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Valuation Advisory

VALUATION REPORT

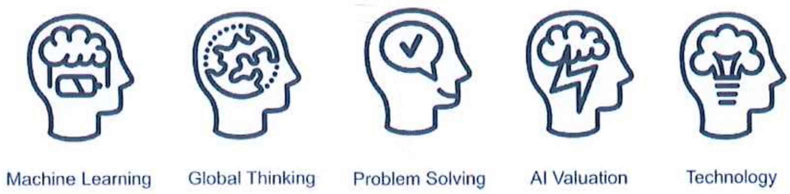
VALUATION OF THE 51% EQUITY INTEREST IN BESTWISE ENVIROTECH LIMITED

BV11482-2608

Based on International Valuation Standards

Valuation Date: 31 December 2025

Prepared for: SFK Construction Holdings Limited



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Our Ref.: BV11482-2608

18 September 2026

Board of Directors
SFK Construction Holdings Limited
7/F., High Fashion Centre,
1-11 Kwai Hei Street,
Kwai Chung, New Territories, Hong Kong

Dear Sir/Madam,

Valuation of the 51% Equity Interest in Bestwise Envirotech Limited

In accordance with the instructions from SFK Construction Holdings Limited (the "Company"), we have been engaged by the Company to assist in determining the following subject of valuation as at 31 December 2025 (the "Valuation Date").

- Market Value of the 51% equity interest in Bestwise Envirotech Limited (the "Target Company") as at the Valuation Date for the purpose of the Company's transaction reference.

Our analyses are substantially based on the information provided to us by the existing management of the Company (the "Management"). It is our understanding that our analyses, and the subsequent appraised estimation of Market Value (as defined in the section of Standard and Basis of Value), will be used by the Management solely for its transaction reference purpose only. Our analyses were conducted for the above stated purpose. As such, this report should not be used by the Company for any other purposes other than those that are expressly stated herein without our expressed prior written consent.

Our work was subject to the Statement of Limiting Conditions as described at the end of this report. The basis of value follows the definition of Market Value as stipulated in International Valuation Standards ("IVS"), premised on the Target Company being a "Highest and Best Use" basis.

The approaches and methodologies used in our work did not comprise an examination to ascertain whether the Target Company's presented financial information was constructed in accordance with generally accepted accounting principles. The objective of the aforesaid examination is to determine whether existing current financial statements or other financial information, historical or prospective, which are provided to us by the Management, are being expressed as a fair presentation of the Target Company's financial condition. As such, we express no opinion and accept no responsibility on the accuracy and/or completeness of the historical and projected financial information of the Target Company, and of the marketing materials or other data provided to us by the Management.

Our conclusion on Market Value does not constitute nor shall it be construed to be an investment advice or an offer to invest. Prior to making any decisions on any investments, a prospective investor should independently consult with their own investment, accounting, legal and tax advisers to critically evaluate the risks, consequences, and suitability of such investment.

SCOPE AND PURPOSE OF ENGAGEMENT

We were engaged by the Management to assist in determining the Market Value of the 51% equity interest in the Target Company as at the Valuation Date. It is our understanding that our analysis will be used by the Management solely for their purpose of transaction reference.

In conducting this valuation exercise, we have performed procedures including, but not limited to, the following:

- Coordinated with the Management and/or the Company's representatives to obtain information and documents considered relevant to the valuation;
- Reviewed the financial information, management accounts, business information and other relevant documents of the Target Company made available to us;
- Discussed with the Management to understand the business nature, operating history, financial performance, business model, operations and other relevant background of the Target Company;
- Considered the information provided by the Management and the bases and assumptions adopted in arriving at our valuation conclusion;
- Carried out market research and reviewed relevant market data, industry information and capital market information from public sources and recognised financial databases, including Bloomberg Terminal, where applicable;
- Selected and applied an appropriate valuation approach and methodology to analyse the relevant financial and market data and derive the Market Value of the 51% equity interest in the Target Company as at the Valuation Date; and
- Prepared this valuation report, which sets out, among other matters, the scope and purpose of engagement, sources of information, valuation methodology, key assumptions, limiting conditions and conclusion of value.

STANDARD AND BASIS OF VALUE

This valuation was prepared on the basis of Market Value. In accordance with the IVS, Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

PREMISE OF VALUE

Premise of value relates to the concept of valuing a subject, i.e., a business, in a manner which would generate the greatest return to the owner, taking into account what is physically tangible, financially feasible, and legally permissible. Premise of value includes the following scenarios:

Highest and Best Use:	is the use that would produce the highest and best use for an asset, and it must be financially feasible, legally allowed and result in the highest value;
Current Use/Existing Use:	is the current way an asset, liability, or group of assets and/or liabilities is used, may not necessarily be the highest and best use;
Orderly Liquidation:	describes the value of a group of assets that could be realized in a liquidation sale, given a reasonable period of time to find a purchaser/(s), with the seller being compelled to sell on an as-is, where-is basis; and
Forced Sale:	is in circumstances where a seller is under compulsion to sell and that, as a consequence, a proper marketing period is not possible and buyers may not be able to undertake adequate due diligence.

After having reviewed all background and financial information and taken into consideration all relevant facts, valuation of the Target Company should be prepared on a "Highest and Best Use" basis.

LEVEL OF VALUE

Current valuation theories suggest that there are at least four basic "levels" of value applicable to a business or business interest. The four most common levels of value are as follows:

Controlling Interest:	Value of the controlling interest, always evaluate an enterprise as a whole;
Non-controlling Interest:	Value of the non-controlling interest of a business;
As if Freely Tradable Minority Interest:	Value of a minority interest, lacking control, but enjoys the benefit of market liquidity; and
Non-marketable Interest:	Value of a business or business interest that lacks market liquidity.

After having reviewed all background and financial information and taken into consideration all relevant and objective facts, we reasonably believe the Target Company should be prudently valued and reported in this valuation as a Controlling Interest and Non-marketable Interest.

SOURCES OF INFORMATION

Our analysis and conclusion of opinion on value were based on continued discussions with, and having obtained pertinent key documents and records provided by the Management, and we conducted certain procedures including but not limited to:

- Obtained the audited financial statements of the Target Company for the financial years ended 31 December 2023, 31 December 2024 and 31 December 2025, and for the six-month period ended 30 June 2026;
- Obtained the financial forecast of the Target Company for the period from 1 January 2026 to 31 December 2032;
- Obtained the sale and purchase agreement dated 30 June 2026 in relation to the disposal of the Target Company; and
- Obtained the supplemental sale and purchase agreement dated 24 August 2026 in relation to the disposal of the Target Company.

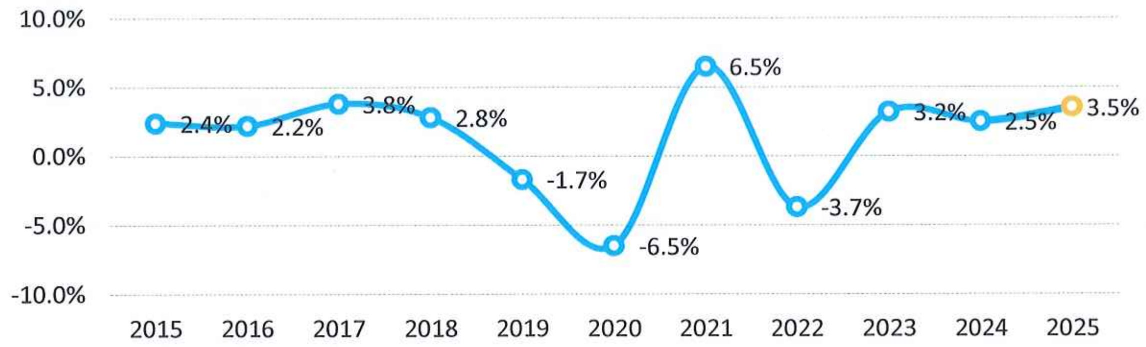
We have also relied upon publicly available capital market information, including data obtained from the Bloomberg Terminal, industry reports, news articles, public filings and other publicly available databases.

ECONOMIC OVERVIEW

To support the economic background of the jurisdiction in which the Target Company primarily operates, we have reviewed the economic conditions in Hong Kong, being the principal market from which the Target Company is expected to derive its future income.

