
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **HK Asia Holdings Limited**, you should at once hand this Response Document to the purchaser(s) or transferee(s) or the 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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HK Asia Holdings Limited
港亞控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1723)

**RESPONSE DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFER BY
GET NICE SECURITIES LIMITED
FOR AND ON BEHALF OF
THE JOINT OFFERORS
TO ACQUIRE ALL THE ISSUED SHARES IN
HK ASIA HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY THE JOINT OFFERORS
AND/OR PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

Independent Financial Adviser to the Independent Board Committee



Unless the context requires otherwise, capitalised terms used on this cover page shall have the same meanings as those defined in this Response Document.

A letter from the Board is set out on pages 9 to 22 of this Response Document. A letter from the Independent Board Committee to the Independent Shareholders containing its recommendations is set out on pages 23 to 24 of this Response Document. A letter from Gram Capital containing its advice in respect of the Offer to the Independent Board Committee is set out on pages 25 to 42 of this Response Document.

This Response Document will remain on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hkasiaholdings.com>) as long as the Offer remains open. In case of any inconsistency, the English language texts of this Response Document shall prevail over the Chinese texts for the purpose of interpretation.

28 February 2025

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EXPECTED TIMETABLE

The expected timetable of the Offer together with the notes thereto below is extracted from the Offer Document (with appropriate adjustments) for reference and has been revised in view of the delay in the despatch of this Response Document as mentioned in the joint announcement of Company and the Joint Offerors dated 21 February 2025.

The revised expected timetable set out below is indicative and may be subject to change. Further announcement(s) will be made in the event of any further changes to the timetable as and when appropriate. Unless otherwise specified, all time and dates in the timetable below refer to Hong Kong time and dates.

Event	Time & Date
Despatch date of the Offer Document and the accompanying Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Friday, 7 February 2025
Date of posting of this Response Document (<i>Note 2</i>)	Friday, 28 February 2025
Latest time and date for acceptance of the Offer on the Closing Date (<i>Notes 3, 4 and 5</i>)	4:00 p.m. on Friday, 14 March 2025
Announcement of the results of the Offer as at the Closing Date to be posted on the website of the Stock Exchange (<i>Note 3</i>)	no later than 7:00 p.m. on Friday, 14 March 2025
Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offer on or before 4:00 p.m. on the Closing Date (<i>Notes 4 and 6</i>)	Tuesday, 25 March 2025

Notes:

1. The Offer, which is unconditional, is open for acceptance on and from Friday, 7 February 2025, being the date of the Offer Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.
2. In accordance with the Takeovers Code, the Company is required to post this Response Document no later than 14 days after the date of the Offer Document, unless the Executive consents to a later date. Such consent will only be given if the Joint Offerors agree to extend the Closing Date by the number of days in respect of which the delay in the posting of this Response Document is agreed. As disclosed in the joint announcement of the Company and the Joint Offerors dated 21 February 2025, as the Company required additional time to finalise the information in this Response Document, an application was made to the Executive pursuant to Rule 8.4 of the Takeovers Code for its consent to extend the deadline for the despatch of this Response Document to a date falling on or before 28 February 2025 (being 7 days after the original deadline of 21 February 2025 for the despatch of the Response Document). The Joint Offerors have agreed to such extension and as disclosed in the joint announcement of the Company and the Joint Offerors dated 21 February 2025, the Executive has indicated that it is minded to grant such consent.
3. In accordance with the Takeovers Code, where this Response Document is posted after the date on which the Offer Document is posted, the Offer must initially be opened for acceptance for at least 28 days after the date of the Offer Document. In view of the delay in the despatch of this Response Document as mentioned in the

EXPECTED TIMETABLE

joint announcement of the Company and the Joint Offerors dated 21 February 2025, the Closing Date has been extended to 14 March 2025. The Offer will be closed at 4:00 p.m. on the Closing Date unless the Joint Offerors revise or extend the Offer in accordance with the Takeovers Code. The Joint Offerors have the right under the Takeovers Code to extend the Offer until such date as they may determine subject to compliance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). An announcement will be issued by the Joint Offerors through the website of the Stock Exchange by 7:00 p.m. on the Closing Date, stating the results of the Offer and whether the Offer has been revised or extended to another closing date or until further notice. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code.

4. If there is a tropical cyclone warning signal number 8 or above or a black rainstorm warning signal in force or “extreme conditions” announced by the government of Hong Kong (i) in force in Hong Kong at any local time before 12:00 noon but no longer in force at 12:00 noon and/or thereafter on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and the date of posting of remittances will remain on the same Business Day; or (ii) in force in Hong Kong at any local time at 12:00 noon and/or thereafter on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will be rescheduled to the following Business Day and the date of posting of remittances will be rescheduled to the following Business Day which does not have either of those warnings in force in Hong Kong at 12:00 noon and/or thereafter.
5. Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in the section headed “PROCEDURES FOR ACCEPTANCE OF THE OFFER” in Appendix I to the Offer Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Acceptances of the Offer are irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to the section headed “RIGHT OF WITHDRAWAL” in Appendix I to the Offer Document for further information on the circumstances where acceptances may be withdrawn.
6. Remittances in respect of the Offer Shares (after deducting the sellers’ ad valorem stamp duty, as applicable) tendered for acceptance under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event no later than seven (7) Business Days after the date on which the duly completed Form of Acceptance and the relevant documents of title of the Offer Shares are received by the Registrar to render each of such acceptance of the Offer complete and valid in accordance with the Takeovers Code. Please refer to the sections headed “PROCEDURES FOR ACCEPTANCE OF THE OFFER” and “SETTLEMENT” in Appendix I to the Offer Document and the accompanying Form of Acceptance for further information.

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

DEFINITIONS

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

“2022 Annual Report”	the annual report of the Company for the year ended 31 March 2022
“2022 Financial Statements”	the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the consolidated financial statements of the Group for the year ended 31 March 2022
“2023 Annual Report”	the annual report of the Company for the year ended 31 March 2023
“2023 Financial Statements”	the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the consolidated financial statements of the Group for the year ended 31 March 2023
“2023 Interim Report”	the interim report of the Company for the six months ended 30 September 2023
“2024 Annual Report”	the annual report of the Company for the year ended 31 March 2024
“2024 Financial Statements”	the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the consolidated financial statements of the Group for the year ended 31 March 2024
“2024 Interim Financial Statements”	the unaudited condensed consolidated statement of financial position, unaudited condensed consolidated statement of cash flows and any other primary statement as shown in the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2024
“2024 Interim Report”	the interim report of the Company for the six months ended 30 September 2024
“Acquisition”	the acquisition of an aggregate of 281,070,000 Sale Shares from the Vendor by the Joint Offerors pursuant to the terms and conditions of the Sale and Purchase Agreement
“Acquisition Completion”	completion of the Acquisition
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code

DEFINITIONS

“associated company”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	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
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirement relating to the operations and functions of CCASS, as from time to time in force
“Circular”	the circular to be despatched by the Company to the Shareholders in respect of the Subscription and the Proposed Change of Company Name
“Closing Date”	Friday, 14 March 2025, the closing date of the Offer (as extended from the original closing date of 7 March 2025 with the agreement of the Joint Offerors), or if the Offer is further extended, any subsequent closing date as the Joint Offerors may determine and announce with the consent of the Executive and in accordance with the Takeovers Code
“Company”	HK Asia Holdings Limited (港亞控股有限公司) (stock code: 1723), an exempted company incorporated in the Cayman Islands with limited liability on 5 May 2016, the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration for the Sale Shares pursuant to the Sale and Purchase Agreement being HK\$126,481,500 in aggregate
“Convertible Notes”	2-year convertible notes in the aggregate principal amount of HK\$33,750,000 to be issued by the Company to the Subscribers, pursuant to the Subscription Agreement
“Conversion Price”	the conversion price of HK\$0.45 per Conversion Share
“Conversion Rights”	the conversion rights attaching to the Convertible Notes

DEFINITIONS

“Conversion Shares”	the 75,000,000 new Shares which may fall to be allotted and issued to the Subscribers at the initial Conversion Price of HK\$0.45, credited as fully paid, upon full exercise of the Conversion Rights by the Subscribers
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Facility”	the non-revolving term loan facility granted by Get Nice Securities to the Joint Offerors under the Facility Agreement, to finance the consideration payable for the Offer, which is secured by the Share Charges
“Facility Agreement”	the facility agreement dated 14 January 2025 entered into among each of the Joint Offerors as borrowers and Get Nice Securities as lender in respect of the Facility
“Form of Acceptance”	the form of acceptance and transfer of the Offer Share(s) in respect of the Offer accompanying the Offer Document
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Get Nice Securities”	Get Nice Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the agent making the Offer on behalf of the Joint Offerors, and the facility provider to the Joint Offerors in respect of the Offer
“Group”	the Company together with its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Board established pursuant to the Takeovers Code comprising all the non-executive Directors and independent non-executive Directors, who have no direct or indirect interest in the Offer, namely Mr. Ritchie Ma, Mr. Lam Kin Lun Davie, Ms. Cheung Yuet Ngo Flora, Mr. Lee Kwan Ho, Vincent Marshall, Mr. Kwok Wai Leung, Stanley and Mr. Fok Kam Chau and formed for the purpose of advising the Independent Shareholders in respect of the Offer
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee in respect of the Offer
“Independent Shareholder(s)”	the Shareholders other than the Joint Offerors and the Joint Offerors’ Concert Parties
“Joint Announcement”	the joint announcement of the Company and the Joint Offerors dated 20 January 2025 in relation to, among others, the Acquisition, the Offer, the Subscription and the Proposed Change of Company Name
“Joint Offerors”	collectively, Purchaser 1, Purchaser 2, Purchaser 3 and Purchaser 4
“Joint Offerors’ Concert Parties”	party(ies) acting in concert and presumed to be acting in concert with any of the Joint Offerors as determined in accordance with the Takeovers Code
“Last Trading Day”	10 January 2025, being the last trading day of the Shares before the publication of the Joint Announcement
“Latest Practicable Date”	25 February 2025, 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
“Mr. David Bailey”	Mr. David Forrest Bailey, one of the New Directors, who also owns approximately 33.33% of UTXO Management GP, LLC, which is the general partner of Purchaser 1

DEFINITIONS

“Mr. Jason Fang”	Mr. Fang Jason Kin Hoi, one of the New Directors, who is also the sole director of Purchaser 2 and has interests in Purchaser 2 as disclosed in paragraph 3(b)(ii)(b) of Appendix II to this Response Document
“Mr. John Riggins”	Mr. John Edwin Riggins, one of the New Directors
“Ms. Mary Wong”	Ms. Wong Fung Yee Mary, one of the New Directors, who is also one of the directors of Purchaser 4
“New Directors”	Mr. David Bailey, Mr. John Riggins, Mr. Jason Fang and Ms. Mary Wong, being the new executive Directors nominated by the Joint Offerors and appointed to the Board on 12 February 2025
“Offer”	the mandatory unconditional cash offer being made by Get Nice Securities for and on behalf of the Joint Offerors to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Joint Offerors and/or parties acting in concert with any of them) on the basis set out in the Offer Document and accompanying Form of Acceptance, and any subsequent revision of such offer
“Offer Document”	the offer document issued by the Joint Offerors to the Independent Shareholders dated 7 February 2025 in accordance with the Takeovers Code containing, among others, information relating to the Joint Offerors, details of the Offer and the Form of Acceptance
“Offer Period”	the period commencing from 20 January 2025, being the date of the Joint Announcement, until the Closing Date
“Offer Price”	the price at which the Offer is being made, being HK\$0.45 per Offer Share
“Offer Shares”	all the Shares in issue, other than those already owned or agreed to be acquired by the Joint Offerors and/or parties acting in concert with any of them
“Pre-paid Products”	SIM cards and top-up vouchers
“Proposed Change of Company Name”	the proposal by the Board to change the English name of the Company from “HK Asia Holdings Limited” to “Moon Inc.” and the dual foreign name in Chinese of the Company from “港亞控股有限公司” to “恆月控股有限公司”

DEFINITIONS

“Profit Estimate”	the decrease in the Group’s profits for the nine months ended 31 December 2024 as compared to that for the nine months ended 31 December 2023 as referred to in paragraph (a) of the section headed “Material Change” in Appendix I to this Response Document, which constitutes a profit forecast under Rule 10.6 of the Takeovers Code
“Purchaser 1” or “Subscriber 1”	210K Capital, LP, a limited partnership formed in the State of Delaware in August 2019 with limited liability, also being one of the Subscribers under the Subscription Agreement
“Purchaser 1 Share Charge”	the share charge dated 14 January 2025 entered into between Get Nice Securities as chargee and Purchaser 1 as chargor whereby Purchaser 1 has agreed to charge to Get Nice Securities as security for the Facility all of its Sale Shares upon Acquisition Completion and the Offer Shares to be acquired by it (if any) under the Offer
“Purchaser 2” or “Subscriber 2”	Sora Valkyrie Limited, a company incorporated in the British Virgin Islands with limited liability, also being one of the Subscribers under the Subscription Agreement
“Purchaser 2 Share Charge”	the share charge dated 14 January 2025 entered into between Get Nice Securities as chargee and Purchaser 2 as chargor whereby Purchaser 2 has agreed to charge to Get Nice Securities as security for the Facility all of its Sale Shares upon Acquisition Completion and the Offer Shares to be acquired by it (if any) under the Offer
“Purchaser 3” or “Subscriber 3”	Top Legend SPC, an exempted company incorporated with limited liability and registered as a segregated portfolio company incorporated in the Cayman Islands acting for and on behalf of one of its segregated portfolios Aces SP (being a fund incorporated in the Cayman Islands), also being one of the Subscribers under the Subscription Agreement
“Purchaser 3 Share Charge”	the share charge dated 14 January 2025 entered into between Get Nice Securities as chargee and Purchaser 3 as chargor whereby Purchaser 3 has agreed to charge to Get Nice Securities as security for the Facility all of its Sale Shares upon Acquisition Completion and the Offer Shares to be acquired by it (if any) under the Offer
“Purchaser 4” or “Subscriber 4”	Allied Top Investments Limited, a company incorporated in the British Virgin Islands, also being one of the Subscribers under the Subscription Agreement

DEFINITIONS

“Purchaser 4 Share Charge”	the share charge dated 14 January 2025 entered into between Get Nice Securities as chargee and Purchaser 4 as chargor whereby Purchaser 4 has agreed to charge to Get Nice Securities as security for the Facility all of its Sale Shares upon Acquisition Completion and the Offer Shares to be acquired by it (if any) under the Offer
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Relevant Period”	the period commencing on the date falling six months preceding 20 January 2025, being the date of the Joint Announcement, up to and including the Latest Practicable Date
“Response Document”	this response document dated 28 February 2025 issued by the Company in response to the Offer
“Sale and Purchase Agreement”	the sale and purchase agreement dated 14 January 2025 and entered into among the Joint Offerors and the Vendor in relation to the Acquisition
“Sale Shares”	an aggregate of 281,070,000 Shares, comprising 95,563,800 Shares acquired by Purchaser 1, 92,753,100 Shares acquired by Purchaser 2, 46,376,550 Shares acquired by Purchaser 3 and 46,376,550 Shares acquired by Purchaser 4 pursuant to the Sale and Purchase Agreement, representing an aggregate of approximately 70.26% of the total issued share capital of the Company as at the Latest Practicable Date
“Share Charges”	collectively, the Purchaser 1 Share Charge, Purchaser 2 Share Charge, Purchaser 3 Share Charge and Purchaser 4 Share Charge
“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 HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, Subscriber 1, Subscriber 2, Subscriber 3 and Subscriber 4

DEFINITIONS

“Subscription”	the subscription of the Convertible Notes by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 January 2025 entered into by the Subscribers and the Company in respect of the Subscription
“Subscription Completion”	completion of the Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC
“US\$”	United States dollars, the lawful currency of the United States
“Vendor”	Mr. Siu Muk Lung, the chairman of the Board and an executive Director
%	per cent

LETTER FROM THE BOARD

HK Asia Holdings Limited
港亞控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1723)

Executive Directors:

Mr. Siu Muk Lung (*Chairman*)
Mr. Chung Chi Fai (*General Manager*)
Mr. David Forrest Bailey
Mr. John Edwin Riggins
Mr. Fang Jason Kin Hoi
Ms. Wong Fung Yee Mary

Registered Office:

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

Non-executive Directors:

Mr. Ritchie Ma
Mr. Lam Kin Lun Davie
Ms. Cheung Yuet Ngo Flora

*Headquarters and Principal Place of
Business in Hong Kong:*

24th Floor, Chun Wo Commercial Centre
23 Wing Wo Street, Sheung Wan
Hong Kong

Independent non-executive Directors:

Mr. Lee Kwan Ho, Vincent Marshall
Mr. Kwok Wai Leung, Stanley
Mr. Fok Kam Chau

28 February 2025

To the Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
GET NICE SECURITIES LIMITED
FOR AND ON BEHALF OF
THE JOINT OFFERORS
TO ACQUIRE ALL THE ISSUED SHARES IN
HK ASIA HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY THE JOINT OFFERORS
AND/OR PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

References are made to the Joint Announcement dated 20 January 2025 jointly issued by the Joint Offerors and the Company, and the Offer Document dated 7 February 2025 issued by the Joint Offerors.

