Records. The Board has resolved to voluntarily wind up HY China on 18 January 2023. The joint and several liquidators (the "**HY China Liquidators**") were appointed to HY China, pursuant to the written resolutions of the sole shareholder of HY China dated 23 February 2023. The HY China Liquidators are empowered to, inter alia, preserve the assets of HY China and take control of and exercise all rights which HY China may have in relation to entities in which HY China holds an interest.*

Accordingly, HY China Group was de-consolidated from the consolidated financial statements of the Group with effect from 24 February 2023. The operation of HY China Group was discontinued on the same date. The result of the discontinued operation, including the recovery of loss on Incident Transactions and the loss on the de-consolidation of the HY China Group is presented as a single amount in the consolidated statement of profit or loss and other comprehensive income in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. As a result of the above matters, we have not been able to obtain sufficient appropriate audit evidence to ascertain whether the result for the year from discontinued operation and other related disclosure notes in relation to the HY China Investment Company Limited, a former wholly-owned subsidiary of the Company and its subsidiaries, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements for the year ended 31 March 2023. Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up 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 year ended 31 March 2023. Because of this matter has a possible effect on the comparability of the current year's figures and the corresponding figures in the consolidated statements of profit or loss, comprehensive income and cash flows for the year ended 31 March 2024, our opinion on the consolidated financial statements for the year ended 31 March 2024 is therefore qualified.

*We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (the "**Code**") issued by the HKICPA, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion."*

Pursuant to Note 3 to Rule 2 of the Takeovers Code, the Board draws the attention of the Qualifying Shareholders to the fact that the report of the independent auditor of the Company, Global Link CPA Limited, for the financial year ended 31 March 2024 contained a qualified opinion relating to the comparability of the current year's figures and the corresponding figures for the Group's consolidated financial performance and consolidated cash flows for the year

ended 31 March 2024 (as extracted above and set out in full in Appendix I to this Response Document).

As disclosed in the 2023/24 Annual Report of the Company, the qualified opinion was technical and historical in nature, resulting strictly from the carry-over effect of scope limitations in the comparative figures for the year ended 31 March 2023 following the departure of certain former management personnel of the PRC business. The auditor did not qualify the Group's consolidated statement of financial position as at 31 March 2024. The qualification did not have any adverse impact on the day-to-day operations, business relationships, solvency, or cash flows of the Group's core engineering business in Hong Kong. In addition, the qualification was completely resolved in subsequent financial periods, and the independent auditor issued unmodified audit opinions on the consolidated financial statements of the Group for both the years ended 31 March 2025 and 31 March 2026, without any qualification, emphasis of matter, or going concern uncertainty.

Based on the foregoing, the Board considers that the qualified opinion issued by Global Link CPA Limited would not have any material implication on the Partial Offer and the Company.

PUBLIC FLOAT OF THE COMPANY

The Stock Exchange has stated that:

(a) if, at the close of the offer, the Stock Exchange believes that:

- a false market exists or may exist in the trading of the shares; or
- an orderly market does not exist or may not exist;

it will consider exercising its discretion to suspend dealings in the shares; and

(b) if, at the close of the offer, the listed issuer has a Significant Public Float Shortfall (as defined in rule 13.32F of the Listing Rules), then:

- the Stock Exchange will add a designated marker to the stock name of the listed shares; and
- the Stock Exchange will cancel the listing of the issuer's shares if the issuer fails to re-comply with rule 13.32B for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

As at the Latest Practicable Date, the Company had a public float of approximately 88.56% of the Shares in issue. Assuming (i) full acceptances of the number of Offer Shares under the Partial Offer by the Qualifying Shareholders; and (ii) that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing

Date, the Company will have a public float of approximately 77.08% (or approximately 86.29% if Mr. Chen Yuerong ceases to be a substantial Shareholder holding 10% or more of the issued Shares upon completion of the Partial Offer), which is well above 25% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 13.32B of the Listing Rules.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Partial Offer (assuming that there will be no change to the issued share capital of the Company and no other change to the shareholding structure of the Company between the Latest Practicable Date and the Final Closing Date, and assuming all Qualifying Shareholders tender 100% of their Shares for acceptance under the Partial Offer, subject to pro-rata scaling):

Name of Shareholder	**As at the Latest Practicable Date** *No. of Shares*	**As at the Latest Practicable Date** *Approx. %*	**Immediately upon completion of the Partial Offer** *No. of Shares*	**Immediately upon completion of the Partial Offer** *Approx. %*
The Offeror and parties acting in concert with him *(Note 1)*	2,000,000	0.86%	32,000,000	13.71%
Mr. Chen Yuerong *(Note 2)*	24,695,000	10.58%	21,492,806	9.21%
Other public Shareholders	206,662,000	88.56%	179,864,194	77.08%
Total	**233,357,000**	**100.00%**	**233,357,000**	**100.00%**

Notes:

1. As at the Latest Practicable Date, the Offeror beneficially held 2,000,000 Shares (acquired pursuant to the exercise of 2,000,000 share options of the Company on 25 August 2026 at an exercise price of HK$0.545 per Share), representing approximately 0.86% of the total issued share capital of the Company. Save as aforesaid, neither the Offeror nor any party acting in concert with him held any Shares as at the Latest Practicable Date.

2. As at the Latest Practicable Date, Mr. Chen Yuerong is a substantial Shareholder holding 24,695,000 Shares, representing approximately 10.58% of the total issued share capital of the Company. Immediately upon completion of the Partial Offer (assuming Mr. Chen Yuerong tenders 100% of his Shares for acceptance under the Partial Offer), his shareholding would be reduced to approximately 9.21% of the total issued share capital of the Company.

ADDITIONAL INFORMATION

Your attention is drawn to the section headed "Letter from the Independent Board Committee" and the section headed "Letter from the Independent Financial Adviser" set out in this Response Document, which contain, among other things, their respective recommendations and advice in relation to the Partial Offer and the principal factors considered by them in arriving at their recommendation, as well as the additional information set out in the Appendices to this Response Document.

By order of the Board
Hang Yick Holdings Company Limited
Cho Kin Keung Keith
Executive Director

HANG YICK HOLDINGS COMPANY LIMITED
恒益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1894)

11 November 2026

To the Qualifying Shareholders

Dear Sir/Madam,

CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF MR. NGAI WA PING TO ACQUIRE 30,000,000 SHARES IN HANG YICK HOLDINGS COMPANY LIMITED (OTHER THAN THOSE ALREADY OWNED BY MR. NGAI WA PING AND PARTIES ACTING IN CONCERT WITH HIM)

INTRODUCTION

We refer to the response document (the "**Response Document**") dated 11 November 2026 issued by the Company, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Response Document.

We, being all the independent non-executive Directors who have no direct or indirect interest in the Partial Offer, namely Mr. Chan Chun Wing, Mr. Au Hoi Fung and Mr. Ban Jiu, have been appointed by the Board to form the Independent Board Committee to consider and to advise the Qualifying Shareholders as to whether or not the Partial Offer is fair and reasonable and to make a recommendation as to the acceptance of the Partial Offer.

Hooray Capital Limited has been approved by the Independent Board Committee and appointed as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise us in respect of the above. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the section headed "Letter from the Independent Financial Adviser" of the Response Document.

We also wish to draw your attention to the section headed "Letter from the Board" and the additional information set out in the Appendices to the Response Document.

RECOMMENDATIONS

We have considered the terms of the Partial Offer and the advice and recommendation from the Independent Financial Adviser, including the principal factors taken into consideration by it in arriving at its opinion.

Accordingly, we are of the view that the Partial Offer is fair and reasonable so far as the Qualifying Shareholders are concerned and we recommend the Qualifying Shareholders to accept the Partial Offer.

Notwithstanding our recommendations, the Qualifying Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Qualifying Shareholders should consult their own professional advisers for advice. Furthermore, the Qualifying Shareholders who wish to accept the Partial Offer are recommended to read carefully the procedures for accepting the Partial Offer as detailed in the Offer Document and the Form of Acceptance.

Yours faithfully,
For and on behalf of the
Independent Board Committee of Hang Yick Holdings Company Limited

Mr. Chan Chun Wing	**Mr. Au Hoi Fung**	**Mr. Ban Jiu**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Qualifying Shareholders in respect of the Partial Offer, which has been prepared for the purpose of incorporation in this Response Document.



11 November 2026

To the Independent Board Committees and the Qualifying Shareholders,

Dear Sirs and Madams,

RESPONSE DOCUMENT RELATING TO CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY RAINBOW CAPITAL (HK) LIMITED FOR AND ON BEHALF OF NGAI WA PING TO ACQUIRE 30,000,000 SHARES IN HANG YICK HOLDINGS COMPANY LIMITED (OTHER THAN THOSE ALREADY OWNED BY NGAI WA PING AND PARTIES ACTING IN CONCERT WITH HIM)

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Partial Offer, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the response document dated 11 November 2026 (the "**Response Document**") issued by Hang Yick Holdings Company Limited (the "**Company**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Response Document unless the context otherwise requires.