The Hong Kong economy expanded by 3.5% in real terms in 2025, following growth of 2.5% in 2024. Growth in 2025 was supported by strong external trade, a recovery in private consumption and faster growth in overall investment. Total exports of goods and services increased in real terms by 12.0% and 6.3%, respectively, while gross domestic fixed capital formation grew by 4.3%. Building and construction expenditure, however, decreased by 9.4% in real terms, indicating that conditions in the broader construction market remained uneven. The HKSAR Government forecast real GDP growth of 2.5% to 3.5% for 2026, while noting continued uncertainty in the external environment.

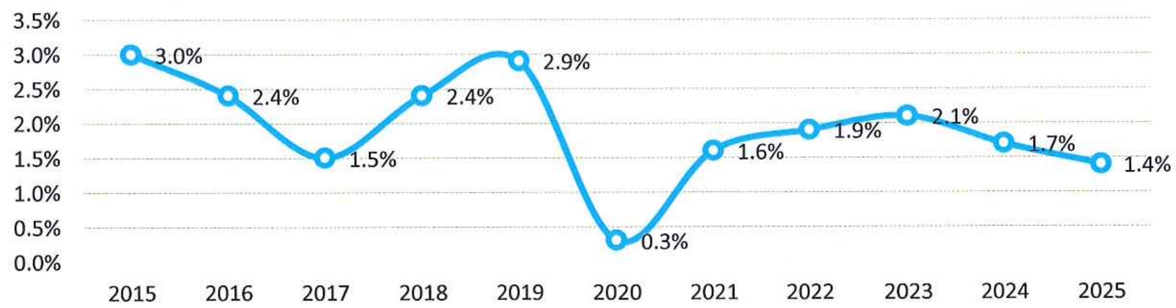
Real GDP growth rate in Hong Kong from 2015 to 2025



Source: Census and Statistics Department, HKSAR Government, 2025 Economic Background and 2026 Prospects (https://www.hkeconomy.gov.hk/en/pdf/25q4_outlook.pdf).

Consumer price inflation in Hong Kong remained modest in 2025. The headline Composite Consumer Price Index increased by 1.4% for the year, while underlying Composite CPI inflation, after netting out the effects of the Government's one-off relief measures, was 1.1%. The HKSAR Government expected inflation to remain contained, forecasting underlying and headline Composite CPI inflation of 1.7% and 1.8%, respectively, for 2026. Moderate inflation helps limit broad-based cost escalation, although project margins may still be affected by movements in specialist labour, imported equipment, subcontracting and material costs.

Composite CPI inflation rate in Hong Kong from 2015 to 2025

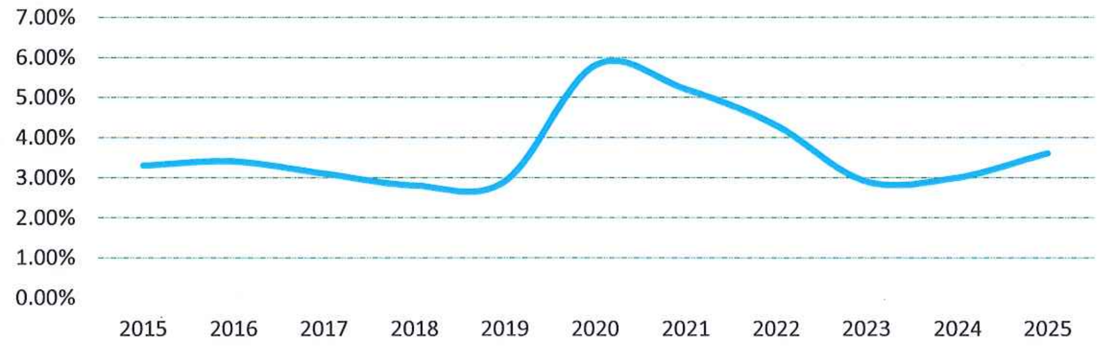


Source: Census and Statistics Department, HKSAR Government, 2025 Economic Background and 2026 Prospects (https://www.hkeconomy.gov.hk/en/pdf/25q4_outlook.pdf).

Hong Kong operates a Linked Exchange Rate System under which the Hong Kong dollar is linked to the US dollar at approximately HKD7.80 to US$1. The Hong Kong Monetary Authority maintains strong-side and weak-side Convertibility Undertakings at HKD7.75 and HKD7.85 to US$1, respectively. The system reduces exchange-rate volatility for businesses whose contracts and operating costs are principally denominated in Hong Kong dollars, although Hong Kong interest rates remain influenced by US monetary conditions and local liquidity.

Hong Kong's labour market softened moderately in 2025. The annual average unemployment rate increased from 3.0% in 2024 to 3.6% in 2025, while total employment decreased by 0.6%. The HKSAR Government expected the labour market to stabilise as economic activity continued to expand. For the Target Company, the availability and cost of qualified engineers, technicians and site personnel remain relevant because water and wastewater projects require specialised E&M installation, testing, commissioning and maintenance capabilities.

Annual unemployment rate in Hong Kong from 2015 to 2025



Source: Census and Statistics Department, HKSAR Government, 2025 Economic Background and 2026 Prospects (https://www.hkeconomy.gov.hk/en/pdf/25q4_outlook.pdf).

GOVERNMENT POLICIES

The 2025-26 Budget combined fiscal consolidation with continued investment in strategic infrastructure. The Government stated that it would accelerate the Northern Metropolis and infrastructure projects related to people's livelihood and the economy, while strengthening cost control and procurement efficiency. Measures relevant to the Target Company's operating environment included:

- Increasing average annual capital works expenditure from approximately HKD90 billion to approximately HKD120 billion over the five years from 2025-26 to 2029-30 as Northern Metropolis and other major infrastructure works are rolled out;
- Providing an estimated HKD9.15 billion under Head 704 - Drainage for drainage, sewerage and sewage-treatment projects in 2025-26, including the Hung Shui Kiu Effluent Polishing Plant - Phase 1 and the remaining works for the relocation of Sha Tin Sewage Treatment Works to caverns;
- Earmarking HKD3.7 billion to expedite Phase 1 infrastructure and public facilities in the Hong Kong Park of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone, alongside broader infrastructure planning for the Northern Metropolis;
- Continuing water-security and asset-management initiatives, including the Water Intelligent Network, risk-based improvement of water mains and expansion of treatment capacity to support new development areas; and
- Applying tighter cost control and procurement discipline to public works. While the announced infrastructure pipeline is supportive of sector demand, project timing, tender packaging, funding approvals and competitive pricing remain important uncertainties for individual contractors.

INDUSTRY OVERVIEW

The Target Company, Bestwise Envirotech Limited, is a Hong Kong-based specialist contractor established in 1980. Based on the Target Company's official website, it focuses on potable-water and wastewater engineering infrastructure and provides design, supply, installation, testing and commissioning, operation and maintenance services. Its capabilities include water and sewage-treatment plants, desalination and membrane systems, pumpsets and associated pipework, and related electrical and mechanical installations. Accordingly, its addressable market is linked principally to public water-supply, sewerage, sewage-treatment and related E&M infrastructure in Hong Kong.

Demand in this market is driven by the continuous operation and renewal of essential public infrastructure, population and development needs, water security, environmental standards and the maintenance requirements of installed assets. The market includes large project-based design-and-build or installation packages as well as recurring term maintenance and overhaul contracts. Public-sector procurement is therefore a significant source of work, with the Water Supplies Department ("WSD"), Drainage Services Department ("DSD"), Housing Authority and other government-related bodies forming important end customers for qualified contractors.

Water Supply Infrastructure and Asset Management

As at 31 March 2025, the Water Supplies Department served more than 99.99% of Hong Kong's population and operated 18 water-treatment works, one desalination plant, two water-reclamation plants, 151 fresh-water pumping stations or houses and approximately 6,803 kilometres of fresh-water mains. Under the Water Intelligent Network, approximately 2,400 District Metering Areas have been established to monitor water loss. The WSD aims to reduce leakage from public water mains from 13.4% in 2024 to below 10% by 2030 through monitoring, pressure management, rapid repair and risk-based replacement and rehabilitation. Major projects under construction include the HKD9.61 billion Ngau Tam Mei Water Treatment Works extension, which commenced in October 2025 and is intended to increase daily treatment capacity from 230,000 cubic metres to 440,000 cubic metres in its first stage to support Northern Metropolis developments.