LETTER FROM THE BOARD

On 14 January 2025, (i) the Joint Offerors and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Joint Offerors purchased and the Vendor sold the Sale Shares, being 281,070,000 Shares, representing approximately 70.26% of the issued share capital of the Company as at the date of the Joint Announcement, for the Consideration of HK\$126,481,500 (being HK\$0.45 per Sale Share); and (ii) the Company and the Subscribers entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and the Subscribers conditionally agreed to subscribe, in cash, for the Convertible Notes in the principal amount of HK\$33,750,000, which may be converted into 75,000,000 Conversion Shares at the initial Conversion Price of HK\$0.45 per Conversion Share upon exercise of the Conversion Rights in full. Acquisition Completion took place on 15 January 2025. Subscription Completion is conditional on, among other things, Acquisition Completion and the close of the Offer. Further details of the Subscription will be set out in the Circular.

As stated in the Offer Document, immediately prior to Acquisition Completion, the Joint Offerors and the Joint Offerors' Concert Parties did not hold, own, control or have direction over any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Acquisition Completion and as at 6 February 2025 (being the latest practicable date prior to the printing of the Offer Document for ascertaining certain information contained therein), the Joint Offerors and the Joint Offerors' Concert Parties were interested in an aggregate of 281,070,000 Shares, representing approximately 70.26% of the then issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Joint Offerors are required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Joint Offerors and/or parties acting in concert with any of them).

On 7 February 2025, the Joint Offerors despatched the Offer Document and the accompanying Form of Acceptance setting out details of the Offer.

As at the Latest Practicable Date, taking into consideration valid acceptances in respect of a total of 44,000 Offer Shares under the Offer and assuming that the transfer of such Offer Shares tendered for acceptance has been completed in accordance with the terms of the Offer, the Joint Offerors and the parties acting in concert with any of them were interested in a total of 281,114,000 Shares, representing approximately 70.28% of the total issued share capital of the Company.

The purpose of this Response Document is to provide you with, among others, information relating to the Group, the recommendations from the Independent Board Committee, and the advice from Gram Capital in respect of the Offer.

OFFER

The information relating to the Offer below is extracted (with appropriate adjustments) from the Offer Document.

Principal Terms of the Offer

Get Nice Securities, for and on behalf of the Joint Offerors and in compliance with the Takeovers Code, is making the Offer to acquire all the Offer Shares on the following basis:

LETTER FROM THE BOARD

For each Offer Share HK\$0.45 in cash

The Offer Price of HK\$0.45 per Offer Share under the Offer is equivalent to (i) the purchase price of HK\$0.45 per Sale Share paid by the Joint Offerors to the Vendor; and (ii) the Conversion Price of HK\$0.45 per Conversion Share.

Comparison of value

The Offer Price of HK\$0.45 per Offer Share represents:

- (i) a discount of approximately 91.80% to the closing price of HK\$5.49 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 5.26% to the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 4.26% to the average of the closing prices as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day of HK\$0.47 per Share;
- (iv) a premium of approximately 11.52% over the average of the closing prices as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day of HK\$0.4035 per Share;
- (v) a premium of approximately 41.73% over the average of the closing prices as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day of HK\$0.3175 per Share;
- (vi) a premium of approximately 71.05% over the Group's unaudited consolidated net assets attributable to the Shareholders per Share of approximately HK\$0.263 as at 30 September 2024 (calculated based on (i) a total of 400,000,000 Shares as at the Latest Practicable Date and (ii) the Group's unaudited consolidated net assets attributable to the Shareholders of HK\$105,230,000 as at 30 September 2024); and
- (vii) a premium of approximately 44.53% over the Group's audited consolidated net assets attributable to the Shareholders per Share of approximately HK\$0.311 as at 31 March 2024 (calculated based on (i) a total of 400,000,000 Shares as at the Latest Practicable Date and (ii) the Group's audited consolidated net assets attributable to the Shareholders of HK\$124,539,000 as at 31 March 2024).

Highest and lowest Share prices

During the Relevant Period:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$6.60 on 24 February 2025; and

LETTER FROM THE BOARD

- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.203 per Share on 26 July 2024.

The Joint Offerors will acquire the Offer Shares tendered for acceptance by the Independent Shareholders in accordance with the terms of the Offer in the proportion of 34.00% by Purchaser 1, 33.00% by Purchaser 2, 16.50% by Purchaser 3 and 16.50% by Purchaser 4. Each of the Joint Offerors will pay for the Offer Shares tendered under the Offer according to the aforesaid proportion. In the event any fractional entitlements to the Offer Shares arises due to the proportionment, fractions of the Offer Shares will be aggregated and be acquired by Purchaser 1.

The Offer is unconditional in all aspects.

The Joint Offerors have confirmed that the Offer Price is final and will not be increased.

Dealings in securities in the Company

Save for the purchase of the Sales Shares, the entering into of the Subscription Agreement and having received valid acceptances up to the Latest Practicable Date in respect of a total of 44,000 Offer Shares under the Offer (assuming that the transfer of such 44,000 Offer Shares has been completed in accordance with the terms of the Offer), the Joint Offerors and Joint Offeror's Concert Parties have not dealt in the Shares, options, convertible securities, warrants or derivatives of the Company during the Relevant Period.

Value of the Offer

As at the Latest Practicable Date, there were 400,000,000 Shares in issue. On the basis of the Offer Price of HK\$0.45 per Offer Share, the entire issued share capital of the Company is valued at approximately HK\$180,000,000. Assuming that there is no change in the issued share capital of the Company and based on the Offer Price of HK\$0.45 per Offer Share, 118,930,000 Shares will be subject to the Offer and the maximum amount of cash payable by the Joint Offerors in respect of full acceptance of the Offer will be HK\$53,518,500.

Effect of accepting the Offer

Acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are free from all encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of the Offer Document.

As at the Latest Practicable Date, the Company did not have any dividends or distributions announced, declared, recommended or made but unpaid and the Board has no intention to declare or pay any future dividend or make other distributions prior to and including the Closing Date.

Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

LETTER FROM THE BOARD

Further details of the Offer

Please refer to the Offer Document and the Form of Acceptance for further details of the terms of the Offer and the procedures for acceptance.

INFORMATION ON THE GROUP

The Group is principally engaged in the wholesale and retail sales of Pre-paid Products in Hong Kong.

The following table is a summary of certain consolidated financial information of the Group for the two financial years ended 31 March 2023 and 31 March 2024 as extracted from the 2024 Annual Report, and for the six months ended 30 September 2023 and 30 September 2024 as extracted from the 2024 Interim Report:

	For the year ended		For the six months ended	
	31 March		30 September	
	2023	2024	2023	2024
	HK\$ 000	HK\$ 000	HK\$ 000	HK\$ 000
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	204,568	252,383	129,004	98,542
Profit before taxation	4,450	17,274	13,041	827
Profit for the year attributable to owners of the Company	3,940	14,842	10,841	691
				As at 30
		As at 31 March	September	September
		2023	2024	2024
		HK\$ 000	HK\$ 000	HK\$ 000
		(audited)	(audited)	(unaudited)
Net assets		169,697	124,539	105,230

After 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date, the Company has declared a special dividend of HK\$0.05 per Share on 20 September 2024 (with a total amount of HK\$20,000,000, which was paid on 17 October 2024). Save for the aforesaid special dividend, no other dividend has been declared by the Company after 31 March 2024 and up to and including the Latest Practicable Date. The Company does not have any intention to make, declare or pay any future dividends or make other distributions during the Offer Period.

Further details of the Group's financial information are set out in Appendix I to this Response Document.

LETTER FROM THE BOARD

Your attention is also drawn to the statement relating to the Profit Estimate as referred to in paragraph (a) of the section headed “Material Change” in Appendix I to this Response Document. As the Profit Estimate constitutes a profit forecast under Rule 10.6 of the Takeovers Code, it is required to be reported on in accordance with Rule 10.3 of the Takeovers Code. Please refer to the respective reports on the Profit Estimate by the auditor of the Company and Gram Capital in Appendix III and Appendix IV to this Response Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to Acquisition Completion; (ii) immediately upon Acquisition Completion and as at the date of the Joint Announcement but prior to the Offer being made; and (iii) as at the Latest Practicable Date.

	Immediately prior to Acquisition Completion		Immediately upon Acquisition Completion and as at the date of the Joint Announcement but prior to the Offer being made		As at the Latest Practicable Date	
	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate
		percentage (%)		percentage (%)		percentage (%)
Joint Offerors/Subscribers						
Purchaser 1	-	-	95,563,800	23.89	95,578,760	23.89
					<i>(note 3(a))</i>	
Purchaser 2	-	-	92,753,100	23.19	92,767,620	23.19
					<i>(note 3(b))</i>	
Purchaser 3	-	-	46,376,550	11.59	46,383,810	11.60
					<i>(note 3(c))</i>	
Purchaser 4	-	-	46,376,550	11.59	46,383,810	11.60
					<i>(note 3(d))</i>	
Sub-total of Joint Offerors/ Subscribers	-	-	281,070,000	70.26	281,114,000	70.28
Vendor	281,070,000	70.26	-	-	-	-
Public Shareholders						
Chan Hung Kai	20,014,000	5.00	20,014,000	5.00	105,100	0.02
	<i>(note 1)</i>		<i>(note 1)</i>		<i>(note 2)</i>	
Other public Shareholders	98,916,000	24.73	98,916,000	24.73	118,780,900	29.70
Sub-total of public Shareholders	118,930,000	29.73	118,930,000	29.73	118,886,000	29.72
Total	400,000,000	100.00	400,000,000	100.00	400,000,000	100.00

LETTER FROM THE BOARD

Notes:

- (1) Based on the disclosure of interest filing made by Chan Hung Kai on 30 October 2024, it appears that such Shareholder and/or two companies wholly-owned by such Shareholder (namely Asean Entertainment Group Limited and Ariza Company Limited) was/were interested in a total of 20,014,000 Shares at the material time.
- (2) Based on the disclosure of interest filing made by Chan Hung Kai on 22 January 2025, such Shareholder and/or two companies wholly-owned by such Shareholder (namely Asean Entertainment Group Limited and Ariza Company Limited) had sold an aggregate of 19,908,900 Shares on 21 January 2025 and became interested in less than 5% of the issued share capital of the Company. As any shareholder who is interested in less than 5% of the issued share capital of a listed company (excluding any shareholder who is also a director of the listed company) has no further obligation to make disclosure of interest filing under the SFO, it is uncertain whether such Shareholder and/or the two companies wholly-owned by such Shareholder remained interested in the above 105,100 Shares as at the Latest Practicable Date.
- (3)
 - (a) These 95,578,760 Shares include 14,960 Offer Shares validly accepted and attributable to Purchaser 1 (which would acquire 34.00% of the 44,000 Offer Shares tendered for acceptance in accordance with the terms of the Offer) under the Offer as at the Latest Practicable Date (assuming that the transfer of such 44,000 Offer Shares has been completed in accordance with the terms of the Offer).
 - (b) These 92,767,620 Shares include 14,520 Offer Shares validly accepted and attributable to Purchaser 2 (which would acquire 33.00% of the 44,000 Offer Shares tendered for acceptance in accordance with the terms of the Offer) under the Offer as at the Latest Practicable Date (assuming that the transfer of such 44,000 Offer Shares has been completed in accordance with the terms of the Offer).
 - (c) These 46,383,810 Shares include 7,260 Offer Shares validly accepted and attributable to Purchaser 3 (which would acquire 16.50% of the 44,000 Offer Shares tendered for acceptance in accordance with the terms of the Offer) under the Offer as at the Latest Practicable Date (assuming that the transfer of such 44,000 Offer Shares has been completed in accordance with the terms of the Offer).
 - (d) These 46,383,810 Shares include 7,260 Offer Shares validly accepted and attributable to Purchaser 4 (which would acquire 16.50% of the 44,000 Offer Shares tendered for acceptance in accordance with the terms of the Offer) under the Offer as at the Latest Practicable Date (assuming that the transfer of such 44,000 Offer Shares has been completed in accordance with the terms of the Offer).
- (4) The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

INFORMATION ON THE JOINT OFFERORS

Reproduced below is the information of the Joint Offerors as extracted from the Offer Document (with appropriate adjustments to avoid confusion with defined terms in this Response Document but without changing the underlying meaning) for reference:

“Purchaser 1

210K Capital, LP is a limited partnership formed in the State of Delaware in August 2019 with limited liability and wide investor base and is principally engaged in investment holding services.

LETTER FROM THE BOARD

*The general partner of Purchaser 1 is UTXO Management GP, LLC, a limited liability company incorporated in State of Tennessee (“**UTXO**”). UTXO is owned as to approximately 33.34% by Mr. Tyler Matthew Evans (“**Mr. Tyler Evans**”), approximately 33.33% by Mr. David Forrest Bailey (“**Mr. David Bailey**”) and approximately 33.33% by Mr. Samuel Coyn Mateer (“**Mr. Samuel Mateer**”).*

Mr. Tyler Evans is a co-founder and Chief Investment Officer of UTXO. Mr. Tyler Evans is also a cofounder of parent company BTC Inc., publisher of Bitcoin Magazine and host of the annual Bitcoin conference. Mr. Tyler Evans has been investing in the Bitcoin ecosystem since 2013, is a mentor at the Bitcoin Startup Lab and the Draper BitcoinFi accelerator and serves on the board of Japanese listed company Metaplanet Inc. (3350: Tokyo Stock Exchange).

