28 August 2026

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

Dear Sir/Madam,

CONNECTED TRANSACTION
PROPOSED CAPITALISATION OF SHAREHOLDER'S LOAN
AND
ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate), details of which are set out in the letter from the Board (the "Letter from the Board") contained in the circular of the Company dated 28 August 2026 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 30 July 2026, the Company and Splendor entered into the Capitalisation Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Splendor has conditionally agreed to capitalise, the outstanding Loan in the principal amount of HK$7,444,800 (equivalent to SGD1,228,616.22) as at 30 June 2026 by the allotment and issue of 11,450,000 Capitalisation Shares at the Capitalisation Price of approximately HK$0.6502 per Share.

Splendor is wholly owned by Mr. Chan, who is the chairman, an executive Director, and a controlling shareholder of the Company holding approximately 50.28% of the issued share capital of the Company as at the date of the Capitalisation Agreement. Accordingly, Splendor is a connected person of the Company under Chapter 20 of the GEM Listing Rules. As the Capitalisation involves the issue of new Shares under a Specific Mandate to a connected person, it constitutes a connected transaction of the Company subject to the reporting, announcement, and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Dato' Koh Yee Keng, Mr. Clay Huen, and Mr. Lam Yu Hon, has been established to advise the Independent Shareholders as to whether the terms of the Capitalisation Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM. We, Carlyon Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company and any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we have not been appointed as an independent financial adviser for the Company. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence and we are independent from the Company pursuant to Rule 17.96 of the GEM Listing Rules.

BASIS OF OUR OPINION

In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company.

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

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to the Capitalisation Agreement.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Capitalisation Agreement and the transactions contemplated thereunder. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing whether the Capitalisation Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, we have considered the following principal factors and reasons:

1. Background of the Group

1.1 Background of the Group

The principal activities of the Group are the provision of reinforced concrete works including steel reinforcement works, formwork erection and concrete works, labour supply for construction industry, trading in ceramic tiles and as ceramic tiles contractor for building related works in Singapore and trading of mobile phones and accessories in Hong Kong.

1.2 Financial information of the Group

Set out below are the consolidated income statement of the Group for each of the three years ended 31 December 2023 ("**FY2023**"), 31 December 2024 ("**FY2024**") and 31 December 2025 ("**FY2025**") as extracted from the annual reports of the Company for FY2024 ("**2024 Annual Report**") and for FY2025 ("**2025 Annual Report**"):

	FY2025	**FY2024**	**FY2023**
	SGD'000	*SGD'000*	*SGD'000*
	(audited)	*(audited)*	*(audited)*
Revenue	81,731	86,431	44,318
Gross Profit	15,100	14,596	11,424
Profit / (Loss) for the year attributable to owners of the Company	1,944	3,168	999

FY2025 vs FY2024

As shown in the table above, the Group's revenue for FY2025 decreased slightly by approximately 5.4% from approximately SGD86.4 million for FY2024 to approximately SGD81.7 million for FY2025. The decrease was mainly attributable to lower revenue contribution from civil engineering projects and the mobile phone trading segment, partially offset by increased labour supply revenue. The Group reported a profit attributable to owners of the Company of approximately SGD1.9 million for FY2025, as compared with approximately SGD3.2 million for FY2024, representing a decrease of approximately 38.6%. The decrease in net profit was mainly attributable to lower overall revenue, partially offset by a slight improvement in gross profit margin.

FY2024 vs FY2023

The Group's revenue for FY2024 increased significantly by approximately 95.0% from approximately SGD44.3 million for FY2023 to approximately SGD86.4 million for FY2024. The increase was mainly attributable to completion of contracts in hand brought forward from the prior year, increase in projects revenue and labour supply related to contracts and the new business of sales of mobile phones and accessories. Profit attributable to owners of the Company surged from approximately SGD1.0 million for FY2023 to approximately SGD3.2 million for FY2024, which is contributable to the significant increase in revenue.

Set out below is a summary of the consolidated financial position of the Group as at 31 December 2023, 31 December 2024 and 31 December 2025, as extracted from the 2024 Annual Report and the 2025 Annual Report:

	As at 31 December 2025	**As at 31 December 2024**	**As at 31 December 2023**
	SGD'000	*SGD'000*	*SGD'000*
	(audited)	*(audited)*	*(audited)*
Non-current assets	7,826	6,680	7,192
Current assets	37,964	34,483	26,737
Non-current liabilities	1,417	968	903
Current liabilities	24,896	22,672	18,638
Net assets	19,477	17,523	14,388

31 December 2025 vs 31 December 2024

As at 31 December 2025, the Group's total assets amounted to approximately SGD45.8 million, representing an increase of approximately 11.2% from approximately SGD41.2 million as at 31 December 2024. Meanwhile, total liabilities of the Group increased by approximately 11.2% from approximately SGD23.6 million as at 31 December 2024 to approximately SGD26.3 million as at 31 December 2025. Following the profit attributable to owners of the Company recorded for FY2025 of approximately SGD1.9 million, net assets attributable to owners of the Company increased from approximately SGD17.5 million as at 31 December 2024 to approximately SGD19.5 million as at 31 December 2025, representing an increase of approximately 11.2%. The Group maintained a net current asset position of approximately SGD13.1 million as at 31 December 2025, compared to net current assets of approximately SGD11.8 million as at 31 December 2024.