Wastewater Treatment and Sewerage Infrastructure

The wastewater segment is supported by ongoing investment in treatment capacity, effluent quality, flood resilience and land-use efficiency. The 2025-26 Capital Works Reserve Fund estimated HKD9.15 billion of expenditure on drainage, sewerage and sewage-treatment projects. The remaining works for the relocation of Sha Tin Sewage Treatment Works to caverns, which commenced in September 2025, include treatment facilities with a design capacity of 340,000 cubic metres per day and related fire-services, building-services and E&M systems, with an estimated project cost of approximately HKD12.93 billion. Separately, the Shek Wu Hui Effluent Polishing Plant project is designed to increase treatment capacity and upgrade effluent to tertiary standard; DSD records identify the Target Company as the E&M contractor for Stage 1 of the Shek Wu Hui Effluent Polishing Plant project. These projects illustrate the specialist, multi-year and systems-integration nature of the market.

Procurement Characteristics, Competition and Outlook

Entry into public water and wastewater works depends on relevant approved-contractor status, technical track record, qualified personnel, safety and quality systems, financial capacity and the ability to coordinate civil, process, electrical and mechanical interfaces. These requirements create practical barriers to entry, but tendering remains competitive among established contractors. Profitability can vary with project mix, tender pricing, design changes, procurement lead times, labour and equipment costs, testing and commissioning outcomes, and the timing of certification, variation orders and final-account settlement. Working-capital requirements may also be significant because contract receipts can lag project expenditure.

Looking ahead, the Government's planned capital-works programme, water-loss reduction initiatives, treatment-capacity expansion, Northern Metropolis development and continuing maintenance needs provide a supportive medium-term demand backdrop. The Target Company's specialist experience and approved-contractor capabilities position it to participate in relevant tenders. However, several major projects are nearing completion and competition for future contract awards in this specialist segment is expected to remain intense. The sector outlook should therefore be assessed together with the Target Company's actual order book, tender success, project execution and ability to secure replacement work, rather than by reference to the public infrastructure pipeline alone.

Sources: Bestwise Envirotech Limited (https://www.bwenvirotech.com.hk/); WSD Annual Report 2024/25 and Waterworks Data (https://www.wsd.gov.hk/en/publications-and-statistics/statistics/key-facts/waterworks-data/); DSD project records (https://www.dsd.gov.hk/EN/Our_Projects/All_Projects/); SFK Construction Holdings Limited's 2025 Annual Report and HKSAR Government's 2025-26 Budget.

COMPANY OVERVIEW

SFK CONSTRUCTION HOLDINGS LIMITED

The Company is principally engaged in construction and maintenance projects in Hong Kong. In addition, the Company and its subsidiaries (collectively referred to as the "Group") provides other services, which comprise mainly housing and property management services (such as the provision of cleaning services and security management services), fresh water and flush water maintenance services, sewage water sampling services, electrical and mechanical engineering services and building information modelling services to real estates in Hong Kong.

THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in electrical and mechanical engineering, being a contractor focusing in potable water and wastewater engineering infrastructure projects.

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VALUATION METHODOLOGY OVERVIEW

The valuation of any asset can be broadly classified into one of the three approaches, namely the cost approach, the market approach and the income approach. In any valuation analysis, all three approaches must be considered, and the approach or approaches deemed most relevant will then be selected for use in the analysis of that asset.

Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain a business, business ownership interest, security, or intangible asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

Market Approach

The market approach provides an indication of value by comparing a business, business ownership interest, security, or intangible asset with identical or comparable (that is similar) subjects for which price information is available.

Value is established based on the principle of comparison. This simply means that if one thing is similar to another and could be used for the other, then they must be similar. Furthermore, the prices of two alike and similar items should approximate one another.

Income Approach

This is a general way of determining the economic value of a business, business ownership interest, security, or intangible asset by using one or more methods that convert anticipated benefits into a present value amount.

In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the asset's most likely future benefit stream. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate. Discount rate factors often include general market rates of return at the Valuation Date, business risks associated with the industry in which the company operates, and other risks specific to the asset being valued.

Selected Valuation Approach

Having considered the nature and operations of the Target Company, we adopted the Income Approach and applied the discounted cash flow ("DCF") method to determine the Market Value of its 51% equity interest as at the Valuation Date. This selection is consistent with IVS 103 Valuation Approaches, section 30, under which the Income Approach is particularly relevant when an asset's income-producing ability is a critical element affecting value and reasonable projections of future income and cash flows are available, especially where relevant and reliable market comparables are limited. In this valuation, the Target Company is an established specialist electrical and mechanical engineering contractor focusing on potable-water and wastewater infrastructure projects in Hong Kong, and its value is principally dependent on its ability to generate future cash flows from project-based engineering works, term contracts and recurring maintenance services. Management provided financial projections for the period from 2026 to 2032, supported by project-level revenue and cost schedules and assumptions concerning operating expenses, capital expenditure and working-capital requirements. The DCF method therefore enables the expected timing, amount and risk of these cash flows, together with a terminal value, to be reflected explicitly.

Given the niche nature of the Target Company's operations and the limited availability of directly comparable listed companies or transactions with sufficiently similar business activities, scale and project mix, the Market Approach was rejected, although relevant market evidence was considered in developing the discount rate.

The Cost Approach was also rejected because the Target Company is a going concern whose value is driven primarily by its future income-generating capability rather than the replacement cost or book value of its underlying assets. Accordingly, we considered the Income Approach using the DCF method to be the most appropriate approach in the circumstances of this valuation.

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GENERAL ASSUMPTIONS

A number of general assumptions were established to sufficiently support our conclusion of valuation. The general assumptions adopted in this valuation are:

- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the existing political, legal, commercial and banking regulations, fiscal policies, foreign trade and economic conditions in countries/regions where the Target Company currently operates in and in new markets that the Target Company may potentially expand into as proposed by the Management;
- There are no deviations, the aggregate of which when viewed together, may be construed to be a material adverse change in industry demand and/or market conditions;
- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the fluctuation of interest rates or currency exchange rates in any country which would be deemed to have a negative impact or the ability to hinder the existing and/or potentially future operations of the Target Company;
- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the current laws of taxation in those countries in which the Target Company operates in or the Target Company may potentially operate in;
- All relevant legal approvals, business certificates, trade and import permits, bank credit approval have been procured, in place and in good standing prior to commencement of operations by the Target Company under the normal course of business;
- The Target Company will be able to retain existing and competent management, key personnel, and technical staff to support all facets of the ongoing business and future operations; and
- Trademarks, patents, technology, copyrights and other valuable technical and management know-how will not be infringed in countries/regions where the Target Company is or will be carrying on business.

APPLICATION OF INCOME APPROACH

METHODOLOGY

The Market Value of a 51% equity interest in the Target Company under the Income Approach was determined using the DCF methodology. Under the DCF methodology, the value of the Target Company is derived by estimating the future cash flows expected to be generated by the business and discounting such cash flows to their present value as at the Valuation Date using an appropriate discount rate.

The application of the DCF methodology requires consideration of various key parameters, including, among others, the financial projections of the Target Company, working capital requirements, capital expenditure requirements and an appropriate discount rate. The principal elements of the DCF methodology comprise: (i) the projected future cash flows; and (ii) the discount rate applied to such cash flows.

The projected cash flows of the Target Company were estimated based on the financial forecast provided by the Management and the relevant assumptions adopted therein. Such projected cash flows were then discounted to their present values as at the Valuation Date using an appropriate discount rate.

$$\text{PV} = \frac{E_1}{(1+k)} + \frac{E_2}{(1+k)^2} + \frac{E_3}{(1+k)^3} + \cdots + \frac{E_n}{(1+k)^n}$$

PV	=	Sum of present value of the expected economic income as at the Valuation Date
E_1, E_2, E_3, etc.	=	Expected economic income in the respective forecast periods
E_n	=	Expected economic income in the final forecasts period
k	=	Appropriate discount rate

The present value of the projected cash flows, together with the present value of the terminal value, represents the enterprise value of the Target Company. In deriving the equity value of the Target Company, appropriate adjustments were made for items including excess cash, non-operating assets and liabilities, and interest-bearing debt or other financing items, where applicable, as at the Valuation Date. The Market Value of the 51% equity interest in the Target Company was then derived based on the resulting equity value, taking into account any other valuation adjustments considered appropriate.