Mr. David Bailey is the co-founder and Chief Executive Officer of BTC Inc., and a General Partner at UTXO. Mr. David Bailey sits on the board of advisors for the University of Alabama and is a Board Member at Bitcoin Policy Institute.

Mr. Samuel Mateer is a founding partner at UTXO. Mr. Samuel Mateer has been investing and advocating for Bitcoin since early 2013. Prior to UTXO, Mr. Samuel Mateer was a partner at BTC Inc., where Mr. Samuel Mateer led treasury management, investor relations and fundraising activities. Mr. Samuel Mateer is also a founding member of the University of Alabama Board of Advisors.

Purchaser 2

Sora Valkyrie Limited is a company incorporated in the British Virgin Islands with limited liability on 15 November 2024, and is wholly-owned by Sora Ventures.

Sora Ventures is an exempted company incorporated in the Cayman Islands with limited liability on 8 January 2018.

Sora Investment Management Limited is the investment manager of Sora Ventures and holds 1 management share of Sora Ventures, representing the entire number of management share of Sora Ventures, as at 6 February 2025 (being the latest practicable date prior to the printing of the Offer Document for ascertaining certain information contained therein).

*Sora Investment Management Limited is an exempted company incorporated in the Cayman Islands with limited liability on 22 December 2017, and is wholly-owned by Mr. FANG, Jason Kin Hoi (“**Mr. Jason Fang**”).*

Mr. Jason Fang is the sole director of Purchaser 2, Sora Ventures and Sora Investment Management Limited.

Mr. Jason Fang is the founder of Sora Ventures, is known for his impactful role in advancing blockchain innovation in Asia.

LETTER FROM THE BOARD

Sora Ventures played a key role in creating the first “Asia’s MicroStrategy” partnered with Metaplanet Inc. (3350: Tokyo Stock Exchange), a Japanese listed company principally engaged in (i) Bitcoin investment and provision of Bitcoin related consultancy services; and (ii) hotel operation in Japan. With investments supporting over 30 companies in the Bitcoin utility sector in 2023 and 2024, Sora Ventures is dedicated to investing in infrastructure and utility projects within the Bitcoin ecosystem.

In addition to Sora Ventures, Mr. Jason Fang has been a driving force in the emerging DeSci space since early 2023, poised to become one of the most anticipated narratives in the year ahead for the digital asset ecosystem.

Purchaser 3

Top Legend SPC, an exempted company incorporated with limited liability on 30 May 2022 and registered as a segregated portfolio company incorporated in the Cayman Islands acting for and on behalf of one of its segregated portfolios Aces SP (being a fund incorporated in the Cayman Islands), in relation to the sale and purchase of the Sale Shares and the Offer.

*As at 6 February 2025 (being the latest practicable date prior to the printing of the Offer Document for ascertaining certain information contained therein), each of Mr. SIT, Hon (“**Mr. Sit**”) and Ms. TSANG, Karen Ka Yan (“**Ms. Tsang**”) holds 50 management shares of Top Legend SPC, representing the entire number of management shares of Top Legend SPC.*

Aces SP, as a segregated portfolio of Top Legend SPC, is not a legal entity. Any action of Aces SP shall be taken by Top Legend SPC acting on behalf of and for the account of Aces SP.

Aces SP is managed by Top Legend Global Investment Limited in its capacity as the investment manager.

Top Legend Global Investment Limited a company incorporated in the British Virgin Islands with limited liability on 28 July 2023, and is owned as to 50% by Mr. Sit and 50% by Ms. Tsang, respectively. Both Mr. Sit and Ms. Tsang are the directors of Top Legend Global Investment Limited.

Mr. Sit serves as the Investment Manager at Allied Top Investment Limited (being Purchaser 4) since April 2019. Mr. Sit invested in various types of financial assets such as private equity and stock loan. Before that, Mr. Sit was the Chief Operating Officer of a trading company, responsible for setting the strategy and overseeing business development for the luxury watches retail and wholesale company.

Ms. Tsang focuses on both pre-IPO and IPO investments, as well as fund raising for listed companies. Ms. Tsang is the founder of an investment firm, Legend Global Group Limited, which was founded in March 2015. She has led a numerous of successful investments in private equity, IPO, and secondary market.

Legend Global Group Limited is wholly-owned by Ms. Tsang, with its principal business being investment holding. Save for Ms. Tsang ownership, there is no relationship between Legend Global Group Limited and Top Legend Global Investment Limited.

LETTER FROM THE BOARD

Purchaser 4

Allied Top Investments Limited is a company incorporated in the British Virgin Islands with limited liability on 29 January 2018, and is wholly-owned by Mr. Sit. Allied Top Investments Limited is principally engaged in investment holding.

As at 6 February 2025 (being the latest practicable date prior to the printing of the Offer Document for ascertaining certain information contained therein), the directors of Purchaser 4 are Mr. Sit and Ms. WONG, Fung Yee Mary.”

INTENTIONS OF THE JOINT OFFERORS REGARDING THE GROUP

The information on the intention of the Joint Offerors regarding the Group extracted from the Offer Document is reproduced as below (with appropriate adjustments to avoid confusion with defined terms in this Response Document but without changing the underlying meaning):

“The Group is principally engaged in the wholesale and retail sales of pre-paid products (i.e. SIM card and top-up voucher) in Hong Kong targeted at Indonesian and Filipino consumers and Pre-paid Products targeted at mobile users who demand for local and international phone call and/or mobile data services in Hong Kong and overseas.

The Joint Offerors are of the view that the Company’s existing business operations have demonstrated a strong ability to generate consistent and sufficient cash flow, providing a solid financial foundation to support the strategic objectives of the new controlling Shareholders. This robust cash flow ensures the Company can maintain its operational stability and fulfill its ongoing commitments while simultaneously enabling investment into growth initiatives. With this financial strength, the Company is well-positioned to leverage the Joint Offerors’ existing resources and connections to explore cryptocurrency investments and opportunities in Web 3.0. Web 3.0 is the next generation of the internet that is decentralized, uses blockchain technology, and focuses on giving users more control over their data, privacy, and digital ownership. This alignment between the existing business’s performance and the new Shareholders’ strategic direction highlights the Company’s capacity to achieve sustainable growth while adapting to the evolving market landscape.

The Hong Kong government has been actively fostering the growth of the Web 3.0 and cryptocurrency industries through strategic initiatives and supportive policies. Recent efforts include the establishment of a dedicated Task Force on Promoting Web 3.0 Development, chaired by the Financial Secretary, to provide guidance on sustainable and responsible industry growth. Additionally, the government has allocated HK\$50 million in the 2023-2024 Budget to expedite the development of the Web 3.0 ecosystem and has implemented a robust regulatory framework for virtual asset service providers (VASPs) to balance innovation with investor protection. The prospects for Web 3.0 and cryptocurrency are highly promising, as these technologies are poised to revolutionize the digital economy by enabling decentralized finance (DeFi), tokenized assets, and enhanced data privacy. With its commitment to innovation and its position as a global financial hub, Hong Kong is well-positioned to lead in shaping the future of blockchain technology and digital assets, attracting international talent and investment.

LETTER FROM THE BOARD

Following the close of the Offer, it is the intention of the Joint Offerors that the Group will continue with its existing principal business and the Joint Offerors do not have any plan to downsize or change the scale of the Group's existing principal businesses. At the same time, it is the intention of the Joint Offerors to enhance the long-term growth potential of the Group by exploring investment opportunities relating to cryptocurrencies and blockchain projects, and it is expected that the Joint Offerors will put focus on Bitcoin (being the first and most prominent cryptocurrency) and blockchain projects that are related to Bitcoin, alongside adopting a long hold investment strategy. Save for considering the acquisition of Bitcoin, no other cryptocurrencies or blockchain projects are under consideration/negotiation as at 6 February 2025 (being the latest practicable date prior to the printing of the Offer Document for ascertaining certain information contained therein). This dual approach underscores the Company's commitment to both innovation and operational continuity.

Save for the Joint Offerors' intention regarding the Group as set out above, as at 6 February 2025 (being the latest practicable date prior to the printing of the Offer Document for ascertaining certain information contained therein), the Joint Offerors have no intention to (i) downsize, cease or dispose of any of the Company's existing businesses and operations; (ii) discontinue the employment of any employees of the Group (save for proposed change to the Board composition of the Company as set out below); (iii) introduce major changes to the principal business of the Company, including the dispose of or re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business; and (iv) no material investment or business opportunity has been identified nor has the Joint Offerors entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group."

The Board is aware of the intention of the Joint Offerors in respect of the Group and its employees as stated in the Offer Document and is willing to render reasonable co-operation with the Joint Offerors during transitional period and continue to act in the best interests of the Company and the Shareholders as a whole.

Following the intention of the Joint Offerors to focus on Bitcoin and blockchain projects that are related to Bitcoin as stated in the above extract of the Offer Document, the Group had subsequently entered into transactions to purchase Bitcoin. As disclosed in the voluntary announcements of the Company dated 16 February 2025 and 23 February 2025 respectively, the Group purchased (i) an aggregate of 1 unit of Bitcoin on 13 February 2025 at an aggregate consideration of approximately HK\$750,000 (equivalent to approximately US\$96,150^(Note)) and (ii) approximately 7.88 units of Bitcoin on 20 February 2025 through a series of transactions at an aggregate consideration of approximately HK\$5,936,906.26 (equivalent to approximately US\$761,705.07^(Note)). The average cost of these approximately 8.88 units of Bitcoin (excluding transaction costs) was HK\$756,209.74 (equivalent to approximately US\$97,021.71^(Note)). All such purchases were conducted through an open market cryptocurrency exchange platform and financed by the internal resources of the Group, and were made with the consent of each of the Joint Offerors. The Company would comply with the relevant disclosure requirements under the Listing Rules in relation to future transactions by the Group regarding cryptocurrencies as and when appropriate.

Note: For the purpose of this Response Document, the exchange rate at HK\$1 = US\$0.1283 as mentioned in the voluntary announcement of the Company dated 23 February 2025 has been used for the purpose of illustration only.

LETTER FROM THE BOARD

Change of the Board composition

Pursuant to the Sale and Purchase Agreement, all the Directors (other than the New Directors) shall resign as Directors with effective date being not earlier than the earliest time permitted under the Takeovers Code.

As stated in the Offer Document, the Joint Offerors proposed to nominate new Directors to the Board subject to compliance with all the applicable regulatory requirements, including the Takeovers Code and the Listing Rules, and such nominees are Mr. David Bailey, Mr. John Riggins, Mr. Jason Fang and Ms. Mary Wong as new executive Directors. On 12 February 2025, Mr. David Bailey, Mr. John Riggins, Mr. Jason Fang and Ms. Mary Wong were appointed as new executive Directors. Any further changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcements will be made as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The information on the intention of the Joint Offerors regarding maintaining the listing status of the Company extracted from the Offer Document is reproduced as below:

“The Joint Offerors intend to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The Joint Offerors do not intend to avail themselves of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or*
- there are insufficient Shares in public hands to maintain an orderly market,*

it will consider exercising its discretion to suspend dealings in the Shares.

The Joint Offerors intend the Company to remain listed on the Stock Exchange. The directors of the Joint Offerors and the new Directors to be appointed to the Board of the Company have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's shares.

The Joint Offerors will issue a separate announcement as and when necessary in this regard.”

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the non-executive Directors and independent non-executive Directors, who have no direct or indirect interest in the Offer, namely Mr. Ritchie Ma, Mr. Lam Kin Lun Davie, Ms. Cheung Yuet Ngo Flora, Mr. Lee Kwan

LETTER FROM THE BOARD

Ho, Vincent Marshall, Mr. Kwok Wai Leung, Stanley and Mr. Fok Kam Chau, has been established to make a recommendation to the Independent Shareholders in relation to the Offer, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

With the approval of the Independent Board Committee, Gram Capital has been appointed as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in connection with the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

RECOMMENDATION

Taking into account the terms of the Offer and the advice and recommendations from Gram Capital, the Independent Board Committee concurs with the view of the Independent Financial Adviser that the Offer (including the Offer Price) is not fair and not reasonable so far as the Independent Shareholders are concerned and accordingly, recommends the Independent Shareholders not to accept the Offer.

Your attention is drawn to:

- (i) the “Letter from the Independent Board Committee” as set out on pages 23 to 24 of this Response Document which contains the recommendations of the Independent Board Committee to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to their acceptance of the Offer;
- (ii) the “Letter from Gram Capital” as set out on pages 25 to 42 of this Response Document which contains the advice of the Gram Capital to the Independent Board Committee in connection with the Offer and the principal factors considered by it in arriving at its advice;
- (iii) the “Report from the Auditor of the Company on the Profit Estimate” as set out in Appendix III to this Response Document; and
- (iv) the “Report from Gram Capital on the Profit Estimate” as set out in Appendix IV to this Response Document.

You are urged to read those letters and the additional information contained in the appendices to this Response Document carefully before taking any action in respect of the Offer.

ADDITIONAL INFORMATION

You are advised to read this Response Document together with the Offer Document and the Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Response Document.

LETTER FROM THE BOARD

In considering what action to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,
By Order of the Board of
HK Asia Holdings Limited
Mr. Siu Muk Lung
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

HK Asia Holdings Limited **港亞控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1723)

28 February 2025

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
GET NICE SECURITIES LIMITED
FOR AND ON BEHALF OF
THE JOINT OFFERORS
TO ACQUIRE ALL THE ISSUED SHARES IN
HK ASIA HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY THE JOINT OFFERORS
AND/OR PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

We refer to the Response Document dated 28 February 2025 issued by the Company, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in the Response Document.

We have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to give recommendations to the Independent Shareholders on the Offer. Gram Capital Limited has been appointed as the Independent Financial Adviser with the approval from the Independent Board Committee to advise us in this respect. Details of its advice and the principal factors and reasons taken into consideration in arriving at its advice are set out in the “Letter from Gram Capital” on pages 25 to 42 of the Response Document.

We also wish to draw your attention to the “Letter from the Board” and the additional information set out in the appendices to the Response Document.

We, being the members of the Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and to make recommendations to the Independent Shareholders.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Taking into account the terms of the Offer and the advice and recommendations from Gram Capital, we concur with the view of Gram Capital that the Offer (including the Offer Price) is not fair and not reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders not to accept the Offer.

The Independent Shareholders are recommended to read the full text of the “Letter from Gram Capital” as contained in the Response Document.

Notwithstanding our recommendations, the Independent Shareholders are strongly advised that their decision to realise or to hold their investment in the Company depends on their own individual circumstances and investment objectives. If in any doubt, the Independent Shareholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as set out in Appendix I to the Offer Document and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Ritchie Ma
Non-executive Director

Mr. Lam Kin Lun Davie
Non-executive Director

Ms. Cheung Yuet Ngo Flora
Non-executive Director

**Mr. Lee Kwan Ho, Vincent
Marshall**
*Independent non-executive
Director*

Mr. Kwok Wai Leung, Stanley
Independent non-executive Director

Mr. Fok Kam Chau
Independent non-executive Director

LETTER FROM THE GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer for the purpose of inclusion in this Response Document.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

28 February 2025

To: The independent board committee of HK Asia Holdings Limited

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
GET NICE SECURITIES LIMITED
FOR AND ON BEHALF OF THE JOINT OFFERORS
TO ACQUIRE ALL THE ISSUED SHARES OF
HK ASIA HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE JOINT OFFERORS
AND/OR PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Response Document dated 28 February 2025 issued by the Company to the Independent Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Response Document unless the context requires otherwise.