31 December 2024 vs 31 December 2023

As at 31 December 2024, the Group's total assets and total liabilities were approximately SGD41.2 million and SGD23.6 million, respectively, compared to approximately SGD33.9 million and SGD19.5 million as at 31 December 2023. This represented an increase in total assets of approximately 21.3% and an increase in total liabilities of approximately 21.1%. Following the profit attributable to owners of the Company for FY2024 of approximately SGD3.2 million, net assets attributable to owners of the Company increased from approximately SGD14.4 million as at 31 December 2023 to approximately SGD17.5 million as at 31 December 2024, representing an increase of approximately 21.8%. The Group recorded net current assets of approximately SGD11.8 million as at 31 December 2024, compared to net current assets of approximately SGD8.1 million as at 31 December 2023.

2. Reasons for and benefits of the Capitalisation of the Loan

The Company is an investment holding company and the Group is principally engaged in (i) providing reinforced concrete works, which mainly cover steel reinforcement works, formwork erection and concrete works in Singapore; and (ii) trading of mobile phones and accessories in Hong Kong.

As advised by the management of the Company, the Group’s reinforced concrete business in Singapore is labour-intensive and capital-intensive in nature, requiring continuous deployment of working capital for project mobilisation, procurement of materials, labour costs, subcontracting expenses and performance bonds. On the other hand, the trading business in Hong Kong requires ongoing capital support for inventory procurement and credit terms extended to customers. In particular, a portion of the Group’s available cash resources is strategically allocated to the procurement of mobile phones and accessories for trading purposes in order to maintain adequate inventory levels, secure competitive pricing from suppliers and respond promptly to market demand and price fluctuations in the mobile trading business. Such allocation of cash resources forms part of the Group’s ordinary course treasury and working capital management.

With respect to the Group’s construction business, we have obtained the budgets of the Group’s ongoing construction projects, and note that the relevant direct costs for the projects, namely material costs, labour costs and subcontractor fees are expected to be around SGD32.9 million from July 2026 to June 2027, which would be close to three times the Group’s cash and cash equivalents of approximately SGD11.7 million as at 31 December 2025. With respect to the Group’s trading business of mobile phones and accessories in Hong Kong, as advised by the management of the Company, the second half of the year is generally the peak season for trading of mobile phones due to scheduled product launch of major mobile phone brands, and the Group needs to reserve ample working capital to meet the surge in business volume.

Furthermore, recently as disclosed in the Company's announcement dated 22 July 2026, the Group entered into an Option Agreement for the acquisition of a property located at 39 Changi South Avenue 2, Singapore (the “**Acquisition**”). The Acquisition represents a substantial capital commitment of SGD16,588,000 (equivalent to approximately HK$101,186,800) to be funded by a combination of internal resources and external borrowings.

The Loan was advanced by Splendor to the Company between 2024 and 2026 for the purpose of supporting the Group's general working capital. The Loan is unsecured, interest-free, and repayable on demand. As at 30 June 2026, the outstanding principal amount of the Loan was SGD1,228,616.22 (equivalent to approximately HK$7,444,800 based on an exchange rate of HK$6.0595 to SGD1.00).

In light of the funding requirements for the Acquisition and the Group's ongoing operational needs as discussed above, the Directors consider it prudent to preserve the Group's cash resources, which were approximately SGD11.7 million as at 31 December 2025 (SGD13.2 million as at 31 December 2024). Capitalisation of the Loan will extinguish the liability of HK$7,444,800 without any cash outflow. Upon Completion, the Group's liabilities will be reduced, strengthening its balance sheet, improving its gearing position, and enhancing overall capital structure stability.