The financial projections and related assumptions contained in our valuation were internally prepared, discussed, and adjusted with reference to the opinions provided by the Management. We have reviewed the calculations and validity of the projections. The nature and underlying rationale for the financial projections will be discussed hereinafter.

MAJOR ASSUMPTION

Consideration of the proposed capital reduction and settlement of inter-company balances

In determining the Market Value of the 51% equity interest in the Target Company as at the Valuation Date, we have considered the effects of (i) the proposed capital reduction of the Target Company to HKD38,000,000; and (ii) the settlement of all receivables due from and payables due to related parties to nil. Pursuant to the Sale and Purchase Agreement, the completion of the capital reduction and the settlement of such related-party balances constitute conditions precedent to Completion.

Accordingly, for the purpose of this valuation, we have adjusted the Target Company's statement of financial position as at the Valuation Date, assuming that the proposed capital reduction and settlement of the related-party balances had been completed as at that date. We consider these adjustments relevant and appropriate because they reflect the expected standalone financial position of the Target Company following completion of these arrangements. The adjusted statement of financial position is presented for valuation purposes only and does not represent the Target Company's actual historical financial position as at the Valuation Date.

For illustration purpose, the following table sets out the simplified adjusted statement of financial position of the Target Company as at the Valuation Date:

	Before Capital Reduction and Settlement	**Adjustments**	**After Capital Reduction and Settlement**
	HKD'000 (Audited)	HKD'000 (unaudited)	HKD'000 (unaudited)
Assets			
Cash and cash equivalents	23,141	628	23,769
Contract assets	56,599	-	56,599
Trade and other receivables	67,149	-	67,149
Amounts due from fellow subsidiaries	164,356	(164,356)	-
Property, plant and equipment	2,982	-	2,982
Deferred tax assets	12,772	-	12,772
Total assets	**326,999**	**(163,728)**	**163,271**
Liabilities			
Contract liabilities	(16,600)	-	(16,600)
Trade and other payables	(98,518)	-	(98,518)
Amount due to fellow subsidiaries	(1,150)	1,150	-
Lease liabilities – current	(1,038)	-	(1,038)
Interest-bearing borrowings	(20,000)	-	(20,000)
Lease liabilities – non-current	(2,021)	-	(2,021)
Total liabilities	**(139,327)**	**1,150**	**(138,177)**
Net assets/equity	**187,672**	**(162,578)**	**25,094**

Note: The adjustments represent (i) the elimination and settlement of amounts due from fellow subsidiaries of

HKD164.356 million; (ii) the elimination and settlement of the amount due to fellow subsidiaries of HKD1.150 million; and (iii) the reduction of share capital from HKD200.578 million to HKD38.000 million. The resulting net adjustment comprises a reduction in share capital of HKD162.578 million and a payable from fellow subsidiaries before Completion of HKD0.628 million. The sum of individual amounts may not equal the totals due to rounding.

Revenue Forecast

Revenue primarily comprises contract revenue and service income generated from the Target Company's potable-water and wastewater engineering infrastructure projects. Management prepared the revenue forecast on a project-by-project basis, having regard to the existing order backlog, the expected commencement and completion dates of individual contracts, anticipated work progress, historical run rates for recurring works, and Management's assessment of the timing and probability of securing identified tenders and future contract awards.

For analysis purposes, maintenance revenue has been grouped into: (i) major and minor maintenance contracts; (ii) Drainage Services Department ("DSD") term contracts; and (iii) Housing Authority contracts. Major and minor maintenance contracts represent the relatively recurring portion of the Target Company's revenue and are forecast to remain broadly stable at approximately HKD42.4 million to HKD56.4 million per annum during the forecast period. DSD term contract revenue is forecast to decrease upon the completion of the existing contract, before increasing from 2029 following the expected commencement of a new DSD term contract. Housing Authority contract revenue is forecast to increase from approximately HKD84.9 million in 2026 to a peak of approximately HKD245.5 million in 2029, reflecting the expected execution schedules of the relevant contracts and tenders, before decreasing to approximately HKD78.0 million in 2032 as the forecast works progress towards completion.

Project and new works revenue has been grouped into: (i) non-mega projects; and (ii) mega projects. Revenue from non-mega projects is forecast at approximately HKD63.3 million in 2026 and HKD155.6 million in 2027 as current contracts are executed, before declining in 2028 and 2029 as those works are completed. Anticipated future tenders are forecast to contribute from 2028 and increase to approximately HKD102.0 million by 2032. Mega-project revenue fluctuates according to the forecast construction programmes of the mega projects and is expected to become an increasingly important revenue contributor from 2028 onwards. Revenue relating to contracts not yet awarded remains subject to successful tendering, actual contract awards and the timing of project execution.

Based on the above, total revenue is forecast at approximately HKD354.0 million, HKD339.1 million, HKD398.2 million, HKD501.5 million, HKD476.7 million, HKD531.9 million and HKD476.7 million from 2026 to 2032, respectively. The forecast does not exhibit a uniform annual growth pattern because revenue recognition is principally determined by the commencement, progress and completion of individual contracts. The increases in 2028 and 2029 are primarily supported by the expected expansion of Housing Authority contracts, the contribution from mega projects and the commencement of anticipated contracts. Revenue decreases in 2030 and 2032 principally reflect the scheduled reduction or completion of certain maintenance and term contracts, partly offset by additional mega-project revenue and future project awards. Over the period from 2026 to 2032, total revenue represents a compound annual growth rate of approximately 5.1%.

Beyond the forecast period, a long-term growth rate of approximately 2.4% is adopted with reference to the average forecast inflation rate for Hong Kong from 2026 to 2030, as sourced from the IMF World Economic Outlook Database, October 2025.

Breakdown of Forecast Revenue

HKD, unless otherwise stated

	Dec 2026 Projected	Dec 2027 Projected	Dec 2028 Projected	Dec 2029 Projected
Maintenance revenue				
Major and minor maintenance contracts	42,378,000	54,191,000	51,435,000	55,929,000
DSD term contracts	52,267,000	-	-	56,442,083
Housing Authority contracts	84,878,000	113,171,000	131,551,667	245,474,667
Total maintenance revenue	**179,523,000**	**167,362,000**	**182,986,667**	357,845,750
Project and new works revenue				
Non-mega projects	63,340,000	155,618,000	90,740,000	52,660,000
Mega projects	111,143,000	16,128,000	124,512,000	90,960,000
Total project and new works revenue	**174,483,000**	**171,746,000**	**215,252,000**	143,620,000
Total revenue	**354,006,000**	**339,108,000**	**398,238,667**	501,465,750
Revenue growth rate	**(25.7%)**	**(4.2%)**	**17.4%**	25.9%
Maintenance revenue as a percentage of total revenue	50.7%	49.4%	45.9%	71.4%
Project and new works revenue as a percentage of total revenue	49.3%	50.6%	54.1%	28.6%

Note: The sum of individual amounts may not equal the totals due to rounding.

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Breakdown of Forecast Revenue (Continued)

HKD, unless otherwise stated

	Dec 2030 Projected	Dec 2031 Projected	Dec 2032 Projected
Maintenance revenue			
Major and minor maintenance contracts	52,018,000	54,184,000	56,387,000
DSD term contracts	135,461,000	135,461,000	79,018,917
Housing Authority contracts	131,307,667	112,927,000	78,009,750
Total maintenance revenue	**318,786,667**	**302,572,000**	**213,415,667**
Project and new works revenue			
Non-mega projects	67,000,000	68,000,000	102,000,000
Mega projects	90,960,000	161,280,000	161,280,000
Total project and new works revenue	**157,960,000**	**229,280,000**	**263,280,000**
Total revenue	**476,746,667**	**531,852,000**	**476,695,667**
Revenue growth rate	**(4.9%)**	**11.6%**	**(10.4%)**
Maintenance revenue as a percentage of total revenue	66.9%	56.9%	44.8%
Project and new works revenue as a percentage of total revenue	33.1%	43.1%	55.2%

Note: The sum of individual amounts may not equal the totals due to rounding.