With reference to the letter from the Board (the “**Board Letter**”) contained in the Response Document, the Joint Offerors and the Vendor entered into the Sale and Purchase Agreement on 14 January 2025 (the “**Agreement Date**”), pursuant to which the Joint Offerors purchased and the Vendor sold the Sale Shares, being 281,070,000 Shares, representing approximately 70.26% of the issued share capital of the Company as at the Agreement Date, for the Consideration of HK\$126,481,500 (being HK\$0.45 per Sale Share). The Acquisition Completion took place on 15 January 2025.

With reference to the Board Letter, immediately following the Acquisition Completion, the Joint Offerors and the Joint Offerors’ Concert Parties are interested in an aggregate of 281,070,000 Shares, representing approximately 70.26% of the issued share capital of the Company. The Joint Offerors are therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for

LETTER FROM THE GRAM CAPITAL

all the issued Shares (other than those already owned or agreed to be acquired by the Joint Offerors and/or parties acting in concert with any of them). Get Nice Securities, for and on behalf of the Joint Offerors and in compliance with the Takeovers Code, is making the Offer.

The Independent Board Committee comprising all the non-executive Directors and independent non-executive Directors, who have no direct or indirect interest in the Offer, namely Mr. Ritchie Ma, Mr. Lam Kin Lun Davie, Ms. Cheung Yuet Ngo Flora, Mr. Lee Kwan Ho, Vincent Marshall, Mr. Kwok Wai Leung, Stanley and Mr. Fok Kam Chau, has been established to make a recommendation to the Independent Shareholders in relation to the Offer, as to whether the Offer is fair and reasonable and as to acceptance of the Offer. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Gram Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

INDEPENDENCE

There was no relationship or interests between Gram Capital and the Company, the Joint Offerors, and their respective controlling shareholders; and Gram Capital was not in the same group as the financial or other professional advisers (including a stockbroker) to the Company or the Joint Offerors, during the past two years immediately preceding 20 January 2025 up to and including the Latest Practicable Date, 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 Gram Capital's advice and to act as the Independent Financial Adviser to the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Offer Document, the Response Document and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, 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 statements of belief, opinion, expectation and intention made by the Directors in the Response Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Response Document, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Offer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

LETTER FROM THE GRAM CAPITAL

Your attention is drawn to the responsibility statements as set out in the section headed “1. RESPONSIBILITY STATEMENTS” of Appendix II to the Response Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Response Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Joint Offerors or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer. The Company has been separately advised by its own professional advisers with respect to the Offer and the preparation of the Response Document (other than this letter).

We have assumed that the Offer will be consummated in accordance with the terms and conditions set forth in the Offer Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Offer, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date. Shareholders will be notified of any material changes to our opinion, advice and/or recommendation, the information and representations provided and made to us and the information contained in this letter after the Latest Practicable Date as soon as possible pursuant to Rule 9.1 of the Takeovers Code.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offer, we have taken into consideration the following principal factors and reasons:

(1) Background and terms of the Offer

According to the Offer Document, Get Nice Securities, for and on behalf of the Joint Offerors and in compliance with the Takeovers Code, is making the Offer on the following basis:

For each Offer Share HK\$0.45 in cash

The Offer Price of HK\$0.45 per Offer Share is equal to (i) the purchase price per Sale Share paid by the Joint Offerors for the Sale Shares; and (ii) the Conversion Price of HK\$0.45 per Conversion Share.

With reference to the Board Letter, as at the Latest Practicable Date, there were 400,000,000 Shares in issue.

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Further details of the Offer are set out in Appendix I to the Offer Document and the accompanying Form of Acceptance.

(2) Information on the Group

With reference to the 2024 Annual Report, the Group is principally engaged in the wholesale and retail sales of Pre-Paid Products in Hong Kong, targeted at Indonesian and Filipino consumers and mobile users who demand for making local and international phone calls and/or mobile data services in Hong Kong and overseas (“**Other Users**”). The Pre-Paid Products are sold through (i) wholesale to the Group’s distributors to be further distributed to the consumers by way of retail sales (the “**Wholesale Business**”); and (ii) the Group’s self-managed retail shops (the “**Retail Business**”).

Based on information provided by the Company, for the year ended 31 March 2024, the Group’s sales to (a) Indonesian and Filipino consumers; and (b) Other Users accounted for approximately 67% and 33% of the Group’s revenue respectively; and the Group’s revenue from Wholesale Business and Retail Business accounted for approximately 55% and 45% of the Group’s revenue respectively.

Financial performance

Set out below is a summary of the Group’s audited consolidated financial information for each of the two years ended 31 March 2024 as extracted from the 2024 Annual Report:

	For the year ended 31 March 2024 (“FY2023/24”) HK\$’000	For the year ended 31 March 2023 (“FY2022/23”) HK\$’000	Year on year change %
Revenue	252,383	204,568	23.37
Gross profit	61,647	45,304	36.07
<i>Gross profit margin (%)</i>	<i>24.43</i>	<i>22.15</i>	
Profit for the year attributable to owners of the Company	14,842	3,940	276.70

As depicted from the above table, the Group’s revenue increased from approximately HK\$204.6 million for FY2022/23 to HK\$252.4 million for FY2023/24, representing an increase of approximately 23.37%. With reference to the 2024 Annual Report, such increase was mainly attributable to the increase in sales to Indonesian and Filipino consumers of approximately HK\$72.0 million, partly offset by the decrease in sales to Other Users of approximately HK\$24.2 million. Driven by the aforesaid increase in revenue and increase in gross profit margin, the Group’s gross profit increased from approximately HK\$45.3 million for FY2022/23 to approximately HK\$61.6 million for FY2023/24, representing an increase of approximately 36.07%. The Group’s gross profit margin also increased from approximately 22.15% for FY2022/23 to approximately 24.43% for FY2023/24, representing an increase of approximately 2.28 percentage points. As advised by the

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Directors, despite the decrease in sales to Other Users as aforementioned, the proportion of sales of Pre-Paid Products with overseas mobile data services (with higher gross profit margin) increased among the sales to Other Users, thereby increased the Group's gross profit margin.

As a result of the foregoing, the Group's profit for FY2023/24 attributable to owners of the Company increased by approximately 276.70% as compared to that for FY2022/23.

Set out below is a summary of the Group's unaudited consolidated financial information for the six months ended 30 September 2024 (with comparative figures in 2023) as extracted from the 2024 Interim Report:

	For the six months ended 30 September 2024 ("HY2024/25") HK\$'000	For the six months ended 30 September 2023 ("HY2023/24") HK\$'000	Year on year change %
Revenue	98,542	129,004	(23.61)
Gross profit	18,478	31,873	(42.03)
<i>Gross profit margin (%)</i>	<i>18.75</i>	<i>24.71</i>	
Profit for the period attributable to owners of the Company	691	10,841	(93.63)

As depicted from the above table, the Group's revenue for HY2024/25 decreased by approximately 23.61% as compared to that for HY2023/24. With reference to 2024 Interim Report and as advised by the Directors, such decrease was mainly attributable to the decrease in sales to Other Users of approximately HK\$24.3 million and the decrease in sales to Indonesian and Filipino consumers of approximately HK\$6.2 million which were mainly due to increase in pricing of overseas voice calls by supplier for some Pre-Paid Products which diminished the consumers' willingness to purchase such Pre-Paid Products and keen market competition. Due to the aforesaid decrease in revenue and the decrease in the Group's gross profit margin as a result of increase in discounts provided to customers in light of keen market competition, the Group's gross profit for HY2024/25 decreased by approximately 42.03% as compared to that for HY2023/24.

As a result of the foregoing, the Group's profit for HY2024/25 attributable to owners of the Company decreased by approximately 93.63% as compared to that for HY2023/24.

Financial position

Set out below is a summary of the consolidated financial position of the Group as at 31 March 2023, 31 March 2024 and 30 September 2024, as extracted from the 2024 Annual Report and the 2024 Interim Report:

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	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)	As at 31 March 2023 HK\$'000 (audited)
Total assets	136,851	138,744	179,048
Total liabilities	31,621	14,205	9,351
Net assets attributable to owners of the Company ("NAV")	105,230	124,539	169,697

The Group's NAV decreased from approximately HK\$169.7 million as at 31 March 2023 to approximately HK\$124.5 million as at 31 March 2024, and further decreased to approximately HK\$105.2 million as at 30 September 2024, due to the special dividends of HK\$0.15 per Share ("**2023 Special Dividend**") and HK\$0.05 per Share ("**2024 Special Dividend**") declared by the Board on 17 August 2023 and 20 September 2024 respectively, partially offset by the profits recorded by the Group.

Outlook and industry overview of the Pre-Paid Products

As detailed in the section headed "(2) Information on the Group" above, the Group principally engaged in the wholesale and retail of the Pre-Paid Products in Hong Kong primarily targeted at Indonesian, Filipino and Other Users through the Group's distribution network and self-managed retail shops. Accordingly, we searched for statistics relevant to the Group's existing business.

Number of foreign domestic helpers in Hong Kong

We understood from the Directors that a substantial portion of the Group's revenue were derived from the Pre-Paid Products targeted at Filipino and Indonesian, most of whom are domestic helpers in Hong Kong. As such, we searched for the number of foreign domestic helpers in Hong Kong during the five years ended 31 December 2023, being the latest five full-year statistics as extracted from the Hong Kong Annual Digest of Statistics (2024 Edition) published by the Hong Kong Census and Statistics Department on 30 October 2024:

	2019	2020	2021	2022	2023
Number of foreign domestic helpers in Hong Kong	399,320	373,884	339,451	338,189	356,231
<i>By country:</i>					
– Philippines	219,073	207,402	191,783	190,059	199,516
– Indonesia	170,828	157,802	140,057	139,961	147,597
– Others	9,419	8,680	7,611	8,169	9,118

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As illustrated in the above table, the number of foreign domestic helpers recorded year-on-year decrease for each of the year 2020, 2021 and 2022, and recovered for the year 2023. Foreign domestic helpers from Philippines and Indonesia are the two major population and accounted for over 95% of the population of foreign domestic helpers in Hong Kong in aggregate.

Telecommunication indicators in Hong Kong

Set out below are certain telecommunication indicators in Hong Kong during the five fiscal-years ended 31 March 2024, being the latest five fiscal-years statistics published by the Office of the Communications Authority of Hong Kong on 20 January 2025:

	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2023	For the year ended 31 March 2024
Public mobile subscriptions in Hong Kong (million)	23.21	22.75	26.13	21.61	25.35
Mobile subscriber penetration rate (%) (Note)	275	291	342	282	328
International outgoing telephone calls (minutes in billion)	1.35	1.21	0.98	0.92	0.81
International incoming telephone calls (minutes in billion)	0.78	0.76	0.59	0.52	0.51

Note: Mobile subscriber penetration rate is calculated by dividing the number of mobile subscribers by the population in Hong Kong and multiplied by 100%.

As illustrated in the above table, there are over 20 million public mobile subscriptions (including both basic voice services and mobile data services under “pre-paid mobile subscription” and “post-paid mobile subscription”) in Hong Kong for the latest five fiscal-years ended 31 March 2024, with penetration rates ranged from approximately 275% to 342%. Such high penetration rates reflect the widespread and availability of mobile services to the Hong Kong population. Notwithstanding the high penetration rate of mobile subscribers in Hong Kong, both the international outgoing telephone calls and the international incoming telephone calls recorded year-on-year decrease for each of the years ended 31 March 2021, 2022, 2023 and 2024. As advised by the Directors, the decreases in both international outgoing telephone calls and the international incoming telephone calls in recent years were primarily attributed to the shift in communication patterns from traditional voice calls to internet-based communication tools.

As noted from the 2024 Interim Report, in addition to the Group’s existing product offering, during HY2024/25, the Group obtained four more Pre-Paid Products with local phone calls and mobile data services in Hong Kong, and 26 more Pre-Paid Products with overseas mobile data

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services in various countries for sale in Hong Kong. We understood from the Directors that, although the Company has no information on the market shares taken up by the Group, the Group plans to (i) with regards to the Wholesale Business, increase the number of retailers in sales network by actively engaging and onboarding additional retailers to enhance market reach; (ii) strengthen the Group's inventory management capability; and (iii) adopt other alternatives to reduce the operating costs (such as cessation of certain self-managed retail shops with high rental costs with regards to the Retail Business).

Despite the keen market competition (which is one of the factors causing the Group's decrease in revenue and gross profit margin for HY2024/25 as compared to those for HY2023/24) and the shift in communication patterns from traditional international voice calls to internet-based communication tools, the rather stable penetration rate of mobile subscription in Hong Kong as illustrated above shows that the mobile services is a necessity to the Hong Kong population, coupled with the dominate population of Filipino and Indonesian among the foreign domestic helpers in Hong Kong, we are of the view that the Group's existing business (being the sales of the Pre-Paid Products in Hong Kong, through Wholesale Business and Retail Business) is generally sustainable.

(3) Information on the Joint Offerors

Set out below are information on the Joint Offerors as extracted from the Offer Document:

Purchaser 1 (i.e. 210K Capital, LP) is a limited partnership formed in the State of Delaware in August 2019 with limited liability and wide investor base and is principally engaged in investment holding services. The general partner of Purchaser 1 is UTXO. UTXO is owned as to approximately 33.34% by Mr. Tyler Matthew Evans (a co-founder and Chief Investment Officer of UTXO), approximately 33.33% by Mr. David Bailey (a General Partner at UTXO) and approximately 33.33% by Mr. Samuel Coyn Mateer (a founding partner at UTXO).

Mr. Tyler Matthew Evans is also a co-founder of parent company BTC Inc., publisher of Bitcoin Magazine and host of the annual Bitcoin conference. Mr. Tyler Matthew Evans is a mentor at the Bitcoin Startup Lab and the Draper BitcoinFi accelerator and serves on the board of Japanese listed company Metaplanet Inc. (3350: Tokyo Stock Exchange). Mr. David Bailey is the co-founder and Chief Executive Officer of BTC Inc. and is a Board Member at Bitcoin Policy Institute. Prior to UTXO, Mr. Samuel Coyn Mateer was a partner at BTC, Inc., where Mr. Samuel Coyn Mateer led treasury management, investor relations and fundraising activities.

Purchaser 2 (i.e. Sora Valkyrie Limited) is a company incorporated in the British Virgin Islands with limited liability on 15 November 2024, and is wholly-owned by Sora Ventures as at 6 February 2025 (being the latest practicable date prior to the printing of the Offer Document). Sora Ventures is an exempted company incorporated in the Cayman Islands with limited liability on 8 January 2018. Sora Investment Management Limited is the investment manager of Sora Ventures, holds all management share of Sora Ventures and is an exempted company incorporated in the Cayman Islands with limited liability, and is wholly-owned by Mr. Jason Fang (the sole director of Purchaser 2, Sora Ventures and Sora Investment Management Limited and also founder of Sora Ventures).