THE PARTIAL OFFER

On 23 September 2026 (after trading hours of the Stock Exchange), the Offeror notified the Offeree that he has firm intention to make the Partial Offer (in compliance with the Takeovers Code) to acquire 30,000,000 Offer Shares (representing approximately 12.86% of the Offeree's issued share capital as at the Latest Practicable Date) not already owned by the Offeror and parties acting in concert with him at the Offer Price of HK$0.600 per Offer Share.

The making of the Partial Offer was subject to the satisfaction of the Pre-Condition, being the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. On 9 October 2026, the Offeror announced that the Pre-Condition had been satisfied.

To the best knowledge of the Directors, as at the Latest Practicable Date, the Offeror and parties acting in concert with him are interested in 2,000,000 Shares, representing approximately 0.86% of the Offeree's total issued share capital.

As at the Latest Practicable Date, the Offeree has 233,357,000 Shares in issue and does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares, nor has it entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Chan Chun Wing, Mr. Au Hoi Fung and Mr. Ban Jiu, has been established to advise the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable and as to acceptance of this Partial Offer.

Hooray Capital Limited Has been appointed by the Board with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in the same regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company, the Offeror or any of their respective substantial shareholders (as applicable), directors or chief executives (as applicable), or any of their respective associates or parties acting in concert with any of them, and we were not in the same group as the financial or other professional adviser (including a stockbroker) to the Offeror and the Group, we do not and did not have, a significant connection, financial or otherwise with either the Offeror or the Company, or parties acting in concert with any of them, of a kind reasonably likely to create, or to create the perception of, a conflict of interest or reasonably likely to affect the objectivity of our advice. Accordingly, we are considered suitable to give independent advice to the Independent Board Committee in respect of the Partial Offer in compliance with Rule 2.6 of the Takeovers Code.

In the last two years, save for this appointment as the Independent Financial Adviser in respect of the Partial Offer, we have not acted as any financial adviser role to the Company or the Offeror.

Apart from the normal professional fees paid to us in relation to the current appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company, the Offeror or other parties that could reasonably be regarded as relevant to our independence. The aggregate professional fees paid to/to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Partial Offer.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on (i) the announcements in relation to the Partial Offer dated 23 September 2026, 9 October 2026 and 14 October 2026; (ii) the Offer Document dated 14 October 2026 and the Response Document; (iii) the annual reports of the Company for the year ended 31 March 2024 (the "**Annual Report 2024**"), 31 March 2025 (the "**Annual Report 2025**") and 2026 (the "**Annual Report 2026**"); (iv) the announcements of the Company in relation to the statements, information, opinions and representations contained or referred to in the Response Document; and (v) the information and representations as provided to us by the Directors, the management of the Company (the "**Management**"). We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible.

We have also assumed that all information, representations and opinions contained or referred to in the Offer Document or Response Document or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Response Document have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Response Document. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. The Company will notify the Qualifying Shareholders of any material changes to information contained or referred to in the Response Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Qualifying Shareholders will also be informed as soon as practicable when there is any material changes to the information contained or referred to this letter as well as changes to our opinion, advice and/or recommendation, the information and representations provided and made to us and the information contained in this letter, if any, after the Latest Practicable Date as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

We consider that we have been provided with sufficient information to enable us to reach an informed view and 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, 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 considered the tax and regulatory implications on the Qualifying Shareholders of acceptance or non-acceptance of the Partial Offer since these depend on their individual circumstances. In particular, the Qualifying Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

This letter is issued to the Independent Board Committee solely for their consideration in respect of the Partial Offer, and except for its inclusion in the Response Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Partial Offer, we have taken into account the following principal factors and reasons:

1. Information of the Group

The Group is principally engaged in steel and metal engineering services. The engineering services range from design, manufacture, supply to installation of steel and metal products such as roller shutters and metal doors for construction projects in Hong Kong and China. The Group serves customers including construction companies and engineering companies on a project-by-project basis.

Set out below is a summary of the audited consolidated financial information of the Group for each of the financial years ended 31 March 2024 ("**FY2024**"), 2025 ("**FY2025**") and 2026 ("**FY2026**") as extracted from the Annual Report 2025 and Annual Report 2026:

Summary of the Group's financial performance

	Year ended 31 March		
	2026	**2025**	**2024**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Revenue	178,218	187,517	157,197
Direct costs	(175,002)	(184,946)	(139,202)
Gross profit	3,216	2,571	17,995
Gross profit margin *(%)*	1.8	1.4	11.4
Loss for the year attributable to owners of the Company	(28,902)	(24,012)	(4,118)

Comparison between FY2024 and FY2025

The Group recorded an increase of revenue by approximately 19.3% from approximately HK$157.2 million in FY2024 to approximately HK$187.5 million in FY2025. The increase is primarily reflecting the fulfilment of the Group's contract awarded. During FY2025, the Group secured new steel and metal works contracts with aggregated contract sum of HK$79.9 million. As at FY2025, the total value of contracts on hand which the performance obligation that were unsatisfied (or partially unsatisfied) was HK$240 million.

The gross profit of the Group decreased by approximately 85.7% from approximately HK$18.0 million in FY2024 to approximately HK$2.6 million in FY2025. The decrease was primarily due to the decrease in gross profit margin. The gross profit margin of the Group decreased from approximately 11.4% in FY2024 to approximately 1.4% in FY2025. The decline in gross profit margin was primarily attributable to the increase in service costs, as well as a reduction in profit margins for projects undertaken by the Group during the year due to increased market competition.

The loss for the year attributable to owners of the Company increased from approximately HK$4.1 million in FY2024 to approximately HK$24.0 million in FY2025. The increase in loss was primarily due to (i) the lower profitability of the projects undertaken by the Company in FY2025 due to increased market competition, as reflected by the decrease in gross profit and gross profit margin; and (ii) the provision made for expected credit losses in the amount of HK$6.8 million in FY2025.

Comparison between FY2025 and FY2026

The Group recorded a decrease of revenue by approximately 5.0% from approximately HK$187.5 million in FY2025 to approximately HK$178.2 million in FY2026. The decrease was mainly attributable to the pronounced downturn in the construction market, characterised by rising material costs, elevated interest rates and an industry-wide tightening of capital expenditure.

The gross profit and the gross profit margin of the Group remained very thin from approximately HK$2.6 million and approximately 1.4%, respectively, in FY2025 to approximately HK$3.2 million and 1.8%, respectively, in FY2026.

The loss for the year attributable to owners of the Company increased from approximately HK$24.0 million in FY2025 to approximately HK$28.9 million in FY2026. The increase in loss was primarily due to the increase in administrative expenses by approximately 30.3% from approximately HK20.1 million in FY2025 to approximately HK$26.2 million in FY2026, mainly attributable to the increase in overall staff cost.

Summary of the Group's consolidated financial position

	As at 31 March		
	2026	**2025**	**2024**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Non-current assets	30,102	29,641	28,723
Current assets	205,636	137,851	159,668
– Bank and cash balances	116,466	17,116	63,556
Total assets	235,738	167,492	188,391
Non-current liabilities	4,181	2,285	519
Current liabilities	34,022	20,699	27,903
Total liabilities	38,203	22,984	28,422
Equity attributable to owners of the Company	197,535	144,508	159,969
Net asset value per Share *(HK$ per Share)* *(Note 1)*	0.86	0.17	0.21
Gearing Ratio *(%)* *(Note 2)*	0.73	0.06	0.25

Notes:

1. Net asset value per Share was calculated by dividing the Group's net assets by the number of issued Shares as at the respective year end.

2. Gearing ratio was calculated by dividing the Group's total borrowings by the Group's total equity.

Comparison between FY2024 and FY2025

The Group's non-current assets amounted to approximately HK$28.7 million as at FY2024 and remained at approximately HK$29.6 million as at FY2025. The Group's non-current assets mainly comprised of property, plant and equipment, financial asset at fair value through profit or loss and right-of-use assets.

The Group recorded a decrease in current assets by approximately 13.7% from approximately HK$159.7 million as at 31 March 2024 to approximately HK$137.9 million as at 31 March 2025. The decrease was mainly attributable to the decrease in cash and cash balance.

The Group's non-current liabilities amounted to approximately HK$0.5 million as at FY2024 and approximately HK$2.3 million as at FY2025. The Group's current liabilities amounted to approximately HK$27.9 million as at FY2024 and approximately HK$20.7 million as at FY2025.