Cost of Revenue

Cost of revenue represents costs directly attributable to the Target Company's potable-water and wastewater engineering contracts and maintenance services. Management prepared the forecast on a project-by-project basis by matching the forecast revenue of each contract with its corresponding direct cost budget or expected gross margin.

For consistency with the revenue forecast, cost of revenue has been grouped into: (i) maintenance-related direct cost; and (ii) project and new works cost.

Total maintenance-related direct costs are forecast at approximately HKD167.4 million, HKD159.2 million, HKD175.5 million, HKD344.5 million, HKD305.2 million, HKD289.3 million and HKD203.2 million from 2026 to 2032, respectively. The significant increase in 2029 reflects the expected expansion of Housing Authority work and commencement of the anticipated new DSD term contract, while the subsequent decrease reflects the forecast progress and completion of those contracts.

Total direct costs attributable to project and new works are forecast at approximately HKD166.2 million, HKD159.2 million, HKD201.6 million, HKD135.5 million, HKD150.0 million, HKD220.5 million and HKD251.5 million from 2026 to 2032, respectively. Revenue and costs relating to contracts not yet awarded remain subject to tender success, actual contract award and the project execution timetable.

Based on the above project-level assumptions, total cost of revenue is projected at approximately HKD333.6 million, HKD318.4 million, HKD377.1 million, HKD480.0 million, HKD455.2 million, HKD509.8 million and HKD454.7 million from 2026 to 2032, respectively. Gross profit is forecast to remain within a relatively narrow range of approximately HKD20.4 million to HKD22.1 million, representing overall gross margins of approximately 5.8%, 6.1%, 5.3%, 4.3%, 4.5%, 4.1% and 4.6% over the same period. The lower overall gross margins in 2029 and 2031 principally reflect the higher weighting of lower-margin DSD, Housing Authority and mega-project revenue in those years. The forecast therefore reflects project-specific direct cost budgets, expected margins and the changing contract mix, rather than applying a single cost-of-revenue growth rate or gross margin across all forecast years. Beyond 2032, a long-term growth rate of approximately 2.4% is adopted with reference to the average forecast inflation rate for Hong Kong from 2026 to 2030, as sourced from the IMF World Economic Outlook Database, October 2025.

Breakdown of Forecast Cost of Revenue

HKD, unless otherwise stated

	Dec 2026 Projected	Dec 2027 Projected	Dec 2028 Projected	Dec 2029 Projected
Total maintenance-related direct costs	167,449,722	159,201,289	175,540,422	344,527,468
Total project and new works direct costs	166,173,593	159,174,613	201,586,512	135,510,551
Total cost of revenue	**333,623,315**	**318,375,902**	**377,126,934**	**480,038,019**
Total Revenue	**354,006,000**	**339,108,000**	**398,238,667**	**501,465,750**
Gross profit	**20,382,685**	**20,732,098**	**21,111,733**	**21,427,731**
Gross profit margin	5.8%	6.1%	5.3%	4.3%

Note: The sum of individual amounts may not equal the totals due to rounding.

HKD, unless otherwise stated

	Dec 2030 Projected	Dec 2031 Projected	Dec 2032 Projected
Maintenance-related direct costs			
Total maintenance-related direct costs	305,183,167	289,320,871	203,166,665
Total project and new works direct costs	150,027,533	220,461,538	251,530,777
Total cost of revenue	**455,210,700**	**509,782,409**	**454,697,441**
Total Revenue	**476,746,667**	**531,852,000**	**476,695,667**

	Dec 2030	Dec 2031	Dec 2032
	Projected	Projected	Projected
Gross profit	**21,535,967**	**22,069,591**	**21,998,226**
Gross profit margin	4.5%	4.1%	4.6%

Note: The sum of individual amounts may not equal the totals due to rounding.

Operating Expenses

Operating expenses mainly comprise administrative and other operating expenses, excluding depreciation and amortization, incurred in supporting the Target Company's engineering operations. Management projected operating expenses with reference to the historical cost base and the level of overhead required to support the forecast project pipeline. Operating expenses are projected to be approximately HKD 8.1 million in 2026, HKD 8.4 million in 2027, HKD 8.6 million in 2028, HKD 8.8 million in 2029, HKD 9.1 million in 2030, HKD 9.3 million in 2031 and HKD 9.6 million in 2032. Beyond 2032, a long-term growth rate of approximately 2.4% is adopted, with reference to the average forecast inflation rate for Hong Kong from 2026 to 2030, as sourced from the IMF World Economic Outlook Database, October 2025.

More specifically, the 2026 forecast is prepared by combining the actual administrative expense base for January to June 2026 with Management's budget for July to December 2026, and the subsequent forecast is developed line by line. Salaries and allowances, the largest component, are forecast at approximately HKD6.4 million in 2026 and are increased by 3.0% per annum to approximately HKD7.7 million in 2032. Office management fees are likewise increased by 3.0% per annum. Motor vehicle rental and most recurring utility, travelling, printing, staff-welfare and other office costs are generally increased by approximately 2.0% per annum. On this basis, operating expenses excluding depreciation and amortization and finance costs increase from approximately HKD8.1 million in 2026 to approximately HKD9.6 million in 2032, representing an annualized increase of approximately 3.0%.

HKD	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030
	Projected	Projected	Projected	Projected	Projected
Operating Expenses	8,052,990	8,399,160	8,626,509	8,832,238	9,073,357

HKD	Dec 2031	Dec 2032
	Projected	Projected
Operating Expenses	9,327,781	9,595,720

Depreciation and Amortization

Depreciation and amortization comprises depreciation of owned property, plant and equipment and right-of-use assets. The forecast was prepared with reference to the existing net book values, the remaining depreciation of right-of-use assets and the depreciation arising from forecast maintenance and replacement capital expenditure. Depreciation and amortization is projected at approximately HKD 1.364 million in 2026, HKD 1.361 million in 2027, HKD 1.363 million in 2028, HKD 1.388 million in 2029, HKD 1.413 million in 2030, HKD 1.203 million in 2031 and HKD 1.227 million in 2032. The decrease in 2031 primarily reflects the full depreciation of certain existing owned property, plant and equipment, which will no longer give rise to depreciation charges from 2031 onwards. The decrease is partly offset by the continued depreciation of the Target Company's right-of-use assets.

HKD	Dec 2026 Projected	Dec 2027 Projected	Dec 2028 Projected	Dec 2029 Projected	Dec 2030 Projected
Depreciation and Amortization	1,363,772	1,360,972	1,363,172	1,387,831	1,412,940

HKD	Dec 2031 Projected	Dec 2032 Projected
Depreciation and Amortization	1,202,707	1,226,541

Corporate Income Tax Rate

It is assumed that the taxable income generated by the Target Company will be subject to Hong Kong profits tax at the statutory rate of 16.5%. The financial projections also take into account deferred tax assets of approximately HKD12.8 million as at the Valuation Date. Subject to the availability of sufficient future taxable profits and the applicable tax regulations, the tax benefits arising from these deferred tax assets are assumed to be utilized to offset the income tax otherwise arising during the financial projection period. Accordingly, no cash tax outflow is projected from FY2026 to FY2031. The remaining deferred tax assets are expected to be fully utilized in FY2032, during which a partial cash tax outflow is projected. Thereafter, the statutory tax rate of 16.5% is applied in full to the normalized taxable income from FY2033 onward.

Capital Expenditure

Capital expenditure represents additions to owned property, plant and equipment and right-of-use assets required for daily operations. The forecast reflects recurring maintenance and replacement requirements, together with a specific motor vehicle addition in 2026. Capital expenditure is projected at approximately HKD 1.179 million in 2026, HKD 0.011 million in 2027, HKD 0.403 million in 2028, HKD 1.156 million in 2029, HKD 1.179 million in 2030, HKD 1.203 million in 2031 and HKD 1.227 million in 2032. The increase from 2029 principally reflects the assumed replacement of right-of-use assets as existing assets depreciate.