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Sora Ventures played a key role in creating the first “Asia’s MicroStrategy” partnered with Metaplanet Inc. (3350: Tokyo Stock Exchange), a Japanese listed company principally engaged in (i) Bitcoin investment and provision of Bitcoin related consultancy services; and (ii) hotel operation in Japan. With investments supporting over 30 companies in the Bitcoin utility sector in 2023 and 2024, Sora Ventures is dedicated to investing in infrastructure and utility projects within the Bitcoin ecosystem.

Purchaser 3 (i.e. Top Legend SPC), an exempted company incorporated with limited liability and registered as a segregated portfolio company incorporated in the Cayman Islands acting for and on behalf of one of its segregated portfolios Aces SP (being a fund incorporated in the Cayman Islands), in relation to the sale and purchase of the Sale Shares and the Offer. As at 6 February 2025 (being the latest practicable date prior to the printing of the Offer Document), each of Mr. Sit and Ms. Tsang holds 50 management shares of Top Legend SPC, representing the entire number of management shares of Top Legend SPC.

Mr. Sit serves as the Investment Manager at Allied Top Investment Limited (being Purchaser 4) since April 2019. Mr. Sit invested in various types of financial assets such as private equity and stock loan. Before that, Mr. Sit was the Chief Operating Officer of a trading company, responsible for setting the strategy and overseeing business development for the luxury watches retail and wholesale company. Ms. Tsang focuses on both pre-IPO and IPO investments, as well as fund raising for listed companies. Ms. Tsang is the founder of an investment firm, Legend Global Group Limited, which was founded in March 2015. She has led a numerous of successful investments in private equity, IPO, and secondary market.

Purchaser 4 (i.e. Allied Top Investments Limited) is a company incorporated in the British Virgin Islands with limited liability on 29 January 2018, and is wholly-owned by Mr. Sit. Allied Top Investments Limited is principally engaged in investment holding. As at 6 February 2025 (being the latest practicable date prior to the printing of the Offer Document), the directors of Purchaser 4 are Mr. Sit and Ms. Mary Wong.

(4) Intentions of the Joint Offerors regarding the Group

With reference to the Offer Document, the Joint Offerors are of the view that the Company’s existing business operations have demonstrated a strong ability to generate consistent and sufficient cash flow, providing a solid financial foundation to support the strategic objectives of the new controlling Shareholders. According to the 2024 Annual Report, the Group recorded net cash generated from operating activities of approximately HK\$40.9 million and HK\$43.9 million for FY2022/23 and FY2023/24 respectively. This robust cash flow ensures the Company can maintain its operational stability and fulfill its ongoing commitments while simultaneously enabling investment into growth initiatives. With this financial strength, the Joint Offerors are of the view that the Company is well-positioned to leverage the Joint Offerors’ existing resources and connections to explore cryptocurrency investments and opportunities in Web 3.0. Following the close of the Offer, it is the intention of the Joint Offerors:

- that the Group will continue with its existing principal business and the Joint Offerors do not have any plan to downsize or change the scale of the Group’s existing principal businesses.
- to enhance the long-term growth potential of the Group by exploring investment opportunities relating to cryptocurrencies and blockchain projects, and it is expected that the Joint Offerors will put focus on Bitcoin and blockchain projects that are related to Bitcoin.

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As advised by the Directors, the Directors are not aware of any concrete plans in relation to the aforesaid up to the Latest Practicable Date. However, we noted from the Company’s announcements dated 16 February 2025 and 23 February 2025 that as at 20 February 2025, the Group purchased an aggregate of approximately 8.88 units of Bitcoin on an open market cryptocurrency exchange platform (the “**Bitcoin Purchases**”), indicating its initial steps in realising the Joint Offerors’ intention with the Group.

According to the article “What is Web3?” dated 10 March 2023 (updated on 8 January 2025) published by Forbes Digital Assets (an investment insights platform of Forbes that provides comprehensive market research, proprietary data, analytics, and analysis to investors and market participants looking to navigate digital assets markets), Web3 (or Web 3.0) represents a shift from centralized internet (i.e. Web 2.0) to a decentralised user-controlled ecosystem that utilise, among others, blockchain technology to eliminate centralized intermediaries and cryptocurrencies to enable peer-to-peer transactions, smart contracts and decentralized applications, with an aim to create a more transparent, equitable, and user-centric internet, addressing issues such as data privacy and corporate control that are prevalent in Web 2.0.

Global blockchain industry

Given that it is the Joint Offerors’ intention to explore investment opportunities relating to cryptocurrencies, Web 3.0 and blockchain projects (with expected focus on Bitcoin) and the Group’s initial steps in realising the Joint Offerors’ intention with the Group. Therefore, we searched for statistics relevant to the global blockchain industry to assess the prospects of the overall blockchain industry and Web 3.0 blockchain market. Set out below are certain blockchain-related statistics and projections published by Grand View Research on its database available as at the Latest Practicable Date (according to its website, Grand View Research, founded in 2014 with over 500 analysts, is an India and United States based market research and consulting company registered in the State of California and headquartered in San Francisco, the United States. It provides syndicated research reports, customised research reports, and consulting services. Its database features thousands of statistics and in-depth analysis on 46 industries in 25 major countries worldwide, it is used by the world’s renowned academic institutions and Fortune 500 companies and cited by media such as Consumer News and Business Channel (CNBC), British Broadcasting Corporation (BBC) and the Guardian). Please note that as we could not identify actual market size of global blockchain technology for 2023 and 2024 and actual market size of global Web 3.0 blockchain for 2024 from appropriate source, we adopted projected figures published by Grand View Research for our analysis and we are unable to cross-check the projected figures with actual figures.

	2020	2021	2022	2023	2024
Market size of global blockchain technology <i>(US\$ million)</i>	3,669.6	5,922.6	10,015.2	17,456.5 <i>(Note)</i>	31,282.0 <i>(Note)</i>
<i>Year-on-year change (%)</i>		<i>61.40</i>	<i>69.10</i>	<i>74.30</i>	<i>79.20</i>
Market size of global Web 3.0 blockchain <i>(US\$ million)</i>	1,062.7	1,364.0	1,729.0	2,250.7	3,026.9 <i>(Note)</i>
<i>Year-on-year change (%)</i>		<i>28.35</i>	<i>26.76</i>	<i>30.17</i>	<i>34.49</i>

Note: projected figures

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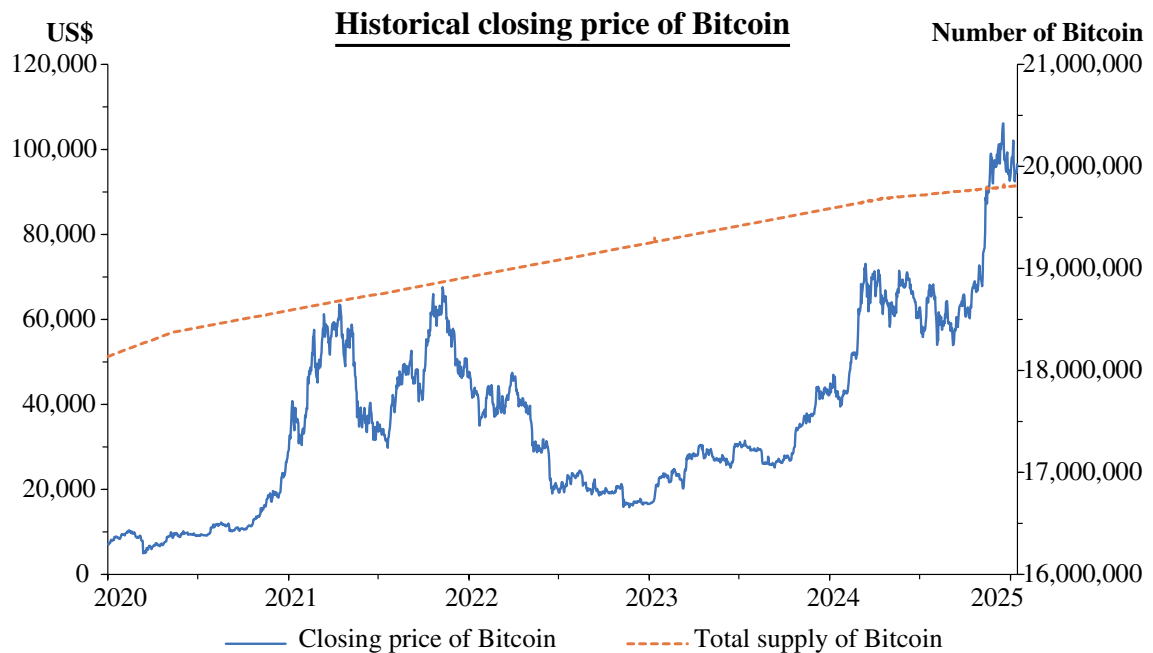
As illustrated in the above table:

- the market size of global blockchain technology increased significantly for each of the year 2021 and 2022, and it was projected that such growth shall further increase for the year 2023 and 2024. Based on the historical market size of global blockchain technology for the three years ended 2022, the global blockchain technology market recorded a compound annual growth rate (“CAGR”) of approximately 65.20%; while based on the projected market size of the global blockchain technology for the year 2024, it represented a projected CAGR of approximately 70.87% as compared to that for the year 2020.
- the market size of global Web 3.0 blockchain recorded year-on-year increase for each of the years 2021, 2022 and 2023, and it was projected to reach approximately US\$3,026.9 million for the year 2024, representing an increase of 34.49% as compared to that for the year 2023. Based on the historical market size of global Web 3.0 blockchain for the four years ended 2023, the global Web 3.0 blockchain market recorded a CAGR of approximately 28.42%; while based on the projected market size of the global Web 3.0 blockchain for the year 2024, it represented a projected CAGR of approximately 29.91% as compared to that for the year 2020.

Historical closing price of Bitcoin

As it is also the Joint Offerors’ intention to explore investment opportunities in cryptocurrencies, with focus primarily on Bitcoin and the Group had made the Bitcoin Purchases; and that Bitcoin is a major constituent of the cryptocurrency market as its total market capitalisation accounted for approximately 57% of the market capitalisation of all cryptocurrencies as at the Agreement Date based on the data from CoinMarketCap (as described below), we consider Bitcoin is a fair representation of the overall cryptocurrency market and thus, we searched for the historical price movement of Bitcoin for our analysis. Set out below is a chart showing the movement of the closing prices of Bitcoin for approximately five years from 1 January 2020 up to and including the Agreement Date (the “**Bitcoin Review Period**”):

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Source: *CoinMarketCap.com*

According to CoinMarketCap's website, CoinMarketCap was founded in May 2013 and acquired by Binance (a major blockchain ecosystem founded by in 2017 with a product suite that includes, among other things, (i) Binance Exchange, a crypto exchange with average daily turnover of US\$65 billion; (ii) Binance Research, a platform to provide institutional-grade analysis, in-depth insights and unbiased information; (iii) Binance Academy, an open-access learning hub that provides free blockchain and crypto education in over 10 languages; and (iv) Binance NFT, a marketplace of non-fungible tokens dedicated to building a community-focused platform) in April 2020. CoinMarketCap is a highly referenced price-tracking website for cryptoassets in the growing cryptocurrency space. Data and statistics published by CoinMarketCap are cited by media, institutions and government authorities such as Consumer News and Business Channel (CNBC), Bloomberg, Financial Times, MIT (Massachusetts Institute of Technology) Digital Currency Initiative, the United States Department of Treasury and the Hong Kong Monetary Authority.

As stated in CoinMarketCap's website, (i) CoinMarketCap and Binance are separate entities that maintain a strict policy of independence from one another; (ii) Binance has no bearing on CoinMarketCap's ranking activities; (iii) CoinMarketCap has no influence over Binance's operations; and (iv) no Binance employee has control over CoinMarketCap's ranking algorithms or listing processes. Therefore, we consider CoinMarketCap is an independent and reliable source of objective information for the purpose of our analysis on the closing prices of Bitcoin.

As illustrated above, despite the increasing supply of Bitcoin throughout the entire Bitcoin Review Period, the closing price of Bitcoin had nevertheless increased significantly during the same period. The closing price of Bitcoin increased from US\$7,200.17 on 1 January 2020 to US\$96,534.04 as at the Agreement Date, representing an increase of over 12 times, the price of Bitcoin is highly volatile. We noted from various news articles and publications that suggested the factors for the fluctuation in price of Bitcoin during the Bitcoin Review Period, such as the monetary policies adopted by the U.S. government (e.g. changes to interest rates), investment appetite of retail and institutional investors (e.g. the hype, fear-of-

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missing-out (FOMO) and panic selling in response to news and media speculations around Bitcoin), geopolitical tension between Russia and Ukraine, and the regulatory environment for cryptocurrencies following the election of the United States president in 2024.

On 23 January 2025, the United States President Donald John Trump signed an executive order that sets forth the administration's policy to support the responsible growth and the use of digital assets, blockchain technology, and related technologies across all sectors of economy, with the aims of, among other things, protecting and promoting crypto companies' access to banking services and providing regulatory clarity and certainty for the cryptocurrency market.

As also noted from the Offer Document, the Hong Kong government has been actively fostering the growth of the Web 3.0 and cryptocurrency industries through strategic initiatives and supportive policies. Recent efforts include the establishment of a dedicated task force on promoting Web 3.0 development, chaired by the Financial Secretary, to provide guidance on sustainable and responsible industry growth. Additionally, the government has allocated HK\$50 million in the 2023-2024 Budget to expedite the development of the Web 3.0 ecosystem and has implemented a robust regulatory framework for virtual asset service providers (VASPs) to balance innovation with investor protection. The prospects for Web 3.0 and cryptocurrency are highly promising, as these technologies are poised to revolutionize the digital economy by enabling decentralized finance (DeFi), tokenized assets, and enhanced data privacy. With its commitment to innovation and its position as a global financial hub, Hong Kong is well-positioned to lead in shaping the future of blockchain technology and digital assets, attracting international talent and investment.

With the development of Web 3.0 in recent years which utilises blockchain technology and cryptocurrencies to eliminate centralized intermediaries, create a system where no single person or company controlled a set of data to address issues such as data privacy and corporate control in Web 2.0, thereby achieving a decentralised ecosystem, as illustrated by the blockchain-related statistics/projections and the price trend of Bitcoin as set out in the sub-sections headed "Global blockchain industry" and "Historical closing price of Bitcoin" above, and the promotion of Web 3.0 by the Hong Kong government, we consider the prospects of Web 3.0 and blockchain technology are generally positive. In view of the Joint Offerors' background, particularly their involvement in the cryptocurrency industry, we consider their intention with the Group to explore cryptocurrency investments and opportunities in Web 3.0 is justifiable.