The Group was in net current assets and net asset position as at FY2024 and FY2025. The net asset value per Share of the Group decreased from approximately HK$0.21 per Share as at FY2024 to approximately HK$0.17 per Share as at FY2025, mainly due to the decrease in net assets and the increased number of issued Shares. The Group's gearing ratio was at a low level at approximately 0.25% as at FY2024 and 0.06% as at FY2025.

Comparison between FY2025 and FY2026

The Group's non-current assets amounted to approximately HK$29.6 million as at FY2025 and approximately HK$30.1 million as at FY2026. The Group's non-current assets mainly comprised of property, plant and equipment, financial asset at fair value through profit or loss and right-of-use assets.

The Group recorded an increase in current assets by approximately 49.2% from approximately HK$137.9 million as at FY2025 to approximately HK$205.6 million as at FY2026. The increase was mainly attributable to the increase in cash and cash balance, mainly resulting from the inflow of net proceeds of approximately HK$82.0 million raised from the rights issue completed in March 2026.

The Group's non-current liabilities amounted to approximately HK$2.3 million as at FY2025 and approximately HK$4.2 million as at FY2026. The Group's current liabilities amounted to approximately HK$20.7 million as at FY2025 and approximately HK$34.0 million as at FY2026.

The Group was in net current assets and net asset position as at FY2025 and FY2026. The net asset value per Share of the Group increased significantly from approximately HK$0.17 per Share as at FY2025 to approximately HK$0.86 per Share

as at FY2026, mainly due to (a) the decrease in number of issued Shares attributable to the combined net effect of the completion of (i) the share consolidation on the basis that every twenty (20) issued shares be consolidated into one (1) consolidated share in February 2026, (ii) the rights issue on the basis of four (4) rights issues for every one (1) consolidated share in March 2026, and (iii) the issue of new shares pursuant to exercise of share options under the share option scheme by a Director in August 2026; and (b) the increase in net assets resulting from the completion of the rights issue. The Group's gearing ratio was at a low level at approximately 0.06% as at FY2025 and 0.73% as at FY2026.

Qualified Opinion in FY2024

In deciding whether to accept the Partial Offer, Independent Shareholders should note the qualified opinion issued by the Company's independent auditors on the Group's consolidated financial statements for FY2024.

Please refer to the sections headed "*Letter from the Board – INFORMATION ON THE GROUP*" and "*APPENDIX I FINANCIAL INFORMATION – 2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEARS ENDED 31 MARCH 2024, 2025 AND 2026 – Extract of Independent Auditor's Report on the Consolidated Financial Statements of the Group for the Year Ended 31 March 2024*" for further details of the qualified opinion.

As stated in the Letter from the Board, the independent auditor's report of the Company contained a qualified opinion relating to the comparability of the current year's figures and the corresponding figures for the Group's consolidated financial performance and consolidated cash flows for the year ended 31 March 2024 (as extracted in the Letter from the Board and set out in full in Appendix I to the Response Document) and was therefore historical in nature. The Directors considered that the qualification did not have any adverse impact on the day-to-day operations, business relationships, solvency, or cash flows of the Group's core engineering business in Hong Kong.

In subsequent financial periods, the qualification was resolved and the independent auditor has issued unmodified audit opinions on the Group's consolidated financial statements for the years ended 31 March 2025 and 31 March 2026, without any qualification, emphasis of matter, or going concern uncertainty.

Based on the foregoing, the Board considers, and we concur, that the qualified opinion would not have material implication on the Partial Offer and the Company.

2. Prospect and outlook of the Group

As discussed in the Response Document, the Group is principally engaged in the provision of steel and metal engineering services, ranging from the design, manufacture and

supply to the installation of steel and metal products, such as roller shutters and metal doors, for construction projects in Hong Kong and the PRC, as well as the sales of steel and metal products.

According to the "*Construction Cost Update Hong Kong Q3 2026*"[1] published by Rider Levett Bucknall ("**RLB**"), a leading global property and construction consultancy which provides market insights on tender price trends, construction costs and market forecasts, Hong Kong's economy demonstrated steady expansion in the second quarter of 2026, supported by stable international trade and domestic demand. Notwithstanding the overall economic growth, total building and construction expenditure decreased by 12.7% year-on-year, primarily reflecting a sharp 32.0% year-on-year decline in public-sector building and construction expenditure. In contrast, private-sector expenditure recorded a modest year-on-year increase of 4.8%.

Despite the near-term challenges in the construction market, a number of government initiatives are expected to support future construction activity. The 2026 Policy Address identifies the Northern Metropolis ("**NM**") as a key development initiative, under which three university towns will be developed in San Tin, Hung Shui Kiu and Ta Kwu Ling. The campus areas of the three university towns are expected to cover approximately 300 hectares and will be supported by surrounding technology, industry and living-community areas, representing a substantial pipeline of campus, technology, industrial and community facilities. We have discussed with the Directors and it is their understanding that the development of NM is considered as an early stage with tender invitation mainly on site formation and infrastructure works. The Directors considered that the Company has the ability to solicit projects in NM given its established track record in providing steel and metal engineering services for construction projects across Hong Kong and the Company's technical expertise, project-execution experience and tendering capability. The Directors will closely monitor tender invitations issued by large-scale main contractors and, where the nature and scope of the works fall within the Company's steel and metal engineering expertise and experience, the Company will prepare and submit tender for suitable business opportunities.

In addition to the NM, the 2026 Policy Address emphasises the role of the construction industry in advancing innovation and technology ("**I&T**"), sustainability and social well-being. In respect of I&T, construction works for the Sandy Ridge Data Facility Cluster have commenced, which is expected to strengthen Hong Kong's advanced computing and artificial-intelligence capabilities. In respect of sustainability, as part of the development of the "*Green Energy Corridor*" with Hong Kong as a central hub, planning applications and other statutory procedures for green maritime fuel-storage facilities in Tsing Yi South are scheduled to commence next year, with tender invitations anticipated in early 2028. We have discussed with the Directors and understand that the Company will closely monitor project and tender opportunities arising from these initiatives. Where an upcoming tender involves steel and metal engineering works falling within the Company's

[1] https://www.rlb.com/asia/insight/rlb-construction-cost-update-hk-q3-2026/

area of expertise, the Company intends to actively assess and, where appropriate, prepare a tender submission. In respect of social well-being, public housing delivery has continued to progress, with approximately 26,000 of the targeted 30,000 Light Public Housing units largely completed, representing approximately 87% of the target. We have discussed with the Directors and understand that the Company (i) has a long history of undertaking steel and metal engineering works for public housing projects in Hong Kong; (ii) has established track record in soliciting and securing public housing-related projects, including projects relating to Light Public Housing units, through tender submissions to public-sector clients and/or main contractors; and (iii) has recorded a major portion of the its revenue for FY2026 from public sector projects.

RLB considers that (i) Hong Kong's economy is expected to maintain growth going forward; and (ii) sustained GDP growth would generally support stable tender prices with modest upward movement, as stronger construction demand and improved market confidence may enable contractors to maintain reasonable margins and gradually recover increases in input costs through pricing.

Further, according to the construction expenditure forecast from 2025/26 to 2030/31[2] published by Construction Industry Council, a statutory body established under the Construction Industry Council Ordinance (Cap. 587), with its main functions are forge consensus on long-term strategic issues, convey the industry's needs and aspirations to Government, as well as provide a communication channel for Government to solicit advice on all construction-related matters, and is empowered to formulate codes of conduct, administer registration and rating schemes, steer forward research and manpower development, facilitate adoption of construction standards, promote good practices and compile performance indicators in order to propagate improvements across the entire industry, construction expenditure forecast for public and private sectors are expected to increase gradually from approximately HK$270 billion to HK$315 billion for 2025/26 to approximately HK$305 billion to HK$360 billion for 2030/31.

Apart from the external market environment, the Company completed a rights issue in March 2026 and successfully raised net proceeds of approximately HK$82.0 million. As disclosed in the circular, one of the principal purposes of the rights issue was to strengthen the Group's market position in its steel and metal engineering services business in Hong Kong. The net proceeds are expected to enable the Company to meet the upfront costs required at the commencement of projects, thereby supporting effective project execution and enabling the Group to undertake large-scale projects.

The Group's recent contract awards also provide a basis for its future operations. As disclosed in the Annual Report 2026, the Company secured new contracts with an aggregate contract sum of HK$186.3 million in FY2026 (FY2025: HK$79.9 million). As at 31 March 2026, the total value of contracts on hand in respect of which the performance obligations were unsatisfied or partially unsatisfied amounted to HK$266.6 million.