HKD	Dec 2026 Projected	Dec 2027 Projected	Dec 2028 Projected	Dec 2029 Projected	Dec 2030 Projected
Capital Expenditure	1,179,000	11,000	402,916	1,156,431	1,179,340

HKD	Dec 2031 Projected	Dec 2032 Projected
Capital Expenditure	1,202,707	1,226,541

Change in Working Capital

Working capital comprises trade debtors, deposits, prepayments and other receivables, contract assets, trade creditors, retentions payable, accruals and other payables, and contract liabilities. The forecast applies trade debtor and trade creditor turnover days of approximately 22.3 days and 22.8 days, respectively, derived from the relevant reported financial information. Relevant balance sheet ratios were also applied to deposits, prepayments and other receivables, contract assets, contract liabilities, retention payables and accruals and other payables. Net working capital is projected at approximately HKD 20.3 million in 2026, HKD 19.5 million in 2027, HKD 22.7 million in 2028, HKD 28.3 million in 2029, HKD 27.0 million in 2030, HKD 30.0 million in 2031 and HKD 27.0 million in 2032, resulting in the annual cashflow movements shown below.

HKD	Dec 2026 Projected	Dec 2027 Projected	Dec 2028 Projected	Dec 2029 Projected	Dec 2030 Projected
Working Capital	20,292,543	19,513,902	22,714,614	28,280,601	26,959,231
Cashflow Movement	(11,662,543)	778,641	(3,200,713)	(5,565,986)	1,321,370

HKD	Dec 2031 Projected	Dec 2032 Projected
Working Capital	29,953,279	26,985,344
Cashflow Movement	(2,994,048)	2,967,935

Beyond 2032, a long-term growth rate of approximately 2.4% is adopted, with reference to the average forecast inflation rate for Hong Kong from 2026 to 2030, as sourced from the IMF World Economic Outlook Database, October 2025.

DISCOUNT RATE ASSUMPTIONS

We have developed the discount rate, being the weighted average cost of capital, based on the following assumptions.

Cost of Equity

The cost of equity ("R_e"), the return a company's shareholders require to decide if an equity investment meets capital return requirements, was developed by us using the available data and factors relevant to the economy, and industry, in which the Target Company operates in. The Modified Capital Asset Pricing Model ("M.CAPM") was adopted to calculate the cost of equity.

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Modified Capital Asset Pricing Model

M.CAPM, as applied to this valuation, can be summarized as follows:

$$R_e = R_f + Beta \times ERP + RP_s + RP_u$$

Where	R_e:	Cost of Equity;
	R_f:	Risk Free Rate;
	Beta:	A measure of systematic risk;
	ERP:	Equity Risk Premium;
	RP_s:	Size Premium; and
	RP_u:	Specific Company Adjustment

Risk Free Rate ("R_f")

The risk-free rate, the theoretical rate of return of an investment with zero risk, was determined with reference to the current yields on government bonds of the operating markets where the Target Company is currently operated. Ideally, the duration of the security being used as an indication of the risk-free rate should match the maturing horizon of the projected cash flows being discounted, which is in perpetuity in the present case. Accordingly, we adopted the yield of 3.58% on the 30-year Hong Kong Government Bond as at the Valuation Date as the risk-free rate, based on data obtained from the Bloomberg Terminal.

Equity Risk Premium ("ERP")

Equity risk premium is the excess return an equity investor requires to compensate him/her for taking on relatively higher equity risks above zero risk. The result was referenced to generally calculated ERPs for similar companies as published by the renowned Professor Aswath Damodaran of New York University, best known and famous as an author of several widely used academic and practitioner texts on valuation, corporate finance, and investment management. Accordingly, we adopted an ERP of 4.69% for Hong Kong, based on the latest available data published by Professor Aswath Damodaran as at the Valuation Date.

Beta

Beta, or beta coefficient, is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Beta, when used in CAPM, is used to calculates the expected return of an asset based on its beta and expected market returns. We obtained the betas of the selected companies from the Guideline Public Companies table below. The identified betas were unlevered to remove the effects of financial leverage to ascertain relative risks as indicated by beta, and thereafter it was re-levered with the average beta of same group of companies in the aforesaid chart.

Selection of the Guideline Public Companies

The group of companies in the table below under the heading of "Guideline Public Companies" were selected and tabulated to assist us in computing beta and determining Re. A general description of each of the selected companies has been compiled below. The companies are engaged in similar businesses or are exposed to a similar extent of macro-economic risks as the Target Company.

In carrying out the selection process, we first established a broad universe of actively traded primary securities of companies listed in Hong Kong that operate in the construction, engineering, environmental services and electrical and mechanical engineering sectors. As an additional geographic screening criterion, at least 50% of each candidate's latest reported geographic segment revenue was required to be generated from Hong Kong. Potential candidates were initially identified using the Bloomberg Terminal and were subsequently reviewed with reference to their latest available annual reports, official corporate websites and other publicly available information.

The principal selection criteria included: (i) the nature of each candidate's principal activities and the degree of overlap with the Target Company's potable water and wastewater engineering infrastructure business; (ii) exposure to water treatment, wastewater treatment, drainage, plumbing, treatment-plant construction, related electrical and mechanical systems, maintenance or operation and maintenance services; (iii) the similarity of the project-based contracting, installation and service-delivery model; (iv) the requirement that at least 50% of the candidate's latest reported geographic segment revenue was generated from Hong Kong; (v) the materiality and identifiability of the relevant activities within the candidate's overall business; and (vi) the availability of sufficient public financial and market information for estimating beta and capital structure.

The screening was conducted progressively. Candidates without meaningful operating overlap, including companies focused mainly on general building construction, foundation or slope works, fitting-out, demolition or unrelated businesses, were excluded. Priority was given to companies with direct design, supply, installation, maintenance or operational exposure to water and wastewater systems. Where the number of direct peers was limited, the review was broadened to companies with relevant environmental engineering, drainage, plumbing or electrical and mechanical engineering capabilities, provided that the nature and extent of their differences from the Target Company could be reasonably identified.

Given the niche nature of the Target Company's principal activities and the limited availability of directly comparable listed companies, we further considered differences in scale, service mix, end-market exposure, diversification and the relative contribution of comparable activities. These factors were assessed collectively, rather than as mechanical pass-or-fail tests, to determine whether each company provided meaningful market evidence for estimating beta and gearing. Accordingly, the selected companies were considered to represent the closest reasonable market references available for the purpose of this valuation.

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Guideline Public Companies

	Guideline Public Companies
1	**New Concepts Holdings Limited (2221 HK)** New Concepts Holdings operates different business segments, including foundation works, civil engineering works, and general building works.
2	**Analogue Holdings Limited (1977 HK)** Analogue Holdings Limited operates different business segments, including the provision of solutions for the design, construction, operation and maintenance of systems for treatment of sewage, water, solid waste, sludge and gas. Information, Communication.
3	**Wai Kee Holdings Limited (610 HK)** Wai Kee Holdings operates different business segments, including the construction of civil engineering and building projects.
4	**FSE Lifestyle Services Limited (331 HK)** FSE Lifestyle Services Ltd operates different business segments, including the provision of engineering and consultancy services on installation.

Source: The latest available annual reports of the selected guideline public companies.

Summary of Beta

Applied Unlevered Beta	Re-leverage Beta
0.40	0.59

Size Premium ("RP_s")

RP_s, over the risk premium for the market, can be calculated by subtracting the estimated return in excess of the riskless rate from the realized return in excess of the riskless rate of companies. In this valuation, we applied a size premium of 7.06% in excess of the CAPM for companies classified as 10th deciles in the United States. We relied on the studies from Business Valuation Resources: CRSP decile size premia 1928-2025.

Specific Company Adjustment ("RP_u")

RP_u represents the unsystematic risk attributable to a specific company and is intended to reflect additional risk factors not captured by general market risk parameters. Company-specific risk factors may include, among others, intense competition, customer concentration, limited access to capital, dependence on key management, limited business diversification, environmental or litigation exposure, narrow distribution channels, technological obsolescence and an uncertain business outlook.