(5) Offer Price

Offer Price comparison

The Offer Price of HK\$0.45 per Offer Share represents:

- (i) a discount of approximately 91.80% to the closing price of HK\$5.49 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (ii) a discount of approximately 5.26% to the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on the Last Trading Day;

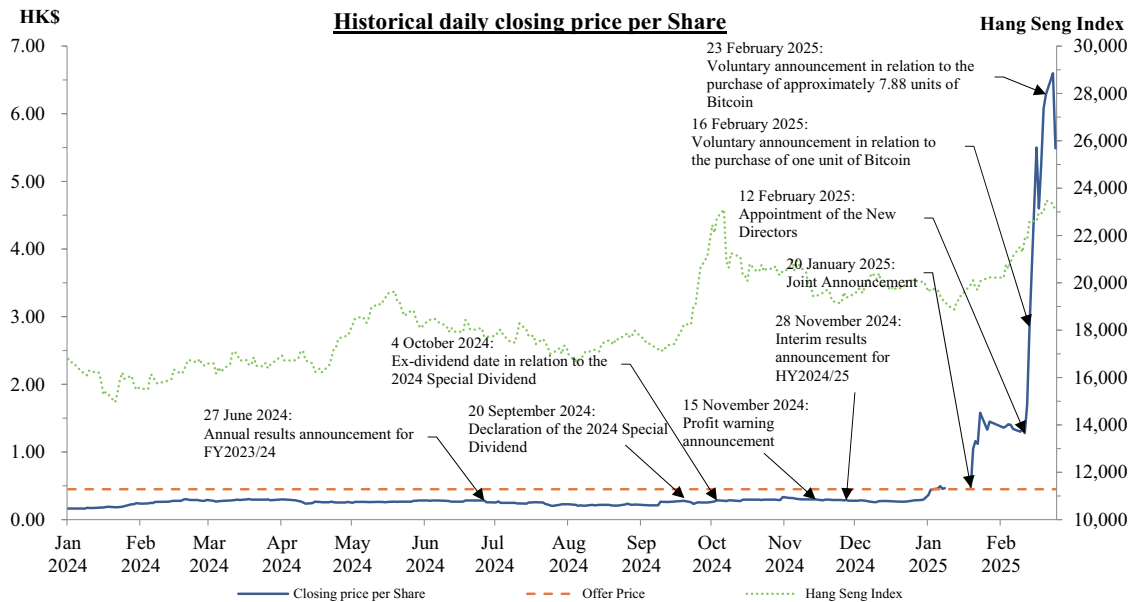
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- (iii) a discount of approximately 4.26% to the average closing price of HK\$0.47 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 11.52% over the average closing price of approximately HK\$0.4035 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 41.73% over the average closing price of approximately HK\$0.3175 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 44.53% over the audited NAV of approximately HK\$0.311 per Share as at 31 March 2024, calculated based on the audited NAV of approximately HK\$124.5 million as at 31 March 2024 and 400,000,000 Shares in issue as at the Latest Practicable Date; and
- (vii) a premium of approximately 71.05% over the unaudited NAV of approximately HK\$0.263 per Share as at 30 September 2024, calculated based on the unaudited NAV of approximately HK\$105.2 million as at 30 September 2024 and 400,000,000 Shares in issue as at the Latest Practicable Date (the “NAV Premium”).

Historical price performance of the Shares

Set out below is a chart showing the movement of the closing prices of the Shares, together with the movement of Hang Seng Index during the period from 2 January 2024 (being approximately one year prior to the Last Trading Day) up to the Latest Practicable Date (the “**Share Review Period**”), being an adequate and representative review period and the duration of such period is sufficient for us to perform a thorough analysis on the general trend and level of movement of the closing prices of the Shares.

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Source: the Stock Exchange's website

Note: Trading in Shares was halted from 9:00 a.m. on 13 January 2025 and resumed at 9:00 a.m. on 21 January 2025.

From the start of the Share Review Period up to the Last Trading Day (i.e. before the commencement of the Offer Period), the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.495 recorded on 7 January 2025 and HK\$0.163 recorded on 9 January 2024. The Offer Price of HK\$0.45 per Offer Share falls within the closing price range of the Shares as quoted on the Stock Exchange during the Share Review Period and is higher than the closing prices of Shares for 248 trading days out of the total of 253 trading days during the period from the start of the Share Review Period up to the Last Trading Day.

Following the publication of the Joint Announcement, the closing price of Shares surged significantly and reached the highest of HK\$6.60 per Share on 24 February 2025. The Offer Price of HK\$0.45 per Offer Share represented discounts ranging from approximately 57.14% to 93.18% to the closing price of Shares for the period from the start of the Offer Period up to the Latest Practicable Date. As advised by the Directors, save for the possible market reaction to the Joint Announcement, the announcement dated 12 February 2025 in relation to the appointment of Mr. David Bailey, Mr. John Riggins, Mr. Jason Fang and Ms. Mary Wong (i.e. the New Directors) as executive Directors, and the voluntary announcements dated 16 February 2025 and 23 February 2025 in relation to the Bitcoin Purchases, the Directors could not identify any specific factor which led to the surge in closing price of Share subsequent to the publication of the Joint Announcement.

Although the Offer Price represents the NAV Premium of approximately 71.05%, the closing prices of Share ranged from HK\$1.05 to HK\$6.60 during the period from the commencement of the Offer Period up to the Latest Practicable Date, representing premium ranging from approximately three to 24 times over the Group's unaudited NAV per Share as at 30 September 2024.

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Historical trading liquidity of the Shares

The number of trading days, the average daily number of the Shares traded per month, and the respective percentages of the Shares' monthly trading volume during the Share Review Period as compared to (i) the total number of issued Shares held by the Independent Shareholders as at the Latest Practicable Date; and (ii) the total number of issued Shares as at the end of each month/period, are tabulated as below:

Month	No. of trading days	Average daily trading volume (the "Average Volume") <i>Shares</i>	% of the Average Volume to total number of issued Shares held by Independent Shareholders based on the number of issued Shares as at the end of each month/period <i>%</i>	% of the Average Volume to total number of issued Shares as at each end of each month/period <i>%</i>
2024				
January	22	365,545	0.31	0.09
February	19	567,053	0.48	0.14
March	20	205,300	0.17	0.05
April	20	268,000	0.23	0.07
May	21	144,381	0.12	0.04
June	19	230,947	0.19	0.06
July	22	140,364	0.12	0.04
August	22	81,909	0.07	0.02
September	19	496,526	0.42	0.12
October	21	1,290,190	1.08	0.32
November	21	280,952	0.24	0.07
December	20	260,500	0.22	0.07
2025				
January	17	374,808	12.67	3.77
– from 2 January up to the Last Trading Day	7	4,490,286	3.78	1.12
– from 21 January to 28 January	6	27,410,667	23.05	6.85
February (up to and including the Latest Practicable Date)	17	6,712,205	5.64	1.68

Source: the Stock Exchange's website

Note: Trading in Shares was halted from 9:00 a.m. on 13 January 2025 and resumed at 9:00 a.m. on 21 January 2025.

LETTER FROM THE GRAM CAPITAL

During the Share Review Period, the Average Volume was (i) below 0.5% of the total number of issued Shares held by the Independent Shareholders as at the Latest Practicable Date (except for October 2024, January 2025 and February 2025); and (ii) below 0.5% of the total number of issued Shares as at the Latest Practicable Date (except for January 2025 and February 2025). The Average Volume was exceptionally thin during majority of the trading days in the Share Review Period. From January 2025 (particularly, following the commencement of the Offer Period) up to the Latest Practicable Date, the Average Volume increased significantly. Along with the surge in Average Volume following the commencement of the Offer Period, the closing price of Shares also surged and maintained at prices significantly higher than the Offer Price during the period from the commencement of the Offer Period up to the Latest Practicable Date.

Trading multiples analysis

To further assess the fairness and reasonableness of the Offer Price, we attempted to perform trading multiple analysis which includes the price to earnings ratio and price to book ratio. As the Group operates in the wholesale and retail of the Pre-Paid Products in Hong Kong and its entire revenue for FY2023/24 was from the such business, we searched for Hong Kong listed companies which are principally engaged in the sale of products similar to the Pre-Paid Products in Hong Kong and derived more than 50% of their revenue from such business for their latest financial year. Nevertheless, we were unable to identify any listed companies which can meet the aforesaid criteria. Although it is the Joint Offerors' intention to explore opportunities in Web 3.0 and cryptocurrency investments and the Bitcoin Purchases indicated the Group's initial steps toward the cryptocurrency and blockchain-related business, such businesses were not reflected in the Group's latest published financial statements. Accordingly, we consider that it is inappropriate to perform trading multiple analysis by comparing the trading multiples of the Company with Hong Kong listed companies that are engaged in the cryptocurrency investments and blockchain-related business. Given the above, we are of the view that the trading multiple analysis is impracticable in this case.

RECOMMENDATION

Having considered that:

- (i) that the Group's existing business (i.e. wholesale and retail of the Pre-Paid Products in Hong Kong) is generally sustainable and the prospects of the Bitcoin market, the Web 3.0 and blockchain technology industry (which the Joint Offerors intended to explore with the Company upon completion of the Offer) is generally positive;
- (ii) notwithstanding that the Company does not have any pre-determined dividend payout ratio according to its dividend policy, the Company made payment of the 2023 Special Dividend and the 2024 Special Dividend;
- (iii) although the Offer Price was higher than the closing price of Share for 248 trading days out of the total of 253 trading days during the period from the start of the Share Review Period up to the Last Trading Day, along with the surge in Average Volume, the closing price of Shares surged and maintained at prices significantly higher than the Offer Price during the period from the commencement of the Offer Period up to the Latest Practicable Date (the "Price

LETTER FROM THE GRAM CAPITAL

Surge”) and the Offer Price represents discounts ranging from approximately 57.14% to 93.18% to the closing price of Shares during the said period, this allows Independent Shareholders to sell their Shares at prices higher than the Offer Price if they thought fit; and

- (iv) although the Offer Price represents the NAV Premium of approximately 71.05%, the closing prices of Share ranged from HK\$1.05 to HK\$6.60 during the period from the commencement of the Offer Period up to the Latest Practicable Date, representing premium ranging from approximately three to 24 times over the Group’s unaudited NAV as at 30 September 2024,

we are of the view that the Offer (including the Offer Price) is not fair and not reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer.

Independent Shareholders should note that our recommendation above is closely related to the factor (iii) above and the Price Surge may reflect possible market reaction to the Joint Announcement (including the Joint Offerors’ intention as stated therein), the announcement dated 12 February 2025 in relation to the appointment of the New Directors, and the voluntary announcements dated 16 February 2025 and 23 February 2025 in relation to the Bitcoin Purchases. Should the Group’s future business development deviate from the Joint Offerors’ intention to explore investment opportunities relating to cryptocurrencies, Web 3.0 and blockchain projects (with expected focus on Bitcoin), the closing price level of the Shares after the Price Surge may not sustain.

As different Independent Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent Shareholders who may require advice in relation to any aspect of the Offer Document or the 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.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has around 30 years of experience in investment banking industry.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial information of the Group for each of the three years ended 31 March 2022, 2023 and 2024 as extracted from the 2022 Annual Report, 2023 Annual Report and 2024 Annual Report and the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2023 and 2024 as extracted from the 2024 Interim Report and the 2023 Interim Report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended		For the year ended		
	30 September		31 March		
	2024	2023	2024	2023	2022
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	98,542	129,004	252,383	204,568	183,003
Cost of sales	<u>(80,064)</u>	<u>(97,131)</u>	<u>(190,736)</u>	<u>(159,264)</u>	<u>(123,785)</u>
Gross profit	18,478	31,873	61,647	45,304	59,218
Other revenue	1,339	1,614	2,525	3,117	1,463
Selling and distribution expenses	(12,378)	(12,115)	(23,417)	(22,529)	(23,622)
Administrative expenses	(6,399)	(8,074)	(23,086)	(21,188)	(13,503)
Finance cost	<u>(213)</u>	<u>(257)</u>	<u>(395)</u>	<u>(254)</u>	<u>(260)</u>
Profit before taxation	827	13,041	17,274	4,450	23,296
Taxation	<u>(136)</u>	<u>(2,200)</u>	<u>(2,432)</u>	<u>(510)</u>	<u>(3,838)</u>
Profit and total comprehensive income for the period/year	<u>691</u>	<u>10,841</u>	<u>14,842</u>	<u>3,940</u>	<u>19,458</u>
Profit for the period/year attributable to owners of the Company	<u>691</u>	<u>10,841</u>	<u>14,842</u>	<u>3,940</u>	<u>19,458</u>
Total comprehensive income for the period/year attributable to owners of the Company	<u>691</u>	<u>10,841</u>	<u>14,842</u>	<u>3,940</u>	<u>19,458</u>
Earnings per share					
Basic and diluted (HK cents)	<u>0.17</u>	<u>2.71</u>	<u>3.71</u>	<u>0.99</u>	<u>4.86</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September		As at 31 March		
	2024	2023	2024	2023	2022
	(unaudited) HK\$'000	(unaudited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	10,732	11,219	10,699	1,631	1,307
Right-of-use assets	3,349	6,620	5,846	4,283	3,544
Financial assets at fair value through profit or loss	1,750	2,188	1,750	2,188	2,167
Deposits	922	–	922	–	–
	<u>16,753</u>	<u>20,027</u>	<u>19,217</u>	<u>8,102</u>	<u>7,018</u>
Current assets					
Inventories	45,216	41,989	45,759	59,754	96,719
Trade receivables	1,876	1,163	1,966	1,456	219
Deposits, prepayments and other receivables	10,145	6,572	5,747	9,077	9,062
Amount due from a related company	554	201	480	18	–
Tax recoverable	–	483	–	3,561	–
Cash and cash equivalents	<u>62,307</u>	<u>61,518</u>	<u>65,575</u>	<u>97,080</u>	<u>62,428</u>
	<u>120,098</u>	<u>111,926</u>	<u>119,527</u>	<u>170,946</u>	<u>168,428</u>
Liabilities					
Current liabilities					
Trade payables	337	–	441	–	–
Accrual and other payables	5,909	4,550	5,354	4,983	4,770
Amount due to a related company	–	–	–	–	175
Lease liabilities	3,328	4,331	4,505	2,660	3,141
Tax payable	1,854	–	2,398	–	1,099
Dividend payables	<u>20,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>31,428</u>	<u>8,881</u>	<u>12,698</u>	<u>7,643</u>	<u>9,185</u>
Net current assets	<u>88,670</u>	<u>103,045</u>	<u>106,829</u>	<u>163,303</u>	<u>159,243</u>

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

	As at 30 September		As at 31 March		
	2024	2023	2024	2023	2022
	(unaudited) HK\$'000	(unaudited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000
Total assets less current liabilities	<u>105,423</u>	<u>123,072</u>	<u>126,046</u>	<u>171,405</u>	<u>166,261</u>
Non-current liabilities					
Lease liabilities	<u>193</u>	<u>2,534</u>	<u>1,507</u>	<u>1,708</u>	<u>504</u>
Net assets	<u>105,230</u>	<u>120,538</u>	<u>124,539</u>	<u>169,697</u>	<u>165,757</u>
Equity					
Share capital	4,000	4,000	4,000	4,000	4,000
Reserves	<u>101,230</u>	<u>116,538</u>	<u>120,539</u>	<u>165,697</u>	<u>161,757</u>
Total equity	<u>105,230</u>	<u>120,538</u>	<u>124,539</u>	<u>169,697</u>	<u>165,757</u>

There was no profit or loss attributable to non-controlling interests, or comprehensive income attributable to non-controlling interests, in respect of each of the three years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024.

The Group did not have any item of any income or expense which was material during each of the three years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024.

During each of the three years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024, the Board has declared:

- (a) a special dividend of HK\$0.15 per Share on 17 August 2023 (with a total amount of HK\$60,000,000, which was paid on 18 September 2023); and
- (b) a special dividend of HK\$0.05 per Share on 20 September 2024 (with a total amount of HK\$20,000,000, which was paid on 17 October 2024).