[2] https://www.cic.hk/en/research-and-data/expenditure-forecast?type=forecast-figures

Having considered (i) the aforesaid government initiatives, which provide substantial pipelines for the Hong Kong construction industry where RLB considers the sustained GDP growth would generally support stable tender prices with modest upward movement; (ii) the Construction Industry Council's forecast data which indicates that construction expenditure in Hong Kong is expected to increase gradually in the forthcoming five years; (iii) the additional funds raised under the rights issue completed in March 2026, which enables the Company to undertake large-scale projects; and (iv) the Group's foreseeable source of revenue as indicated by the total value of contracts on hand which the performance obligation that were unsatisfied (or partially unsatisfied) of HK$266.6 million as at 31 March 2026 as disclosed in Annual Report 2026, notwithstanding the short-term downturn in the construction industry, we are cautiously optimistic about the Group's prospects over the medium term based on the aforesaid point (i) to (iv). Nevertheless, shareholders should note that the pace and extent of recovery in the construction market, as well as the Group's ability to successfully tender for new projects and execute its existing projects, remain subject to prevailing market conditions and execution risks.

3. Information of the Offeror

3.1 Background information of the Offeror

The Offeror, Mr. Ngai Wa Ping, aged 48, graduated from Monash University in Australia with a major in Finance and Economics. He is also the Managing Director of Wukong Fin-Tech Co., Limited (香港悟空金融科技有限公司) in Hong Kong. Mr. Ngai has extensive experience in corporate management, foreign exchange business, insurance and wealth management, financial technology, and virtual assets.

The Offeror was an executive Director during the period from 10 March 2026 to 31 August 2026, responsible for the Offeree Group's strategic development and the development of the business especially in the preparation of business expansion in China. Save for his prior role as an executive Director during the period from 10 March 2026 to 31 August 2026, the Offeror had no other past or present role or involvement in the Offeree Group.

Please refer to the Offer Document for further details of the background information on the Offeror.

3.2 Intention of the Offeror in relation to the Group

According to the Offer Document, the Offeror has no intention to (i) downsize, cease or dispose of the existing business of the Offeree; (ii) introduce any major changes in the principal business, including any redeployment of the fixed assets of the Offeree other than those in its ordinary and usual course of business; or (iii) discontinue the employment of the employees of the Offeree following the close of the Partial Offer.

Please refer to the Offer Document for further details of the background and reasons for the Partial Offer.

3.3 Public float and maintenance of the listing status of the Company

Please refer to the section headed "Public float of the Company" in the letter from the Board of the Response Document.

4. Principal terms of the Partial Offer

4.1 The Partial Offer

The Partial Offer is made by Rainbow Capital, for and on behalf of the Offeror, in compliance with the Takeovers Code on the basis set out below:

For each Offer Share . . . . . **HK$0.600 in cash**

The Offer Price of HK$0.600 per Share was determined after taking into account, among other things, the historical closing prices of the Shares prior to the Last Trading Day.

The Partial Offer is extended to all Qualifying Shareholders in accordance with the requirements of the Takeovers Code.

The Partial Offer is subject to the Condition that valid acceptances being received (and not, where permitted, withdrawn) in respect of not less than 30,000,000 Offer Shares at or before 4:00 p.m. (Hong Kong time) on the First Closing Date which shall be at least 28 days following the Despatch Date of the Offer Document issued by the Offeror in respect of the Partial Offer, or such later date as may be announced by the Offeror in accordance with the requirements of the Takeovers Code.

In the event that valid acceptances are received:

(i) for less than the required number of 30,000,000 Offer Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the requirements of the Takeovers Code, the Partial Offer will not proceed and will lapse immediately; or

(ii) for not less than the required number of 30,000,000 Offer Shares on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

Please refer to the Appendix I of the Offer Document for further terms and procedures for acceptance of the Partial Offer.

4.2 The Offer Price

The Offer Price of HK$0.600 per Offer Share represents:

(i) a premium of approximately 3.4% to the closing price of HK$0.580 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of 3.4% to the closing price of HK$0.580 per Share as quoted on the Stock Exchange on 23 September 2026, being the Last Trading Day;

(iii) a premium of approximately 0.5% to the average of the closing prices of the Shares of approximately HK$0.597 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 2.0% to the average of the closing prices of the Shares of approximately HK$0.612 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;

(v) a premium of approximately 4.9% to the average of the closing prices of the Shares of approximately HK$0.572 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day; and

(vi) a discount of approximately 29.1% to the audited consolidated net asset value of approximately HK$0.846 per Share as at 31 March 2026 (based on (a) the Offeree Group's audited consolidated net assets attributable to the owners of the Offeree of approximately HK$197,535,000 as at 31 March 2026; and (b) the total number of the issued Shares of 233,357,000 as at the Latest Practicable Date).

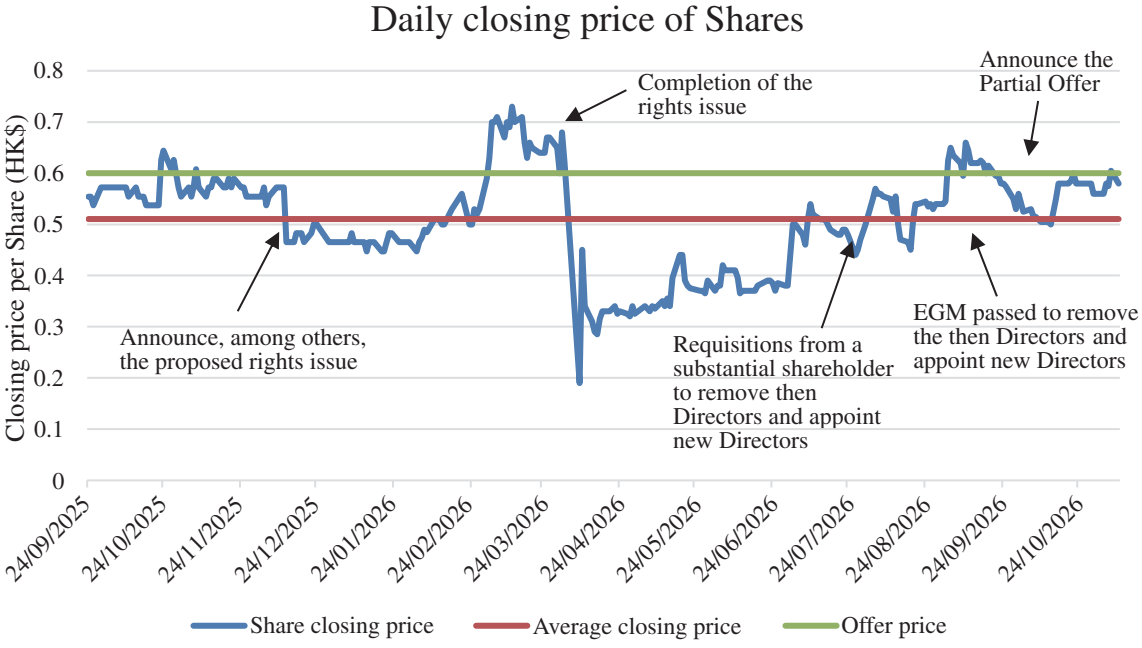
5. Total value of the Partial Offer

Based on the Offer Price of HK$0.600 per Offer Share, and assuming full valid acceptances of the Partial Offer for all required number of 30,000,000 Offer Shares are tendered by the Qualifying Shareholders, the total cash consideration payable by the Offeror to purchase the 30,000,000 Offer Shares from the Qualifying Shareholders under the Partial Offer will be HK$18,000,000.

6. Historical price and trading volume of the Shares

6.1 Historical price performance of the Shares

Set out below is a chart showing the movement of the closing prices of the Shares as quoted on the Stock Exchange from 24 September 2025 to the Last Trading Day (i.e. 23 September 2026) (the "**Review Period**"), being approximately one year preceding the Last Trading Day, and up to the Latest Practicable Date. We consider the Review Period is adequate to reflect the general market sentiment and illustrates the general trend and level of movement of the daily closing price of the Shares.



Source: www.hkex.com.hk

During the Review Period, the closing price of the Shares fluctuated between HK$0.190 per Share on 8 April 2026 and HK$0.730 per Share on 12 March 2026, with an average closing price of approximately HK$0.509 per Share.

At the beginning of the Review Period, the closing price of the Shares was generally above the average closing price in the Review Period of HK$0.500 per

Share. On 11 December 2025, the Company announced, among others, a proposed rights issue. The closing price subsequently declined from HK$0.572 per Share on 11 December 2025 to HK$0.465 per Share on 12 December 2025.

Thereafter, the closing price of the Shares remained below the average closing price in the Review Period. The closing price increased from HK$0.485 per Share on 6 February 2026 to HK$0.730 per Share on 12 March 2026, and subsequently remained above HK$0.600 per Share until the completion of the rights issue on 27 March 2026.

Following completion of the rights issue, the closing price declined significantly from HK$0.620 per Share on 2 April 2026 to HK$0.190 per Share on 8 April 2026. Based on our discussions with the management of the Company, the Directors were not aware of any undisclosed matter relating to the Group that could have had a material impact on the price of the Shares during such period.