As advised by the management of the Company, the Directors have evaluated alternative settlement options, including cash repayment and external debt refinancing:

(i) cash repayment — the Group may settle the Loan by repaying the outstanding principal amount of HK$7,444,800 in cash. However, full cash repayment would result in an immediate cash outflow by the Group and reduce the cash available for the Acquisition and the Group's business operations. Given the significant capital commitment required for the Acquisition, together with the Group's ongoing working capital requirements for its construction projects, labour costs and business expansion in Singapore, as well as the need to purchase mobile phones in second half of 2026, the Directors consider that using internal cash resources to settle the Loan would not be the most prudent use of the Group's cash resources at this stage;

(ii) refinancing through additional external borrowings — the Group may also seek to settle the Loan by obtaining additional external borrowings. The Group has considered its financing alternatives and available banking facilities. The banking facility in Singapore is intended to be utilised for the Acquisition. In respect of the Group's Hong Kong subsidiaries, the Group had approached two banks for banking facilities but such applications were still in processing as at the date of the Capitalisation Agreement and the Latest Practicable Date and there is no assurance that the banking facilities will be granted in the near future. Furthermore, the Group's property is pledged under the Acquisition. It is expected that the bank loans, if approved, would incur higher interest rate for the Group. Further external borrowings, if available, would likely involve interest expenses, financing costs, and may require security, guarantees or other conditions acceptable to the relevant lenders. Additional external borrowings would also increase the Group's indebtedness and gearing and may reduce the Group's future borrowing capacity, including its financial flexibility in connection with the Acquisition; and

(iii) capitalisation of the Loan — the Capitalisation will fully settle the outstanding Loan without any cash outflow by the Group. Upon Completion, the Loan will be extinguished, and the Group's liabilities will be reduced accordingly. The Capitalisation will therefore strengthen the Group's balance sheet, improve its gearing position and preserve cash resources for the Acquisition and the Group's general working capital needs.

Having considered the above alternatives, the Directors consider that the Capitalisation is more prudent and cost-effective than cash repayment or refinancing through additional external borrowings. In particular, the Capitalisation will not require the Group to utilise its cash resources, will not incur interest expenses or financing costs, and will not increase the Group's interest-bearing indebtedness. The Capitalisation also allows the Group to preserve its existing cash resources and available banking facilities for the Acquisition and its operating needs, while at the same time fully settling the Loan and improving the Group's capital structure. We concur with the Directors' view, given the working capital need of the Group's construction business in Singapore and trading business of mobile phones and accessories in Hong Kong as analysed above.

In light of the above, we consider that the entering into of the Capitalisation Agreement is commercially justifiable and the Capitalisation is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Capitalisation Agreement

Date of agreement: 30 July 2026

Parties:

(i) The Company, as issuer; and

(ii) Splendor, as subscriber.

Subject matter: The Company has conditionally agreed to allot and issue, and Splendor has conditionally agreed to capitalise the outstanding Loan in the principal amount of HK$7,444,800 as at 30 June 2026 by the allotment and issue of 11,450,000 Capitalisation Shares at a Capitalisation Price of approximately HK$0.6502 per Share (being an aggregate consideration of approximately HK$7.44 million). The Capitalisation Price was determined with reference to the outstanding Loan amount and the prevailing market price of the Shares.

Completion of the Capitalisation is conditional upon the Independent Shareholders approving the Capitalisation Agreement and the transactions contemplated thereunder, including the grant of the specific mandate for the allotment and issue of the Capitalisation Shares, at the EGM. Upon Completion, the Loan will be fully satisfied and discharged.

Conditions precedent: Completion is conditional upon fulfilment of the following conditions:

(a) the approval of the Board for the execution and performance of the Capitalisation Agreement and the transactions contemplated hereunder;

(b) the grant by the independent shareholders of the Company at an extraordinary general meeting of a specific mandate pursuant to the GEM Listing Rules for the allotment and issue of the Capitalisation Shares;

(c) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Capitalisation Shares and such approval not having been withdrawn or revoked; and

(d) no injunction, order or regulatory action being in effect prohibiting the implementation of the transactions contemplated under the Capitalisation Agreement.

None of the conditions precedent can be waived by any party in any event. As at the Latest Practicable Date, only condition (a) has been fulfilled.

The Long Stop Date for the fulfilment of the Conditions is 31 December 2026.

Completion: Subject to fulfilment of all the conditions precedent of the Capitalisation Agreement, Completion shall take place on the Completion Date, i.e. the third Business Day after all conditions precedent under the Capitalisation Agreement have been fulfilled, or such other date as the parties to the Capitalisation Agreement may agree in writing.

Capitalisation Shares

The 11,450,000 Capitalisation Shares represent:

(i) approximately 28.06% of the existing issued share capital; and

(ii) approximately 21.91% of the enlarged issued share capital as enlarged by the allotment and issue of the Capitalisation Shares.

The Capitalisation Shares will be issued under a specific mandate to be sought from the Independent Shareholders at the EGM.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares.