Save as disclosed above, no other dividend was paid or proposed by the Company during each of the three years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024.

There was no change in the Group's accounting policy during each of the three years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2024 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

There was no modified opinion, emphasis of matter or material uncertainty related to going concern contained in the auditors' report on the financial statements of Company in respect of each of the three years ended 31 March 2022, 2023 and 2024.

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Response Document the 2022 Financial Statements, the 2023 Financial Statements, the 2024 Financial Statements and the 2024 Interim Financial Statements, together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

2022 Financial Statements

The 2022 Financial Statements are set out from pages 46 to 107 of the 2022 Annual Report, which was published on 28 July 2022. The 2022 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hkasiaholdings.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0728/2022072801628.pdf>

The consolidated financial statements of the Group for the year ended 31 March 2022 was audited by HLB Hodgson Impey Cheng Limited. It did not issue any qualified opinion in respect of the consolidated financial statements of the Group for the year ended 31 March 2022.

2023 Financial Statements

The 2023 Financial Statements are set out from pages 47 to 107 of the 2023 Annual Report, which was published on 27 July 2023. The 2023 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hkasiaholdings.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0727/2023072701288.pdf>

The consolidated financial statements of the Group for the year ended 31 March 2023 was audited by HLB Hodgson Impey Cheng Limited. It did not issue any qualified opinion in respect of the consolidated financial statements of the Group for the year ended 31 March 2023.

2024 Financial Statements

The 2024 Financial Statements are set out from pages 46 to 107 of the 2024 Annual Report, which was published on 25 July 2024. The 2024 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hkasiaholdings.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0725/2024072501439.pdf>

The consolidated financial statements of the Group for the year ended 31 March 2024 was audited by HLB Hodgson Impey Cheng Limited. It did not issue any qualified opinion in respect of the consolidated financial statements of the Group for the year ended 31 March 2024.

2024 Interim Financial Statements

The 2024 Interim Financial Statements are set out from pages 12 to 24 of the 2024 Interim Report, which was published on 19 December 2024. The 2024 Interim Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hkasiaholdings.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1219/2024121901079.pdf>

3. INDEBTEDNESS STATEMENT

At the close of business on 31 December 2024, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Response Document, the indebtedness of the Group was as follows:

Borrowings

As at 31 December 2024, the Group had no bank borrowings.

Lease liabilities

As at 31 December 2024, the Group had current and non-current lease liabilities which were unsecured and unguaranteed, and amounted to approximately HK\$2.55 million and HK\$0.38 million respectively.

Commitments

As at 31 December 2024, the Group had no significant commitments.

Contingent liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payable, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognised lease liabilities or lease commitments (whether guaranteed, unguaranteed, secured or unsecured), guarantees or other material contingent liabilities at the close of business on 31 December 2024.

4. MATERIAL CHANGE

Save and except for the following, there was no material change in the financial or trading position or outlook of the Group since 31 March 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date:

- (a) the Group's profit for the nine months ended 31 December 2024 ("9M2024/25") decreased as compared to that for the nine months ended 31 December 2023 ("9M2023/24"), primarily attributable to (i) decrease in the Group's revenue as a result of decrease in sales of Pre-Paid Products to Indonesian and Filipino consumers in Hong Kong and mobile users in Hong Kong who demand for making local and international phone calls and/or mobile data services in Hong Kong and overseas mainly due to increase in pricing of overseas voice calls by supplier for some Pre-Paid Products which diminished the consumers' willingness to purchase such Pre-Paid Products and keen market competition; and (ii) the decrease in the Group's gross profit margin as a result of increase in discounts provided to customers in light of keen market competition;
- (b) the Group's bank balances and cash as at 31 December 2024 decreased as compared to that as at 31 March 2024, primarily due to the special dividend of HK\$0.05 per Share with a total payment of HK\$20 million declared on 20 September 2024 and paid on 17 October 2024;
- (c) on 14 January 2025, the Company entered into the conditional Subscription Agreement with the Subscribers in relation to the Subscription; and
- (d) with reference to the Company's announcements dated 16 February 2025 and 23 February 2025, the Group purchased an aggregate of approximately 8.88 units of Bitcoin on an open market cryptocurrency exchange platform from 13 February 2025 to 20 February 2025.

1. RESPONSIBILITY STATEMENTS

This Response Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Independent Shareholders with regard to the Company and the Offer.

The Directors jointly and severally accept full responsibility for the accuracy of the 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 statements in this Response Document misleading.

Certain information contained in this Response Document relating to the Offer, the Joint Offerors, their ultimate beneficial owners and the parties acting in concert with any of them has been extracted from or based on the Offer Document. The only responsibility accepted by the Directors in respect of such information is for the correctness and fairness of the extraction of such information and its reproduction or presentation.

2. SHARE CAPITAL

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

<i>Authorised</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Shares with par value of HK\$0.01 each	<u>100,000,000</u>
<i>Issued and fully paid</i>		<i>HK\$</i>
<u>400,000,000</u>	Shares with par value of HK\$0.01 each	<u>4,000,000</u>

All issued Shares are fully paid up and rank *pari passu* in all respects with each other, including rights to dividends, voting rights and return of capital. Since 31 March 2024, being the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date, the Company did not issue or repurchase any Shares.

All issued Shares are listed on the Stock Exchange. None of the securities of the Company are listed on or dealt in any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

As at the Latest Practicable Date, the Company had no outstanding securities, options, warrants, or derivatives which are convertible or exchangeable into Shares and, save for the Subscription Agreement, had not entered into any agreement for the issue of such securities, options, warrants, or derivatives of the Company.

3. DISCLOSURE OF INTERESTS

(a) Interests of the Directors in the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 in which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or 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 which were required to be disclosed under the Takeovers Code:

(i) Long positions in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding (Note 1)
Mr. David Bailey	Interest of controlled corporation (Note 2a)	95,578,760 (Note 2b)	23.89%
Mr. Jason Fang	Interest of controlled corporation (Note 3a)	92,767,620 (Note 3b)	23.19%

Notes:

- (1) Calculated based on the total number of issued Shares as at the Latest Practicable Date.
- (2) (a) Based on the Offer Document, Purchaser 1 is a limited partnership formed in the State of Delaware. The general partner of Purchaser 1 is UTXO Management GP, LLC, a limited liability company, which is owned as to approximately 33.33% by Mr. David Bailey. Therefore, Mr. David Bailey was deemed to be interested in the 95,578,760 Shares in which Purchaser 1 was interested.
 - (b) These 95,578,760 Shares include 14,960 Offer Shares validly accepted and attributable to Purchaser 1 under the Offer as at the Latest Practicable Date (assuming that the transfer of such Offer Shares has been completed in accordance with the terms of the Offer).
- (3) (a) Based on the Offer Document, Purchaser 2 is wholly-owned by Sora Ventures. Sora Investment Management Limited, which is wholly-owned by Mr. Jason Fang, is the investment manager of Sora Ventures and holds 1 management share of Sora Ventures, representing the entire number of management share of Sora Ventures. Therefore, Mr. Jason Fang was deemed to be interested in the 92,767,620 Shares in which Purchaser 2 was interested.

- (b) These 92,767,620 Shares include 14,520 Offer Shares validly accepted and attributable to Purchaser 2 under the Offer as at the Latest Practicable Date (assuming that the transfer of such Offer Shares has been completed in accordance with the terms of the Offer).

(ii) *Long positions in the underlying Shares*

Name of Director	Capacity/Nature of interest	Number of underlying Shares	Approximate percentage of shareholding (Note 1)
Mr. David Bailey	Interest of controlled corporation (Note 2)	25,500,000	6.38%
Mr. Jason Fang	Interest of controlled corporation (Note 3)	24,750,000	6.19%

- (1) Calculated based on the total number of issued Shares as at the Latest Practicable Date.
- (2) Pursuant to the Subscription Agreement, Purchaser 1 conditionally agreed to subscribe for the Convertible Notes in the principal amount of HK\$11,475,000, which may be converted into 25,500,000 Conversion Shares based on the initial Conversion Price of HK\$0.45. Therefore, in view of his interests in Purchaser 1 as disclosed in Note (2) to paragraph 3(a)(i) above in this Appendix II, Mr. David Bailey was deemed to be interested in the 25,500,000 underlying Shares in which Purchaser 1 was interested.
- (3) Pursuant to the Subscription Agreement, Purchaser 2 conditionally agreed to subscribe for the Convertible Notes in the principal amount of HK\$11,137,500 which may be converted into 24,750,000 Conversion Shares based on the initial Conversion Price of HK\$0.45. Therefore, in view of his interests in Purchaser 2 as disclosed in Note (3) to paragraph 3(a)(i) above in this Appendix II, Mr. Jason Fang was deemed to be interested in the 24,750,000 underlying Shares in which Purchaser 2 was interested.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

(b) **Interests of the Company and the Directors in the Joint Offerors**

As at the Latest Practicable Date,

- (i) the Company was not interested in the shares or equity share capital in any of the Joint Offerors or any convertible securities, warrants, options or derivatives in respect of the shares or equity share capital in any of the Joint Offerors; and
- (ii) save as disclosed below, none of the Directors was interested in the shares or equity share capital in any of the Joint Offerors or any convertible securities, warrants, options or derivatives in respect of the shares or equity share capital in any of the Joint Offerors:

- (a) based on the Offer Document, Purchaser 1 is a limited partnership formed in the State of Delaware in August 2019 with limited liability. The general partner of Purchaser 1 is UTXO Management GP, LLC, which is owned as to approximately 33.33% by Mr. David Bailey. Therefore, Mr. David Bailey was deemed to have interests in Purchaser 1; and
 - (b) based on the Offer Document, Purchaser 2 is wholly-owned by Sora Ventures. Sora Investment Management Limited, which is wholly-owned by Mr. Jason Fang, is the investment manager of Sora Ventures and holds 1 management share of Sora Ventures, representing the entire number of management share of Sora Ventures. Therefore, Mr. Jason Fang was deemed to have interests in Purchaser 2.
- (c) **Additional disclosure of interests in the Company and arrangement in connection with the Offer**

As at the Latest Practicable Date,

- (i) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were owned or controlled by a subsidiary of the Company, by a pension fund (if any) of the Company or of a subsidiary of the Company, or by 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;
- (ii) (a) save that Get Nice Securities entered into the Facility Agreement and the Share Charges with the Joint Offerors, 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; and
- (b) Get Nice Securities was interested in the Shares through the Share Charges under which the Joint Offerors agreed to charge the Sale Shares (comprising a total of 281,070,000 Shares) and the Offer Shares (if any) to be acquired by the Joint Offerors under the Offer to Get Nice Securities as security for the Facility. As at the Latest Practicable Date, there were valid acceptances in respect of a total of 44,000 Offer Shares under the Offer and as such, such 44,000 Offer Shares would also be charged to Get Nice Securities under the Share Charges (assuming that the transfer of such Offer Shares would be completed in accordance with the terms of the Offer);

- (iii) no Shares or any convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (iv) save for the interests of Purchaser 1 or Purchaser 2 in the Shares (not being Offer Shares) in which Mr. David Bailey or Mr. Jason Fang (as the case may be) was deemed to be interested as disclosed in paragraph 3(a) above in this Appendix II, none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer;
- (v) none of the Company and the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares; and
- (vi) save for the Subscription Agreement, there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder on the one hand; and (2) the Company, its subsidiaries or associated companies on the other hand.

4. DEALINGS IN THE SECURITIES OF THE JOINT OFFERORS

During the Relevant Period, save as disclosed below, neither the Company nor any of the Directors had dealt for value in the shares or equity share capital of any of the Joint Offerors or any convertible securities, warrants, options, or derivatives in respect of the shares or equity share capital of any of the Joint Offerors:

- (a) the subscription of 50,000 shares of Purchaser 2 by Mr. Jason Fang on 15 November 2024 at par value of US\$1.00 per share; and
- (b) the transfer of 50,000 shares of Purchaser 2 from Mr. Jason Fang to Sora Ventures on 23 December 2024 at nil consideration as an internal transfer.

Purchaser 2 is wholly-owned by Sora Ventures. Sora Investment Management Limited, which is wholly-owned by Mr. Jason Fang, is the investment manager of Sora Ventures and holds 1 management share of Sora Ventures, representing the entire number of management share of Sora Ventures.

5. DEALINGS IN THE SHARES

During the Relevant Period, save as disclosed below, none of the Company and any of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of any Shares:

- (a) the sale of 281,070,000 Shares by the Vendor to the Joint Offerors at the Consideration of HK\$126,481,500 (i.e. HK\$0.45 per Sale Share) pursuant to the Sale and Purchase Agreement;

- (b) the purchase of 95,563,800 Shares by Purchaser 1 (in which Mr. David Bailey was deemed to be interested for the reasons set out in paragraph 3(b)(ii)(a) above in this Appendix II) at the consideration of HK\$43,003,710 pursuant to the Sale and Purchase Agreement and the conditional subscription by Purchaser 1 of the Convertible Notes in the principal amount of HK\$11,475,000, which are convertible into 25,500,000 Conversion Shares based on the initial Conversion Price of HK\$0.45, at the issue price of 100% of such principal amount pursuant to the Subscription Agreement;
- (c) the purchase of 92,753,100 Shares by Purchaser 2 (in which Mr. Jason Fang was deemed to be interested for the reasons set out in paragraph 3(b)(ii)(b) above in this Appendix II) at the consideration of HK\$41,738,895 pursuant to the Sale and Purchase Agreement and the conditional subscription by Purchaser 2 of the Convertible Notes in the principal amount of HK\$11,137,500, which are convertible into 24,750,000 Conversion Shares based on the initial Conversion Price of HK\$0.45, at the issue price of 100% of such principal amount pursuant to the Subscription Agreement;
- (d) in respect of Purchaser 1 (in which Mr. David Bailey was deemed to be interested for the reasons set out in paragraph 3(b)(ii)(a) above in this Appendix II), valid acceptances in respect of a total of 14,960 Offer Shares attributable to Purchaser 1 under the Offer as at the Latest Practicable Date (assuming that the transfer of such Offer Shares has been completed in accordance with the terms of the Offer); and
- (e) in respect of Purchaser 2 (in which Mr. Jason Fang was deemed to be interested for the reasons set out in paragraph 3(b)(ii)(b) above in this Appendix II), valid acceptances in respect of a total of 14,520 Offer Shares attributable to Purchaser 2 under the Offer as at the Latest Practicable Date (assuming that the transfer of such Offer Shares has been completed in accordance with the terms of the Offer).

During the Offer Period and up to the Latest Practicable Date:

- (i) none of the subsidiaries of the Company, or pension funds (if any) of the Company or of a subsidiary of the Company, or any 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 any exempt principal traders and exempt fund managers had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (ii) (a) Get Nice Securities had not dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, other than through the Share Charges. Under the Share Charges, the Joint Offerors agreed to charge the Sale Shares (comprising a total of 281,070,000 Shares) and the Offer Shares (if any) to be acquired by the Joint Offerors under the Offer to Get Nice Securities as security for the Facility. As at the Latest Practicable Date, there were valid acceptances in respect of a total of 44,000 Offer Shares under the Offer and as such, such 44,000 Offer Shares would also be charged to Get Nice Securities under the Share Charges (assuming that the transfer

of such Offer Shares would be completed in accordance with the terms of the Offer). As disclosed in the Offer Document, the Share Charges shall become enforceable by Get Nice Securities immediately upon the Joint Offerors having breached their obligations under the Facility but was not remedied within the prescribed period or certain default that are customary for a facility of such nature having occurred under the Facility.