The closing price of the Shares gradually recovered between May 2026 and July 2026. In July 2026, a substantial shareholder requisitioned the removal of the then Directors and the appointment of new Directors. The closing price increased from a range of HK$0.365 to HK$0.420 per Share in June 2026, to a range of HK$0.440 to HK$0.540 per Share in July 2026.

Following the passing of the resolutions at the extraordinary general meeting held on 31 August 2026 to remove the then Directors and appoint new Directors, the closing price increased from HK$0.540 per Share on 31 August 2026 to HK$0.650 per Share on 3 September 2026. On 23 September 2026, Mr. Ngai Wa Ping announced the Partial Offer. The closing price subsequently declined from HK$0.580 per Share on 24 September 2026 to HK$0.530 per Share on 29 September 2026, and remained in the range between approximately HK$0.500 and HK$0.605 per Share up to the Latest Practicable Date.

The Offer Price of HK$0.600 per Share represents (i) a premium of approximately 17.6% to the average closing price of approximately HK$0.510 per Share during the Review Period; (ii) a premium of approximately 3.4% to the closing price of HK$0.580 per Share quoted on the Stock Exchange on the Last Trading Day; (iii) a discount of approximately 3.4% to the closing price of HK$0.580 per Share quoted on the Stock Exchange on the Latest Practicable Date; (iv) a premium of approximately 215.8% to the lowest closing price of HK$0.190 per Share during the Review Period; and (v) a discount of approximately 17.8% to the highest closing price of HK$0.730 per Share during the Review Period. During the Review Period, the closing price of the Shares was higher than the Offer Price on 39 trading days, lower than the Offer Price on 233 trading days, and equal to the Offer Price on 3 trading days.

Qualifying Shareholders should note that the information set out above does not constitute an indication of the future performance of the Shares. The price of the Shares in the future may be higher or lower than the closing price as at the Latest Practicable Date.

6.2 Average daily trading volume for each month during the Review Period

The table below sets out the average daily trading volume of the Shares and the percentages of average daily trading volume to the total number of issued Shares and Shares held by public Shareholders, respectively, during the Review Period:

	Number of trading days	Average daily trading volume	Percentage of average daily trading volume to the total number of Shares	Percentage of average daily trading volume of to the total number of Shares held by the public Shareholders
2025				
September (from 24 September 2025)	5	174,430	0.02%	0.02%
October	20	243,560	0.03%	0.03%
November	20	70,289	0.01%	0.01%
December	21	335,230	0.04%	0.04%
2026				
January	21	241,945	0.03%	0.03%
February	17	942,107	0.63%	0.63%
March	22	4,318,057	6.88%	6.88%
April	19	29,443,079	12.79%	12.79%
May	19	1,970,342	0.86%	0.86%
June	21	419,143	0.18%	0.18%
July	22	1,453,034	0.63%	0.71%
August	21	713,262	0.31%	0.35%
September	22	2,621,295	1.12%	1.27%
October	20	1,351,838	0.58%	0.65%
November (up to Latest Practicable Date)	6	941,208	0.40%	0.46%

Source: www.hkex.com.hk

During the Review Period, the average daily trading volume of the Shares ranged from approximately 70,289 Shares in November 2025 to 29,443,079 Shares in April 2026, representing approximately 0.01% to 12.79% of both the total number of issued Shares and the total number of Shares held by public Shareholders.

The relatively high trading volumes recorded in March 2026 and April 2026 were primarily attributable to the rights issue conducted during that period. Excluding those months, the average daily trading volume generally remained below 1% of both the total number of issued Shares and the total number of Shares held by public Shareholders, except in September 2026, when it reached 1.12% and 1.27%, respectively, primarily following the announcement of the Partial Offer. These figures indicate a generally low level of trading liquidity in the Shares.

Accordingly, Qualifying Shareholders, particularly those holding substantial shareholdings, may face difficulties in disposing of a significant number of Shares in the open market, having regard to the historically limited trading volume of the Shares. Any large-scale disposal may also exert downward pressure on the Share price. The Partial Offer therefore provides an alternative means for Qualifying Shareholders who wish to realise their investments in the Shares, in particular those with relatively sizeable shareholdings or those seeking to realise their investments in the near term.

7. Comparable companies

With a view to assess the fairness and reasonableness of the Offer Price, we have conducted a market comparable analysis by comparing the valuation multiples that are considered to be commonly used in the market.

Since the Company recorded a net loss for FY2026 and did not record a positive earnings before interest, taxes, depreciation and amortisation (the "**EBITDA**"), earning multiples including Price-to-earnings ratio (the "**P/E Ratio**") and Enterprise Value (the "**EV**") to EBITDA ratio (the "**EV/EBITDA Ratio**") are not applicable.

The Company's business is project-based and depends on the tendering, award, commencement and completion of construction contracts. As construction projects generally span more than one financial year, the revenue recognised in any single financial year may not fully reflect the Company's underlying business scale, contracted pipeline or contracted revenue that the performance obligation has not yet been satisfied or merely partially satisfied. In addition, revenue alone does not capture differences in profitability, project mix, cost structure, working-capital requirements or execution risk among the comparable companies. Further, companies in the construction industry are exposed to credit risk, impairment risk and liquidity risk. In particular, trade receivables, contract assets and retentions may be subject to expected credit losses, while project delays, cost overruns, customer payment defaults or deterioration in customers' financial condition may result in impairment losses and adverse liquidity impacts. As revenue alone does not reflect these risks or their potential impact on the Company's ultimate financial performance and

position, the price-to-sales ratio (the "**P/S Ratio**") is not considered to be an appropriate valuation multiple, and it may not provide a meaningful or reliable basis for comparing the Company with the comparable companies, having regard to the nature of the Company's business and the construction industry in Hong Kong.

Since the Company is engaged in construction projects, its contract assets and contract liabilities as at certain date, as recorded in the statements of financial position, reflect the scale and progress of its projects on hand, irrespective of whether individual projects span more than one financial year. Furthermore, given the capital intensive nature of the construction industry, the Company's property, plant and equipment, together with its net contract assets (i.e. contract assets net of contract liabilities), are relevant indicators of the resources deployed in, as well as the scale of the business operation. The Company's net assets, being total assets less total liabilities, also provide an overall measure of its financial position and capital base, and may assist in assessing whether there are indications of financial distress, going-concern uncertainty or insolvency risk. Therefore, the price-to-book ratio (the "**P/B Ratio**"), which compares the market capitalisation implied by the Offer Price with the Company's net asset value, is considered an appropriate valuation multiple for comparing the Company with the comparable companies. Accordingly, the P/B Ratio of the Company as implied by the Offer Price, based on the closing price of the Share on the Last Trading Day is applied to compare against that of other listed companies on the Main Board of the Stock Exchange that engages in similar business to those of the Group.

For the purpose of our analysis, we have identified comparable companies based on the following criteria: (i) shares of which are listed on the Main Board of the Stock Exchange; (ii) the principal business of which is engaging in building construction works in Hong Kong (including civil engineering, building construction, formwork or other specialist construction subcontracting services), whether as contractor or subcontractor, with principal activities and market environment similar to those of the Company; and (iii) the market capitalisation of which as at the Last Trading Day does not exceeds HK$500 million. Although the Company is principally engaged in the provision of steel and metal engineering services, such services are provided primarily for building construction and civil engineering projects in Hong Kong and form part of the broader construction industry. The Company's business is substantially dependent on construction contracts awarded by property developers or main contractors through the tendering process, and its operations, revenue generation, cost structure and market environment are therefore closely linked to the Hong Kong construction industry. Accordingly, comparable companies whose principal activities comprise civil engineering, building construction, formwork or other construction-related subcontracting services in Hong Kong are considered to have similar principal activities and market environment to those of the Company.