In determining the specific company adjustment, we considered the following principal factors:

- Uncertainty as to whether the Target Company can achieve its financial forecasts, particularly given the potential variability in project awards, execution schedules, operating margins and working-capital requirements; and

- The Target Company's specialised focus on sewage-treatment solutions, construction and engineering services, together with its significant concentration in government and government-related projects, exposes it to risks associated with project concentration, tender outcomes and public-sector procurement and approval processes. Any delay, suspension, cancellation, rescoping or non-renewal of such projects, including delays arising from government budgetary constraints or changes in public infrastructure priorities, could adversely affect the Target Company's project pipeline, revenue timing, resource utilisation, operating margins and cash flows. The Target Company is also exposed to cost overruns, regulatory requirements and fluctuations in demand for water and wastewater infrastructure projects.
- The Target Company is a privately held, unlisted company whose shares are not traded on a recognised stock exchange. Accordingly, there is no readily available public market for its shares, which may limit the ability of shareholders to realise their investments promptly and may result in lower marketability compared with shares of listed companies.

Having considered the above factors, we considered it appropriate to apply an RPu in valuing the 51% equity interest in the Target Company to reflect the additional company-specific risk. As such, a specific risk premium of 4% was adopted.

Conclusion on Cost of Equity

As such, we proceed to apply the M.CAPM formula to conclude the R_e.

Cost of Equity ("R_e") Conclusion

Risk-Free Return	3.58%
Beta	0.59
Equity Risk Premium	4.69%
Size Premium	7.06%
Specific Risk Premium	4.00%
Cost of Equity	17.43%

Note: The sum of individual amounts may not equal the total due to rounding.

Development of Cost of Debt

In estimating the cost of debt ("Rd"), we referred to the Target Company's actual borrowing rate as at the Valuation Date. Accordingly, a cost of debt of approximately 4.63% was adopted.

Development of Weighted Average Cost of Capital

WACC (being the discount rate in this valuation) is a calculation of a business enterprise's cost of capital in which each category of capital is proportionately weighted. The determined WACC has taken into account the median gearing of the group of Guideline Public Companies. We worked on the assumption that over time, and in order to stay competitive, the Target Company's financial gearing will approach and converge to the median gearing (and so as WACC) of those companies listed in Guideline Public Companies table. After having already determine the R_e and R_d, the calculation of the Target Company's WACC, or the discount rate, is illustrated as follows:

Weighted Cost of Capital Conclusion

Percentage Interest Bearing Debt	36.77%
Cost of Debt	4.63%
Marginal Tax Rate	16.50%
Weighted Cost of Debt (a)	1.42%
Percentage Equity	63.23%
Cost of Equity	17.43%
Weighted Cost of Equity (b)	11.02%
WACC, discount rate applied (rounded) (a)+(b)	12.44%

Note: The sum of individual amounts may not equal the total due to rounding.

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VALUATION RESULT SUMMARY

The discounted cash flows computation is summarized as below:

	2026	2027	2028	2029	2030	2031	2032
Forecast period	12 months	12 months	12 months	12 months	12 months	12 months	12 months
Revenue	354,006,000	339,108,000	398,238,667	501,465,750	476,746,667	531,852,000	476,695,667
Cost of Revenue	(333,623,315)	(318,375,902)	(377,126,934)	(480,038,019)	(455,210,700)	(509,782,409)	(454,697,441)
Gross Profit	**20,382,685**	**20,732,098**	**21,111,733**	**21,427,731**	**21,535,967**	**22,069,591**	**21,998,226**
Gross Margin	*5.8%*	*6.1%*	*5.3%*	*4.3%*	*4.5%*	*4.1%*	*4.6%*
Operating Expenses (excluding D&A)	(8,052,990)	(8,399,160)	(8,626,509)	(8,832,238)	(9,073,357)	(9,327,781)	(9,595,720)
EBITDA	**12,329,695**	**12,332,938**	**12,485,223**	**12,595,493**	**12,462,610**	**12,741,809**	**12,402,505**
Depreciation and Amortization	(1,363,772)	(1,360,972)	(1,363,172)	(1,387,831)	(1,412,940)	(1,202,707)	(1,226,541)
EBIT	**10,965,923**	**10,971,966**	**11,122,051**	**11,207,662**	**11,049,670**	**11,539,103**	**11,175,964**
EBIT Margin	*3.1%*	*3.2%*	*2.8%*	*2.2%*	*2.3%*	*2.2%*	*2.3%*
Taxation	–	–	–	–	–	–	(103,336)
Net Operating Profit After Tax	**10,965,923**	**10,971,966**	**11,122,051**	**11,207,662**	**11,049,670**	**11,539,103**	**11,072,628**
Add: Depreciation and Amortization	1,363,772	1,360,972	1,363,172	1,387,831	1,412,940	1,202,707	1,226,541
Capital Expenditure	(1,179,000)	(11,000)	(402,916)	(1,156,431)	(1,179,340)	(1,202,707)	(1,226,541)
Change in Net Working Capital	(11,662,543)	778,641	(3,200,713)	(5,565,986)	1,321,370	(2,994,048)	2,967,935
Free Cash Flow to Firm	**(511,848)**	**13,100,579**	**8,881,595**	**5,873,076**	**12,604,639**	**8,545,054**	**14,040,564**
Present Value of FCFF	**(482,703)**	**10,987,762**	**6,625,045**	**3,896,213**	**7,436,810**	**4,483,841**	**6,552,380**
						Sum of Present Value of Cash Flow	**39,499,348**

We referred to the Gordon Growth model to calculate the terminal value. Gordon Growth model, as applied to this valuation, can be summarized as follows:

Terminal Value = Normalized FCFF one year after the forecast period / (WACC - g)

Where WACC: Discount rate;
g: Perpetual growth rate

The following table shows the key financial figure adopted in our DCF model to calculate the terminal value:

Income Approach - DCF Method	31 December 2025 HKD
Normalized FCFF one year after the forecast period	8,916,369
Equity capitalization rate (WACC - g)	10.09%
Terminal value	88,403,419
Present value of terminal value	**41,255,668**

Note: The sum of individual amounts may not equal the totals due to rounding.

<u>Valuation Summary Result-Business Enterprise Value and Equity Value of the Target Company</u>

Income Approach - DCF Method	31 December 2025 HKD
Sum of present values	39,499,348
Present value of terminal value	41,255,668
Business Enterprise Value of the Target Company	**80,755,016**
Adjust by:	
Add: Cash and cash equivalents <Note>	23,769,000
Less: Interest-bearing borrowings <Note>	(20,000,000)
Less: Lease liabilities <Note>	(3,059,000)
Market Value of 100% Equity Interest in the Target Company	81,465,016
Market Value of 51% Equity Interest in the Target Company	41,547,158
Market Value of 51% Equity Interest in the Target Company (rounded)	**41,547,000**

Note: Cash and cash equivalents of HKD23,769,000, interest-bearing borrowings of HKD20,000,000 and lease liabilities of HKD3,059,000 are based on the adjusted statement of financial position as at the Valuation Date after the proposed capital reduction and related-party settlement. The sum of individual amounts may not equal the totals due to rounding.

SENSITIVITY ANALYSIS

For the conclusion under the core analysis based on the Income Approach, we have conducted the sensitivity analysis on the valuation conclusion using a perpetual growth rate of 2.4% and a discount rate of 12.4%, as follows.