- (b) Save as aforesaid, no person who has an 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 had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
- (iii) no fund managers (other than exempt fund managers) connected with the Company who manage funds on a discretionary basis had dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.

6. MATERIAL LITIGATION

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

7. MATERIAL CONTRACTS

Save as disclosed below, there was no material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) entered into by the Group within the two years before the commencement of the Offer Period and up to and including the Latest Practicable Date:

- (a) the Subscription Agreement;
- (b) the provisional agreement for sale and purchase dated 19 June 2023 between, among others, Fine Art Corporation Limited as vendor and Eastern Dragon Holdings Limited (an indirect wholly-owned subsidiary of the Company) as purchaser in relation to the sale and purchase of the property at Office B on 15th Floor, Chun Wo Commercial Centre, No. 25 Wing Wo Street, Hong Kong at the consideration of HK\$9,000,000;
- (c) the consignment agreement dated 30 August 2024 between Hong Kong Telecommunication Direct Selling Centre Limited (a company wholly-owned by Mr. Siu Muk Lung, executive Director) as the consignor (the “**Consignor**”) and Kinson Group Company Limited (a wholly-owned subsidiary of the Company) as the consignee (the “**Consignee**”) pursuant to which (i) the Consignee was appointed as the agent of the Consignor in selling mobile phones, electronics and accessories (the “**Consigned Goods**”) for a commission at a rate equal to 5% of the selling prices and (ii) the Consignee could obtain delivery of the Consigned Goods from

the Consignor from time to time on a consignment basis for the purpose of sale by the Consignee to its customers for a term of 3 years commencing on 1 April 2024 and expiring on 31 March 2027 (the “**Consignment Agreement**”); and

- (d) the purchases of an aggregate of approximately 8.88 units of Bitcoin, a cryptocurrency, by Moon International Group Limited (a wholly-owned subsidiary of the Company) through HashKey Exchange (an open market cryptocurrency exchange platform) as disclosed in the voluntary announcements of the Company dated 16 February 2025 and 23 February 2025 respectively, which comprise:
 - (i) the purchase of an aggregate of 1 unit of Bitcoin on 13 February 2025 at an aggregate consideration of approximately HK\$750,000 (equivalently to approximately US\$96,150^(Note)) (excluding transaction costs); and
 - (ii) the purchase of approximately 7.88 units of Bitcoin through a series of transactions on 20 February 2025 at an aggregate consideration of approximately HK\$5,936,906.26 (equivalent to approximately US\$761,705.07^(Note)) (excluding transaction costs).

The average cost of these approximately 8.88 units of Bitcoin (excluding transaction costs) was HK\$756,209.74 (equivalent to approximately US\$97,021.71^(Note)). Settlement of these purchase transactions has already been completed.

A memorandum setting out all the above principal terms of the purchases is available for inspection on the websites of the SFC and the Company as described in the section headed “Documents on Display” below in this Appendix II.

Note: For the purpose of this Response Document, the exchange rate at HK\$1 = US\$0.1283 as mentioned in the voluntary announcement of the Company dated 23 February 2025 has been used for the purpose of illustration only.

8. ARRANGEMENTS AFFECTING DIRECTORS

- (a) As at the Latest Practicable Date:
 - (i) none of the Directors had been or will be given any benefit as compensation for loss of office or otherwise in connection with the Offer;
 - (ii) save for the Sale and Purchase Agreement, the Subscription Agreement, the Facility Agreement, Purchaser 1 Share Charge and Purchaser 2 Share Charge for the reasons stated in paragraph 8(b) below in this Appendix II and the Consignment Agreement as referred to in paragraph 8(c) below in this Appendix II, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and

- (iii) save for the Sale and Purchase Agreement, the Subscription Agreement, the Facility Agreement, Purchaser 1 Share Charge and Purchaser 2 Share Charge for the reasons stated in paragraph 8(b) below in this Appendix II, there was no material contract entered into by the Joint Offerors in which any of the Directors had a material personal interest.
- (b)
 - (i) Mr. Siu Muk Lung is the Vendor under the Sale and Purchase Agreement.
 - (ii) Purchaser 1 (in which Mr. David Bailey was deemed to be interested for the reasons set out in paragraph 3(b)(ii)(a) above in this Appendix II) is a party to the Sale and Purchase Agreement, the Subscription Agreement, the Facility Agreement and the Purchaser 1 Share Charge.
 - (iii) Purchaser 2 (in which Mr. Jason Fang was deemed to be interested for the reasons set out in paragraph 3(b)(ii)(b) above in this Appendix II) is a party to the Sale and Purchase Agreement, the Subscription Agreement, the Facility Agreement and the Purchaser 2 Share Charge.
- (c) As disclosed in the prospectus of the Company dated 11 September 2018 in connection with the listing of the Shares on the Stock Exchange, the Group commenced the consignment sale of the Consigned Goods for Mr. Siu Muk Lung in the retail shops of the Group in the financial year ended 31 March 2016. The Consignment Agreement disclosed in paragraph 7 above (*Material Contracts*) in this Appendix II was a renewal of the expired consignment agreements between the Consignor and the Consignee. The consignment sale (or similar arrangements) for Mr. Siu Muk Lung or his controlled company as contemplated thereunder had been existing and ongoing at the time when the Company became listed on the Main Board of the Stock Exchange on 27 September 2018. It is the understanding of the Company that following a change in control of the Company upon Acquisition Completion, Mr. Siu Muk Lung is considering termination of such consignment formally by way of the Consignor giving at least 60 days' termination notice to the Consignee in accordance with the terms of the Consignment Agreement.

9. DIRECTORS' SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had any service contracts 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 6 months before the Offer Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period:

- (a) Letters of appointment between the Company and the non-executive Directors and independent non-executive Directors

Director	Date of letter of appointment	Term of appointment (Note 1)	Fixed remuneration	Variable remuneration
<i>Non-executive Directors</i>				
Mr. Ritchie Ma (Note 2)	26 September 2024	27 September 2024 to 26 September 2026	HK\$180,000 per annum	Nil
Mr. Lam Kin Lun Davie (Note 2)	26 September 2024	27 September 2024 to 26 September 2026	HK\$180,000 per annum	Nil
Ms. Cheung Yuet Ngo Flora	29 November 2024	29 November 2024 to 28 November 2026	Nil (Note 3)	Nil
<i>Independent non-executive Directors</i>				
Mr. Lee Kwan Ho, Vincent Marshall (Note 2)	26 September 2024	27 September 2024 to 26 September 2026	HK\$180,000 per annum	Nil
Mr. Kwok Wai Leung, Stanley (Note 2)	26 September 2024	27 September 2024 to 26 September 2026	HK\$180,000 per annum	Nil
Mr. Fok Kam Chau (Note 2)	26 September 2024	27 September 2024 to 26 September 2026	HK\$180,000 per annum	Nil

Notes:

- (1) Subject to retirement by rotation and re-election in accordance with the articles of association of the Company.
- (2) These letters of appointment were entered into for the renewal of the previous letters of appointment for a term of 2 years from 27 September 2022 to 26 September 2024. There is no adjustment to the remuneration of the relevant Directors under the new letters of appointment.
- (3) As the administrative manager of the Group, Ms. Cheung Yuet Ngo Flora is entitled to a monthly salary of HK\$15,000 under her employment contract with Hong Kong Mobile Phone Limited, a wholly-owned subsidiary of the Company.

(b) Letters of appointment between the Company and the New Directors

Director	Date of letter of appointment	Term of appointment (Note 1)	Fixed remuneration (Note 2)	Variable remuneration (Note 2)
<i>Executive Directors</i>				
Mr. David Bailey	12 February 2025	Continuous until terminated by 1 month's prior written notice given by either party	Nil	Nil
Mr. John Riggins	12 February 2025	Continuous until terminated by 1 month's prior written notice given by either party	Nil	Nil
Mr. Jason Fang	12 February 2025	Continuous until terminated by 1 month's prior written notice given by either party	Nil	Nil
Ms. Mary Wong	12 February 2025	Continuous until terminated by 1 month's prior written notice given by either party	Nil	Nil

Notes:

- (1) Subject to retirement by rotation and re-election in accordance with the articles of association of the Company.
- (2) Under the terms of these appointment letters, the New Directors shall not be entitled to any director's fee or any other remuneration during the term of the appointment letters.

10. EXPERTS AND CONSENT

The following is the qualification of the experts which have given opinions or advices contained or referred to in this Response Document:

Name	Qualification
Gram Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

Each of Gram Capital and HLB Hodgson Impey Cheng Limited has given and has not withdrawn its written consent to the issue of this Response Document with the inclusion of the text of its letter and/or report and the references to its name in the form and context in which it appears herein.

As at the Latest Practicable Date, neither Gram Capital nor HLB Hodgson Impey Cheng Limited have any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or had any interest, either directly or indirectly, in any assets which had been, since 31 March 2024 (the date to which the latest published annual audited financial statement of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

11. MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its headquarter and its principal place of business in Hong Kong is situated at 24th Floor, Chun Wo Commercial Centre, 23 Wing Wo Street, Sheung Wan, Hong Kong.
- (b) The Hong Kong branch registrar and transfer office of the Company is Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The company secretary of the Company is Mr. Chan Him Alfred who is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom.
- (d) The registered office of Gram Capital is situated at Room 1209, 12th Floor, Nan Fung Tower, 88 Connaught Road Central/173 Des Voeux Road Central, Hong Kong.
- (e) The English text of this Response Document shall prevail over the Chinese text in case of inconsistency.

12. DOCUMENTS ON DISPLAY

Copies of the documents set out in this section are available for inspection on (i) the website of the SFC (<http://www.sfc.hk>); and (ii) the website of the Company (<http://www.hkasiaholdings.com>) from the date of this Response Document up to and including the Closing Date:

- (i) the existing memorandum and articles of association of the Company;
- (ii) the 2022 Annual Report, the 2023 Annual Report, the 2023 Interim Report, the 2024 Annual Report and the 2024 Interim Report;
- (iii) the letter from the Board, the text of which is set out on pages 9 to 22 of this Response Document;
- (iv) the letter from the Independent Board Committee, the text of which is set out on pages 23 to 24 of this Response Document;
- (v) the letter from Gram Capital, the text of which is set out on pages 25 to 42 of this Response Document;

- (vi) the report from HLB Hodgson Impey Cheng Limited on the Profit Estimate, the text of which is set out in Appendix III to this Response Document;
- (vii) the report from Gram Capital on the Profit Estimate, the text of which is set out in Appendix IV to this Response Document;
- (viii) the written consents referred to in the paragraph headed “Experts and Consent” in this Appendix II;
- (ix) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix II;
- (x) the letters of appointment referred to in the paragraph headed “Directors’ Service Contracts” in this Appendix II; and
- (xi) this Response Document.

The following is the text of the letter from HLB Hodgson Impey Cheng Limited for the purpose of inclusion in this Response Document.

28 February 2025

The Board of Directors
HK Asia Holdings Limited
24th Floor, Chun Wo Commercial Centre
23 Wing Wo Street, Sheung Wan
Hong Kong

Dear Sirs,

HK Asia Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”)

Comfort letter on profit estimate for the nine months ended 31 December 2024

We refer to the following statement which constitutes a profit forecast under Rule 10.6 of The Code on Takeovers and Mergers (the “**Profit Estimate**”) as set out in the section headed “4. MATERIAL CHANGE” of Appendix I to the response document dated 28 February 2025 issued by HK Asia Holdings Limited:

the Group’s profit for the nine months ended 31 December 2024 (“9M2024/25”) decreased as compared to that for the nine months ended 31 December 2023 (“9M2023/24”), primarily attributable to (i) decrease in the Group’s revenue as a result of decrease in sales of Pre-Paid Products to Indonesian and Filipino consumers in Hong Kong and mobile users in Hong Kong who demand for making local and international phone calls and/or mobile data services in Hong Kong and overseas mainly due to increase in pricing of overseas voice calls by supplier for some Pre-Paid Products which diminished the consumers’ willingness to purchase such Pre-Paid Products and keen market competition; and (ii) the decrease in the Group’s gross profit margin as a result of increase in discounts provided to customers in light of keen market competition.

Directors’ Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated management accounts of the Group for the nine months ended 31 December 2024.

The Company’s directors are solely responsible for the Profit Estimate.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (“HKSQM”) 1 “*Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “*Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness*” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 March 2024.

Yours faithfully,

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hong Kong

APPENDIX IV REPORT FROM GRAM CAPITAL ON THE PROFIT ESTIMATE

The following is the text of the letter from Gram Capital for the purpose of inclusion in this Response Document.

**PRIVATE AND CONFIDENTIAL
BY E-MAIL AND BY POST**

28 February 2025

The Board of Directors

HK Asia Holdings Limited
24th Floor
Chun Wo Commercial Centre
23 Wing Wo Street
Sheung Wan, Hong Kong

Dear Sir/Madam,

Reference is made to the response document dated 28 February 2025 (the “**Response Document**”) issued by the Company. Capitalised terms used in this letter shall have the same respective meanings as defined in the Response Document unless the context otherwise required.

We refer to the following statements under the section headed “4. MATERIAL CHANGE” of Appendix I to the Response Document (the “**Statements**”):

The Group’s profit for the nine months ended 31 December 2024 (“9M2024/25”) decreased as compared to that for the nine months ended 31 December 2023 (“9M2023/24”), primarily attributable to (i) decrease in the Group’s revenue as a result of decrease in sales of Pre-Paid Products to Indonesian and Filipino consumers in Hong Kong and mobile users in Hong Kong who demand for making local and international phone calls and/or mobile data services in Hong Kong and overseas mainly due to increase in pricing of overseas voice calls by supplier for some Pre-Paid Products which diminished the consumers’ willingness to purchase such Pre-Paid Products and keen market competition; and (ii) the decrease in the Group’s gross profit margin as a result of increase in discounts provided to customers in light of keen market competition.

The Statements constitute profit forecast under Rule 10 of the Takeovers Code and must be reported on by the financial adviser and the auditors or consultant accountants. This report is issued in compliance with the requirements under Rule 10.4 and Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code.

The Board prepared the Statements based on the unaudited consolidated management accounts of the Group for 9M2024/25 (the “**Management Accounts**”). The Management Accounts were prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 March 2024 (the “**Bases**”).

APPENDIX IV REPORT FROM GRAM CAPITAL ON THE PROFIT ESTIMATE

We have reviewed the Statements, the Management Accounts and the Bases (no assumption was involved in making of the Statements as they relate to a period already ended) which were provided by you and you as the Directors are solely responsible for. We also discussed the above with you and the senior management of the Company.

In respect of the accounting policies and calculations concerned, upon which the Statements have been made, we have considered the report as contained in Appendix III to the Response Document addressed to the Board from HLB Hodgson Impey Cheng Limited, being the auditor of the Company (the “**Auditor**”). The Auditor is of the opinion that, so far as the accounting policies and calculations are concerned, the Statements have been properly compiled in accordance with the bases adopted by the Directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 March 2024.

Having considered the above, we are of the opinion that the Statements have been made with due care and consideration.

We hereby give and have not withdrawn our consent to the issue of the Response Document with the inclusion therein of this report.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director