Based on the above criteria, we have identified the following exhaustive list of 16 comparable companies (the "**Comparable Companies**"):

Company (Stock Code)	**Principal activities**	**Market Capitalisation** *(HK$' million)* *(Note 1)*	**P/B Ratio** *(times)* *(Notes 2, 3)*
Skymission Group Holdings Ltd (1429)	Provision of formwork works services	414.7	3.5
Dimmi Life Holdings Ltd (1667)	Provision of building construction services, alteration, addition, fitting-out works and building services	345.6	32.9 (Outlier)
Kin Shing Holdings Ltd (1630)	Engaged in the formwork works business	324.0	2.8
CR Construction Group Holdings Ltd (1582)	Provision of building construction services	312.5	0.4
Royal Deluxe Holdings Ltd (3789)	Provision of formwork engineering and related ancillary services	282.0	0.9
Hanison Construction Holdings Ltd (896)	Construction engineering businesses, including construction contract engineering businesses, interior decoration and renovation businesses and supply of building materials	279.0	0.1
SFK Construction Holdings Ltd (1447)	Provision of engineering services of structure and superstructures, and engineering services of infrastructure facilities and maintenance, repairs, alterations services to infrastructure facilities	216.0	0.6
KPA-BM Holdings Ltd (2663)	Provision of structural engineering works as a subcontractor in Hong Kong, and supply and installation, as well as trading, of building material products in Hong Kong, the PRC and overseas	206.1	0.8

Company (Stock Code)	**Principal activities**	**Market Capitalisation** *(HK$' million)* *(Note 1)*	**P/B Ratio** *(times)* *(Notes 2, 3)*
Yau Lee Holdings Limited (406)	Building construction, renovation, maintenance and fitting-out works; electrical, mechanical, ventilation, air-conditioning, fire, plumbing and environmental engineering services; supply of construction and building materials; property investment and development; and hotel operations	210.3	0.2
SOCAM Development Ltd (983)	Building construction, interior fitting-out, renovation and maintenance works businesses	199.7	0.1
Man King Holdings Ltd (2193)	Provision of construction and civil engineering business	178.3	0.7
New Concepts Holdings Ltd (2221)	Provision of foundation works, civil engineering contractual services and general building works in Hong Kong	150.0	0.4
Progressive Path Group Holdings Ltd (1581)	Engaged in construction engineering business, foundation and site formation works, construction works and general construction works	137.0	0.4
Thelloy Development Group Ltd (1546)	Provision of building construction services	128.0	1.1
Sang Hing Holdings (International) Ltd (1472)	Provision of civil engineering services such as site formation, road and bridge construction, drainage and sewerage system construction, water pipe installation and slope engineering	95.0	0.3

Company (Stock Code)	**Principal activities**	**Market Capitalisation** *(HK$' million)* *(Note 1)*	**P/B Ratio** *(times)* *(Notes 2, 3)*
Ching Lee Holdings Ltd (3728)	Provision of construction and consultancy works and project management services	60.8	0.4
		Maximum	3.5
		Minimum	0.1
		Median	0.4
		Average	0.9
The Company (implied by the Offer Price)		**140.0**	**0.7**

Source: www.hkex.com.hk

Notes:

1. Market capitalisation was calculated based on the closing price of the company as at the Last Trading Day.

2. P/B Ratio was calculated by the respective market capitalisation divided by the latest published equity attributable to the owners of the company.

3. The relevant comparable company has a P/B Ratio of higher than 30 times is considered to be significantly higher than that of the other Comparable Companies and it is therefore considered as outlier.

It is noted from the above table that the Comparable Companies recorded P/B Ratio between approximately 0.1 times to 3.5 times with average P/B Ratio of 0.9 times and median of 0.4 times.

Based on the Offer Price, the Implied P/B Ratio of 0.7 times is lower than the average P/B Ratio of 0.9 times but higher than the median of 0.4 times of the Comparable Companies. Accordingly, we are of the view that the market comparable analysis does not, by itself, provide a definitive conclusion as to whether the valuation of the Company as implied by the Offer Price is higher or lower than the valuations of the Comparable Companies based on their respective closing share prices on the Last Trading Day, notwithstanding that the Implied P/B Ratio falls within the range of the P/B Ratios of the Comparable Companies.

RECOMMENDATION

Based on the foregoing, we have considered the aforementioned principal factors and reasons considered, we noted that:

(i) the Company recorded net loss of approximately HK$4.1 million, HK$24.0 million and HK$28.9 million for FY2024, FY2025 and FY2026, respectively, whereas the net assets of the Company decreased from approximately HK$160.0 million as at FY2024 to approximately HK$144.5 million as at FY2025, mainly attributable to the net loss recorded in FY2025, and increased to approximately HK$197.5 million as at FY2026, primarily attributable to the cash inflow of net proceeds of approximately HK$82.0 million raised from the rights issue completed in March 2026.The Company's inability to demonstrate recurring profitability indicates that the Partial Offer may present an opportunity for the Qualifying Shareholders to realise their investment;

(ii) there are several government initiatives providing a substantial project pipeline for the construction industry and serving as new business driver for the Company, notwithstanding that total building and construction expenditure decreased by 12.7% year-on-year, reflecting the near-term challenges facing by the construction market;

(iii) the gradual increase in construction expenditure forecast over the coming five years as published by the Construction Industry Council provides positive indication for the Company's business and operation;

(iv) the additional funds raised by the Company under the rights issue in March 2026 enables the Company to undertake large-scale projects, thus strengthening its market competitiveness;

(v) the Company's foreseeable source of revenue as indicated by the total value of contracts on hand which the performance obligation that were unsatisfied (or partially unsatisfied) of HK$266.6 million as at 31 March 2026, as disclosed in its annual report for FY2026, demonstrates a contracted revenue stream in the near term;

(vi) despite the Offer Price of HK$0.600 per Share is higher than of the average closing price of HK$0.510 per Share during the Review Period, it is approximately 29.1% lower than the net asset value per Share of approximately HK$0.846 per Share;

(vii) During the Review Period, the closing price of the Shares was higher than the Offer Price on 39 trading days, lower than the Offer Price on 233 trading days, and equal to the Offer Price on 3 trading days;

(viii) the implied P/B ratio of 0.7 times based on the Offer Price is lower than the average P/B Ratio of 0.9 times, but higher than the median P/B Ratio of 0.4 times of the Comparable Companies. We are of the view that the market comparable analysis does not, by itself, provide a definitive conclusion as to whether the valuation of the

Company implied by the Offer Price is higher or lower than the valuations of the Comparable Companies based on their respective closing share prices on the Last Trading Day, notwithstanding that the Implied P/B Ratio falls within the range of the P/B Ratios of the Comparable Companies;

(ix) although the Offeror was a former Director of the Company and served for approximately half a year, such background, standing alone, does not provide a sufficient basis for assessing the fairness and reasonableness of the Partial Offer;

(x) according to the Offer Document, the Offeror has no intention to (i) downsize, cease or dispose of the existing business of the Offeree; (ii) introduce any major changes in the principal business; or (iii) discontinue the employment of the employees of the Offeree following the close of the Partial Offer, and accordingly, the Company's existing business is expected to continue and no major change to the Company's business is indicated by the Offeror's stated intentions.

We consider that the net asset value per Share remains a relevant reference point in the overall assessment of the Partial Offer because it provides an indication of the underlying asset value attributable to each Share and the financial position of the Company. Although there is no indication that the Company will distribute the Company's assets to its shareholders, Qualifying Shareholders who do not accept the Partial Offer will continue to hold Shares in the Company and will therefore retain an interest in its net assets, which the net asset value per Share provides a measurement on the value of the Shares.

Taking into account the abovementioned factors, and having considered that the market comparable analysis does not, by itself, provide a definitive conclusion as to whether the valuation of the Company implied by the Offer Price is higher or lower than the valuations of the Comparable Companies based on their respective closing share prices on the Last Trading Day, we consider that the prevailing market price of the Shares serves as the most relevant benchmark for the assessment of the fairness and reasonableness of the Offer Price. As at the Latest Practicable Date, the closing price of the Shares was HK$0.580, which is very close to the Offer Price of HK$0.600. Furthermore, the Offer Price is higher than the closing price of the Shares for the most of the trading days during the Review Period. The Company's inability to demonstrate recurring profitability indicates that the Partial Offer provides Qualifying Shareholders with an opportunity to realise their investment in the Shares at a price very close to the prevailing market price. On this basis, we are of the view that the Partial Offer is fair and reasonable and the acceptance of the Partial Offer would be in the interest of the Qualifying Shareholders and we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Qualifying Shareholders to accept the Partial Offer.

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

Furthermore, for Qualifying Shareholders wishes to accept the Partial Offer, they should carefully read the procedures for accepting the Partial Offer as set out in the Offer Document, its appendices and the accompanying Forms of Acceptance.

Yours faithfully,
for and on behalf of
HOORAY CAPITAL LIMITED

Rebecca Mak	**Simon Cheung**
Managing Director	*Director*

Note: Ms. Rebecca Mak is a responsible officer to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and she has over 20 years of experience in the corporate finance industry.