Valuation (HK$'000)		Perpetual Growth Rate				
		1.4%	1.9%	**2.4%**	2.9%	3.4%
Discount Rate	10.4%	48,677	49,961	51,403	53,036	54,899
	11.4%	43,931	44,885	45,944	47,126	48,454
	12.4%	40,028	40,752	**41,547**	42,426	43,400
	13.4%	36,760	37,319	37,927	38,594	39,326
	14.4%	33,983	34,420	34,893	35,407	35,967

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STATEMENT OF LIMITING CONDITIONS

This valuation report relies upon the following contingent and limiting conditions:

1. We assume no responsibility for the legal matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable.
2. The business interest and subject business assets have been valued free and clear of any liens or encumbrances unless stated otherwise. No hidden or apparent conditions regarding the subject business assets or their ownership are assumed to exist.
3. All information provided by the client and others is thought to be accurate. However, we offer no assurance as to its accuracy.
4. Unless stated otherwise in this report, we have assumed compliance with the applicable local laws and regulations.
5. Absent a statement to the contrary, we have assumed that no hazardous conditions or materials exist which could affect the Target Company or its assets. However, we are not qualified to establish the absence of such conditions or materials, nor do we assume the responsibility for discovering the same.
6. The report may not fully disclose all the information sources, discussions and business valuation methodologies used to reach the conclusion of value. Supporting information concerning this report is on file with our company.
7. The valuation analysis and conclusion of value presented in the report are for the purpose of this engagement only and are not to be used for any other reason, any other context or by any other person except the client to whom the report is addressed.
8. The opinion of value expressed in this report does not obligate us attend court proceedings with regard to the subject business assets, properties or business interests, unless such arrangements have been made previously.
9. Possession of this report does not imply a permission to publish the same or any part thereof. No part of this report is to be communicated to the public by means of advertising, news releases, sales and promotions or any other media without a prior written consent and approval by us.
10. This report is valid only for the date specified herein.

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CONCLUSION OF VALUE

In conclusion, based on the analyses as fully described in this valuation report and the valuation methodologies which we have employed, we are of the opinion that the Market Value of the 51% equity interest in the Target Company as at 31 December 2025 is as follows.

Subject of Valuation	Valuation Result
Market Value of the 51% equity interest in the Target Company as at 31 December 2025	HKD 41,547,000

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained.

This valuation report is issued subject to our general service conditions.

Yours faithfully,

For and on behalf of

VALTECH VALUATION ADVISORY LIMITED

For and on behalf of
Valtech Valuation Advisory Limited
方程評估有限公司
Valtech Valuation Advisory Ltd
Authorized Signature(s)

VALUERS' PROFESSIONAL DECLARATION

We hereby certify that we have neither present nor any prospective interests in the subject under valuation. Moreover, we have neither personal interests nor any bias with respect to any of the parties involved.

To the best of our knowledge and belief, our analyses, opinions and conclusion of value as set out in this report have been prepared independently and objectively, subject to the assumptions, information relied upon and limiting conditions stated in this report.

In conducting this valuation exercise, we have considered the information made available to us by the Management and other relevant information considered appropriate for the purpose of this engagement. We are not aware of any material facts relevant to the valuation conclusion that have been intentionally omitted or disregarded.

Save for the professional fee payable to us in connection with this engagement, we confirm that we have no arrangement to receive any other fees or benefits from the Company, the Target Company, the Management or any other parties involved in the proposed disposal. Our remuneration is not contingent upon the valuation conclusion, the amount of value assessed, the completion of the proposed disposal, the occurrence of any subsequent event, or the reporting of a predetermined value or direction in value that favours the interests of any party.

We further confirm that our analyses and this valuation report have been prepared in accordance with the International Valuation Standards published by the International Valuation Standards Council, based on the scope of work performed, information available to us and assumptions adopted as set out in this report.

INVOLVED STAFF BIOGRAPHY

Marvin Wong, FCPA

Mr. Wong has 15 years of experience in the professional services industry, specializing in auditing, internal control advisory, financial due diligence, and business valuation. Mr. Wong has over 10 years of experience in valuation, gaining extensive expertise in this field.

Mr. Wong is proficient in various valuation methodologies, including business valuation, intangible assets valuation, purchase price allocation, expected credit loss assessment, and actuarial valuation. He provides valuation services primarily to support financial reporting, mergers and acquisitions, tax filing, fundraising, and litigation purposes. Additionally, he has prepared valuation reports for listed companies in Hong Kong related to public disclosures concerning substantial corporate actions, including acquisitions and disposals of assets and groups of companies.

His valuation targets encompass a wide range of industries and assets, including but not limited to:

- Crypto funds
- Biological asset planting bases
- Toll road operators
- Properties under development
- In vitro diagnostics businesses
- Educational institutions
- Fitness businesses
- Manufacturing firms
- Healthcare companies
- SFC-licensed corporations

Mr. Wong has been appointed by various private and Hong Kong-listed companies to evaluate valuation targets across Hong Kong, Mainland China, Taiwan, Singapore, Australia, the Philippines, and other locations. His diverse experience spans multiple industries, including food and beverage, financial services, hospitality, mining, shipbuilding, pharmaceuticals, agriculture, trading, e-platforms, marketing, peer-to-peer microlending, waste management, and intelligent parking.

He is also skilled in intangible asset valuation, covering customer relationships, trademarks, franchise agreements, mining rights, patents, distribution networks, and concession rights.

Jimmy Wong, *CPA, CFA, FRM, MFin, ABV (AICPA)*

Mr. Wong has solid experience in providing corporate valuation advisory and related consulting services in the past 15 years. Before joining Valtech Valuation, he gained rich exposure in valuation and related party transfer pricing consulting at a Big 4 accounting firm and a renowned valuation advisory group. Mr. Wong has led and signed off hundreds of valuations for a broad clientele, including private equity and venture capital funds, publicly listed and private groups, and state-owned enterprises, meeting the purpose of financial reporting, portfolio valuations, public listing and transactions, strategic restructuring, fundraising, litigation and dispute resolution, global tax compliance.

Throughout his career, Mr. Wong has gained client trust through navigating numerous challenging valuation agenda for high-profile projects led by renowned conglomerates, enterprises and organisations, and many listed groups in Hong Kong. His covers industries such as technology, media, and telecommunications, power utilities and renewable energy, automotive, banking and brokerage, venture capitalist and startups, biological and mining assets. Mr. Wong is awarded a lifetime member of the Beta Gamma Sigma Honour Society for his commitment on academic excellence in finance.

Keith Lui, CFA, FRM

Mr. Lui is a bachelor of science in quantitative finance and risk management science in university and has been working in the professional valuation field since 2013. Mr. Lui has been joining in business valuation industries for private and listed Company for the purposes of financial reporting, initial public offerings, mergers and acquisitions and financing since graduation. The scope of services includes business valuation, intangible asset valuation and financial instruments valuation.

He has participated in many representative projects, such as valuation of metal mining and processing in the PRC, oil and gas extraction in the United States and Canada, logistic hub in Singapore, container port in Brazil and household cleaning products in the United Kingdoms. The valuation reports prepared by Mr. Lui has been referenced by Hong Kong listed Company in their circulars, including Company in agriculture, mining, internet and real estate sectors.

Matthew Leung, *CPA, CFA, FRM*

Mr. Leung has over ten years of experience in the valuation of businesses and intangible assets. He has extensive experience in providing valuation and business consulting services to both public and private companies for financial reporting, tax, litigation support, and mergers and acquisitions.

He is also experienced in the valuation of intangible assets, including customer relationships, trademarks, franchise agreements, mining rights, and patents. His industry experience spans consumer and industrial products, real estate, technology and media, alternative energy, financial services, utilities and infrastructure, forestry, gaming, and mining. His clients include both private and listed companies based in China and Hong Kong.

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GENERAL SERVICE CONDITIONS

The service(s) we provide will conform to the professional appraisal standard. The proposed service fee is not contingent in any way upon our conclusions of value or result. All the data provided to us are assumed to be accurate without independent verification. As an independent contractor, we have and will reserve the right to use subcontractors. Furthermore, we have the right to retain all files, working papers or documents developed by us during the engagement for as long as we wish, which will also be our property.

The report we prepare is prohibited for any other use but only for the specific purpose stated herein. No reliance may be made by any third party on the report or part thereof without our prior written consent. The report along with this General Services Conditions could be shown to the third parties who need to review the information contained herein.

No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent. You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including all fees of lawyers, including ours and the parties successfully suing us, to which we may become subject in connection with this engagement except in respect of our own negligence. Your obligation for indemnification and reimbursement shall extend to any of our management and employees, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless the nature of the claim, such liability will be limited to the amount of fees we received for this engagement.

We will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative processes or proceedings. Meanwhile, we reserve the right to include your company/firm name in our client list.

The conditions stated in this section can only be modified by written documents executed by both parties.

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END OF REPORT