Mr. Simon Cheung is a responsible officer to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and he has over 13 years of experience in the corporate finance industry.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited consolidated financial information of the Group for each of the three financial years ended 31 March 2024, 2025 and 2026 respectively, as extracted from the published annual reports of the Company for the relevant financial years:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 March 2026 *(HK$'000)* (audited)	**For the year ended 31 March 2025** *(HK$'000)* (audited)	**For the year ended 31 March 2024** *(HK$'000)* (audited)
Revenue	178,218	187,517	157,197
Direct costs	(175,002)	(184,946)	(139,202)
Gross profit	3,216	2,571	17,995
Other income and other gains and losses	(5,381)	(5,778)	593
Administrative expenses	(26,152)	(20,102)	(22,983)
Loss from operations	(28,317)	(23,309)	(4,395)
Finance costs	(449)	(10)	(49)
Loss before taxation	(28,766)	(23,319)	(4,444)
Income tax (expenses)/credit	(136)	(693)	326
Loss for the year attributable to owners of the Company	(28,902)	(24,012)	(4,118)
Other comprehensive (expenses)/ income for the year, net of tax:			
Exchange difference arising on translation of foreign operations	(79)	510	(887)
Total comprehensive expenses for the year attributable to owners of the Company	(28,981)	(23,502)	(5,005)
Loss per Share – Basic and diluted *(HK cents) (Note)*	(0.60)	(0.53)	(0.5)

Note: Basic and diluted loss per Share for the year ended 31 March 2025 was restated from HK(2.7) cents in the 2024/25 Annual Report to HK(0.53) cents in the 2025/26 Annual Report following the completion of the Share Consolidation and the Rights Issue in 2026.

Save as disclosed above, there were no other items of income or expense which were material in respect of the consolidated financial information of the Group for each of the three financial years ended 31 March 2024, 2025 and 2026 respectively. No dividend was paid or proposed by the Company for each of the three financial years ended 31 March 2024, 2025 and 2026 respectively.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEARS ENDED 31 MARCH 2024, 2025 AND 2026

The Company is required to set out or refer to in this Response Document the consolidated statements of profit or loss, the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the last published audited accounts, together with the significant accounting policies and the notes to the relevant published audited accounts which are of major relevance to the appreciation of the above financial information. The financial information of the Group for each of the three years ended 31 March 2024, 2025 and 2026 respectively has been set out in the annual reports of the Company for the relevant years and is available on the website of the Company (*www.hy-engineering.com*) and the website of the Stock Exchange (*www.hkexnews.hk*) as specifically set out below and is incorporated by reference in this Response Document:

- the annual report of the Company for the year ended 31 March 2024 (pages 57 to 131), which is accessible via the following hyperlink: https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0729/2024072900757.pdf

- the annual report of the Company for the year ended 31 March 2025 (pages 55 to 121), which is accessible via the following hyperlink: https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0730/2025073000733.pdf

- the annual report of the Company for the year ended 31 March 2026 (pages 39 to 105), which is accessible via the following hyperlink: https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0807/2026080700650.pdf

Save as disclosed immediately below, no modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the reports of the auditors of the Company, Global Link CPA Limited, in respect of each of the three financial years ended 31 March 2024, 2025 and 2026.

A qualified opinion relating to the comparability of the current year's figures and the corresponding figures for the Group's consolidated financial performance and consolidated cash flows was contained in the report of the auditors of the Company in respect of the year ended 31 March 2024 (pages 50 to 56 of the annual report of the Company for the year ended 31 March 2024). Unmodified opinions were contained in the reports of the auditors of the Company in respect of the year ended 31 March 2025 (pages 49 to 54 of the annual report of the Company for the year ended 31 March 2025) and the year ended 31 March 2026 (pages 33 to 38 of the annual report of the Company for the year ended 31 March 2026).

Extract of Independent Auditor's Report on the Consolidated Financial Statements of the Group for the Year Ended 31 March 2024

The following is an extract of the independent auditor's report from Global Link CPA Limited, the auditor of the Company, on the Group's consolidated financial statements for the year ended 31 March 2024 as contained in the 2023/24 Annual Report of the Company:

*"In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the Group's consolidated financial position as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.*

Comparability of the current year's figures and the corresponding figures for the Group's Consolidated Financial Performance and Consolidated Cash Flows

*As stated in our Independent Auditor's Report on the Group's consolidated financial statements for the year ended 31 March 2024 dated 28 June 2024, regarding the matters described in Note 2(a) to the consolidated financial statements for the year ended 31 March 2024, the board of directors of the Company (the "**Board**") as of the date of this report was of the opinion that certain payments of prepayments, deposits and advances ("**PPDA**") transactions (also known as "**Incident Transactions**") that occurred during the years ended 31 March 2019 and 2020, involving HY China Investment Company Limited ("**HY China**"), a wholly-owned subsidiary of the Company and its subsidiaries (the "**HY China Group**") were considered to be suspicious and may not have been entered into under normal commercial arrangement. As further explained matters described in Note 2(b) to the Group's consolidated financial statements for the year ended 31 March 2024, the Board advised that since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of the HY China Group in 2020, whom the Group were unable to contact after their departure, the Company has retained the basic business records of the HY China Group, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentations (collectively referred to as the "**Basic Records**"), that were left behind by the former key management personnel and accounting departments of the HY China Group as far as possible. The Basic Records were not considered to be of a sufficient level for our audit purposes. More specific business records and supporting explanations of the HY China Group's accounting records were needed for our audit, including but not limited to, (i) certain supporting documents of certain business transactions, such as invoices, receipts and purchase orders; (ii) detailed explanation of the accounting entries made (collectively, the "**Specific Records**").*

*In the absence of the Specific Records of the HY China Group following the departure of certain former key management personnel in 2020, the Board considered that they could only use their best endeavor to preserve the books and records that were left behind by the former key management personnel and the accounting department and they were unable to determine whether these Specific Records were complete in the first place, and they had no other access to such Specific Records despite they have taken all reasonable steps and have used their best endeavor to locate such Specific Records. The Board has resolved to voluntarily wind up HY China on 18 January 2023. The joint and several liquidators (the "**HY China Liquidators**") were appointed to HY China, pursuant to the written resolutions of the sole shareholder of HY China dated 23 February 2023. The HY China Liquidators are empowered to, inter alia, preserve the assets of HY China and take control of and exercise all rights which HY China may have in relation to entities in which HY China holds an interest.*

Accordingly, HY China Group was de-consolidated from the consolidated financial statements of the Group with effect from 24 February 2023. The operation of HY China Group was discontinued on the same date. The result of the discontinued operation, including the recovery of loss on Incident Transactions and the loss on the de-consolidation of the HY China Group is presented as a single amount in the consolidated statement of profit or loss and other comprehensive income in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. As a result of the above matters, we have not been able to obtain sufficient appropriate audit evidence to ascertain whether the result for the year from discontinued operation and other related disclosure notes in relation to the HY China Investment Company Limited, a former wholly-owned subsidiary of the Company and its subsidiaries, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements for the year ended 31 March 2023. Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up 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 year ended 31 March 2023. Because of this matter has a possible effect on the comparability of the current year's figures and the corresponding figures in the consolidated statements of profit or loss, comprehensive income and cash flows for the year ended 31 March 2024, our opinion on the consolidated financial statements for the year ended 31 March 2024 is therefore qualified.

*We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (the "**Code**") issued by the HKICPA, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion."*

3. INDEBTEDNESS STATEMENT OF THE GROUP

As at the close of business on 31 August 2026, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Response Document, the Group had total indebtedness of approximately HK$ 3,034,000, representing its lease liabilities of approximately HK$3,034,000.

Save as aforesaid and apart from intra-group liabilities, normal trade payables and contract liabilities in the normal course of business, at the close of business on 31 August 2026, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE IN RESPECT OF THE GROUP

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group subsequent to 31 March 2026, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Response Document, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Response Document have been arrived at after due and careful consideration and there are no other facts not contained in this Response Document, the omission of which would make any statement in this Response Document misleading.

As regards the information in this Response Document relating to the Offeror and parties acting in concert with him, the terms of the Partial Offer and the intention of the Offeror regarding the Group that has been compiled or summarised from the Offeror Announcement and the Offer Document, the Directors' responsibility is limited to the correctness and fairness of the extraction of such information and/or its reproduction or presentation but accept no further responsibility in respect of such information.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital and the issued share capital of the Company were as follows:

Share Capital Category	**Number and Class of Shares**	**Nominal Amount** *(HK$)*
Authorised share capital	380,000,000 ordinary Shares of HK$0.20 each	76,000,000
Issued and paid-up share capital	233,357,000 ordinary Shares of HK$0.20 each	46,671,400

As at the Latest Practicable Date, the Company had no outstanding share options, warrants, derivatives or other convertible securities.

As at the Latest Practicable Date, the Company had no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than the 233,357,000 Shares in issue.

All the Shares in issue are fully paid up and rank *pari passu* in all respects among themselves, including all rights in respect of dividends, voting and interest in capital.

The number of Shares in issue as at 31 March 2026, being the date to which the latest audited consolidated financial statements of the Group were made up, was 230,280,000 Shares. Since 31 March 2026 and up to the Latest Practicable Date:

(a) on 25 August 2026, an aggregate of 3,077,000 new Shares were allotted and issued at an exercise price of HK$0.545 per Share pursuant to the exercise of share options granted under the share option scheme of the Company adopted on 19 September 2018 (including 2,000,000 new Shares allotted and issued to the Offeror); save as aforesaid and apart from the Subscription Agreements dated 6 July 2026 which were subsequently terminated on 27 July 2026, the Company had not issued any Shares, options, warrants or conversion rights affecting Shares (including any derivatives or other securities which may confer rights to the holders thereof to subscribe for, convert or exchange into Shares) and had not entered into any agreement for the issue of any of such securities; and

(b) no Shares had been bought back by the Company or any of its subsidiaries.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this Response Document pursuant to the Takeovers Code.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, the following person(s), other than the Directors or chief executive of the Company, had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or the Takeovers Code:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held *(Note 1)*	Approximate percentage of issued Shares *(Note 2)*
Mr. Chen Yuerong	Beneficial owner	24,695,000 (L)	10.58%

Notes:

(1) The letter "L" denotes long position in the Shares.

(2) The percentage of shareholding is calculated on the basis of 233,357,000 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, there was no other person who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DISCLOSURE OF THE INTERESTS AND DEALINGS

(a) None of the Directors was interested in or owned or controlled any shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities as at the Latest Practicable Date and none of the Directors had dealt for value in any shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities during the Relevant Period.

(b) None of the Company nor any of the Directors was interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives in respect of any shares of the Offeror (not being a company) as at the Latest Practicable Date or had dealt for value in any such securities during the Relevant Period.

(c) None of the subsidiaries of the Company, nor any pension fund of any member of the Group, nor a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of "associate" under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) owned or controlled any shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities as at

the Latest Practicable Date, and no such person had dealt for value in any shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities during the Relevant Period.

(d) No person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of "associate" under the Takeovers Code as at the Latest Practicable Date, and no such person had dealt for value in any shares, convertible securities, warrants, options of the Company or derivatives in respect of such securities during the Relevant Period.

(e) No shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company as at the Latest Practicable Date, and no such person had dealt for value in any shares, convertible securities, warrants, options of the Company or derivatives in respect of such securities during the Relevant Period.

(f) None of the Company and the Directors had borrowed or lent any shares, convertible securities, warrants, options in the Company or derivatives in respect of such securities as at the Latest Practicable Date.

(g) As at the Latest Practicable Date, there was no benefit in whatever form provided or to be provided to any Director as compensation for loss of office or otherwise in connection with the Partial Offer.

(h) As at the Latest Practicable Date, there was no agreement or arrangement or understanding between any Director and any other person which was conditional on or dependent upon the outcome of the Partial Offer or otherwise connected with the Partial Offer.

(i) As at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

(j) As at the Latest Practicable Date, none of the Directors held any beneficial shareholdings in the Company which would entitle them to accept or reject the Partial Offer.

(k) As at the Latest Practicable Date, there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) the Company, its subsidiaries or associated companies (as defined in the Takeovers Code).

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within six months preceding the commencement of the Offer Period (i.e. 23 September 2026); or (b) was a continuous contract with a notice period of 12 months or more; or (c) was a fixed term contract that had more than 12 months to run irrespective of the notice period:

(a) a letter of appointment entered into between Mr. Cho Kin Keung Keith and the Company pursuant to which he was appointed as an executive Director with effect from 31 August 2026 for an initial term of one year, and is entitled to a director's fee of HK$120,000 per annum;

(b) a letter of appointment entered into between Mr. Chan Chun Wing and the Company pursuant to which he was appointed as an independent non-executive Director with effect from 31 August 2026 for an initial term of one year, and is entitled to a director's fee of HK$120,000 per annum;

(c) a letter of appointment entered into between Mr. Au Hoi Fung and the Company pursuant to which he was appointed as an independent non-executive Director with effect from 31 August 2026 for an initial term of one year, and is entitled to a director's fee of HK$120,000 per annum; and

(d) a letter of appointment entered into between Mr. Ban Jiu and the Company pursuant to which he was appointed as an independent non-executive Director with effect from 31 August 2026 for an initial term of one year, and is entitled to a director's fee of HK$120,000 per annum.

As at the Latest Practicable Date, there was no variable remuneration payable under any of the service contracts and/or letters of appointment of the above Directors (including any bonus, commission, profit sharing or other performance-related payments).

6. EXPERT AND CONSENT

The following is the name and qualification of the professional adviser whose letter, opinions or advice are contained or referred to in this Response Document:

Name	Qualification
Hooray Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Hooray Capital Limited has given and has not withdrawn its written consent to the issue of this Response Document with the inclusion of its letter, opinions or advice (as the case may be) and the references to its name included herein in the form and context in which it appears.

As at the Latest Practicable Date, Hooray Capital Limited was not beneficially interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

7. LITIGATION

As disclosed in the announcement of the Company dated 21 September 2026, on 18 September 2026, the Offeror (as plaintiff) filed the Originating Summons (High Court Miscellaneous Proceedings No. 1606 of 2026) in the High Court of Hong Kong against the Company, Mr. Cho Kin Keung Keith, Mr. Chan Chun Wing, Mr. Au Hoi Fung and Mr. Ban Jiu (together with Mr. Cho Kin Keung Keith, Mr. Chan Chun Wing and Mr. Au Hoi Fung, the "**Defendant Directors**"), seeking, *inter alia*, declarations that the EGM held on 31 August 2026 and all resolutions passed thereat (comprising the removal of the former Directors and the appointment of Mr. Cho Kin Keung Keith, Mr. Chan Chun Wing, Mr. Au Hoi Fung and Mr. Ban Jiu as Directors) are null, void and without legal effect, and related injunctive relief. Pursuant to a consent order (the "**Consent Order**") made by the High Court of Hong Kong on 4 November 2026, (i) the Defendant Directors shall file and serve their affirmations in opposition to the Originating Summons within 42 days from the Consent Order; (ii) the plaintiff shall file and serve his affirmation in reply, if any within 28 days thereafter; and (iii) the call-over hearing of the Originating Summons fixed for 5 November 2026 before shall be vacated and adjourned to a date to be fixed. As at the Latest Practicable Date, the date for the adjourned call-over hearing of the Originating Summons has not yet been fixed.

Save as disclosed above, as at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance, and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by any member of the Group after the date falling two years immediately preceding the commencement of the Offer Period (i.e. after 23 September 2024) and up to and including the Latest Practicable Date:

(a) the placing agreement dated 11 December 2025 entered into between the Company and DaoKou Securities Limited, as placing agent in relation to the placing of new consolidated shares on a best effort basis in connection with the rights issue approved at the extraordinary general meeting of the Company held on 2 February 2026, with a placing commission of 1% of the amount which is equal to the placing price multiplied by the number of the new consolidated shares that have been successfully placed by the DaoKou Securities Limited;

(b) the two subscription agreements (the "**Subscription Agreements**") both dated 6 July 2026 entered into between the Company and Mr. Huang Qinghua and Mr. Ye Lingchuan (the "**Subscribers**"), respectively, pursuant to which the Company conditionally agreed to allot and issue, and each of the Subscribers conditionally agreed to subscribe for, up to 4,605,600 new Shares (an aggregate of up to 9,211,200 new Shares) at the subscription price of HK$0.45 per Share (as disclosed in the announcement of the Company dated 7 July 2026); and

(c) the termination agreements dated 27 July 2026 entered into between the Company and each of the Subscribers pursuant to which the Company and the Subscribers mutually agreed to terminate the Subscription Agreements with immediate effect (as disclosed in the announcement of the Company dated 30 July 2026).

9. MISCELLANEOUS

(a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The head office and principal place of business in Hong Kong of the Company is at Flat 606, 6/F, Sunray Industrial Centre, 610 Cha Kwo Ling Road, Yau Tong, Kowloon, Hong Kong.

(c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

(d) The registered office of Hooray Capital Limited, the Independent Financial Adviser to the Independent Board Committee, is at Room A & B2,11/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.

(e) Following the cessation of Mr. Wong Wah as the company secretary of the Company with effect from 31 August 2026 (as disclosed in the announcement of the Company dated 1 September 2026), the Company is in the course of identifying a suitable candidate to fill the vacancy of the company secretary.

(f) The English text of this Response Document shall prevail over its Chinese text, in case of any inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection on the website of the SFC at *www.sfc.hk* and the Company's website at *www.hy-engineering.com* during the period from the date of this Response Document up to and including the Closing Date:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the three financial years ended 31 March 2024, 2025 and 2026 respectively;

(c) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" of this Response Document;

(d) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this Response Document;

(e) the letter from the Independent Financial Adviser, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this Response Document;

(f) the written consent referred to under the paragraph headed "6. Expert and Consent" in this Appendix;

(g) the service contracts and/or letters of appointment referred to under the paragraph headed "5. Directors' Service Contracts" in this Appendix; and

(h) the material contracts referred to under the paragraph headed "8. Material Contracts" in this Appendix.