Capitalisation Price

The Capitalisation Price of HK$0.6502 per Share:

(i) represents a discount of approximately 17.70% to the closing price of HK$0.79 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) represents a discount of approximately 5.77% to the closing price of HK$0.69 per Share as quoted on the Stock Exchange on 30 July 2026, being the Last Trading Day;

(iii) represents a discount of approximately 7.64% to the average closing price of HK$0.704 per Share for the last five consecutive trading days immediately preceding 30 July 2026;

(iv) represents a discount of approximately 77.7% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2025 of approximately HK$2.91 per Share calculated based on the audited consolidated net asset of the Group attributable to the Shareholders of approximately S$19,477,000 as at 31 December 2025 as extracted from the annual report of the Company for the year ended 31 December 2025 and 40,800,000 Shares in issue, based on the exchange rate of HK$6.10 to S$1 for illustration purposes); and

(v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 1.70% of the theoretical diluted price of HK$0.6920 per Share to the benchmarked price of HK$0.704 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the higher of the closing price on the trading day preceding the date of the Settlement Agreement of HK$0.690 per Share and the average closing price of HK$0.704 per Share as quoted on the Stock Exchange for the five consecutive trading days preceding the date of the Capitalisation Agreement.

As stated in the Letter from the Board, the Capitalisation Price was determined after arm's length negotiations between the Company and Splendor with reference to, among other things, (i) the outstanding principal amount of the Loan of HK$7,444,800 as at 30 June 2026; (ii) the prevailing market price of the Shares prior to and including the date of the Capitalisation Agreement; and (iii) the then market conditions.

In determining the Capitalisation Price, the Company and Splendor had principally taken into account the recent trading prices of the Shares before the date of the Capitalisation Agreement. The Capitalisation Price of approximately HK$0.6502 per Capitalisation Share was close to the recent market prices of the Shares before 30 July 2026 and represents:

(i) a discount of approximately 5.77% to the closing price of HK$0.690 per Share as quoted on the Stock Exchange on 30 July 2026, being the Last Trading Day; and

(ii) a discount of approximately 7.64% to the average closing price of HK$0.704 per Share for the last five consecutive trading days immediately preceding 30 July 2026.

The number of Capitalisation Shares was determined by dividing the outstanding principal amount of the Loan of HK$7,444,800 by the Capitalisation Price of approximately HK$0.6502 per Share. Accordingly, 11,450,000 Capitalisation Shares will be allotted and issued to Splendor upon Completion, which will fully settle the outstanding Loan without any cash outflow by the Group.

In assessing the current market conditions, the Directors have considered, among other things, the recent trading performance and liquidity of the Shares. Trading in the Shares had been suspended from 1 April 2025 to 4 June 2026. Following resumption of trading, the Shares closed at prices ranging from HK$0.65 to HK$0.74 during the period from 5 June 2026 to 30 July 2026, and the Capitalisation Price is slightly below such range. The Directors also noted that trading in the Shares was relatively thin during part of such period, and therefore considered it appropriate to determine the Capitalisation Price with reference to recent closing prices of the Shares rather than historical prices before the resumption of trading.

In assessing the fairness and reasonableness of the Capitalisation Price, the Directors, excluding the independent non-executive Directors whose views will be given after taking into account the advice of the Independent Financial Adviser, have considered the following factors:

(i) the Capitalisation Price was close to the prevailing market prices of the Shares prior to the date of the Capitalisation Agreement and represented a discount of approximately 5.77% to the closing price of the Shares on the Last Trading Day and a discount of approximately 7.64% to the average closing price of the Shares for the last five consecutive trading days immediately preceding the Last Trading Day;

(ii) trading in the Shares had been suspended from 1 April 2025 to 4 June 2026. Following resumption of trading, the Shares closed at prices ranging from HK$0.65 to HK$0.74 during the period from 5 June 2026 to 30 July 2026, and the Capitalisation Price of approximately HK$0.6502 per Share is slightly below such range;

(iii) although the Capitalisation Price represents a discount of approximately 77.7% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2025 of approximately HK$2.91 per Share, the Directors consider that the prevailing market price of the Shares is a more relevant reference for determining the Capitalisation Price. The Shares are listed and traded on the Stock Exchange, and the market price of the Shares reflects, among other things, investors' assessment of the Company, the liquidity of the Shares and the prevailing market conditions. The Directors also noted that the Shares had been trading at a significant discount to the net asset value per Share, and the net asset value per Share does not necessarily represent the price at which new Shares may be issued in the market;

(iv) the Capitalisation is not an asset disposal by the Group. The Capitalisation will not result in any disposal of assets by the Group, but will instead fully settle the outstanding Loan, reduce the Group's liabilities and improve its gearing position without any cash outflow;

(v) the Capitalisation Price was agreed on the basis that the entire outstanding principal amount of the Loan would be capitalised, and the Capitalisation Shares would be issued to Splendor in full settlement of the Loan. No cash proceeds will be raised by the Company from the Capitalisation; and

(vi) the Capitalisation reflects the continued financial support of Splendor, being the controlling shareholder of the Company, and enables the Group to preserve cash resources for its business operations and the acquisition of a property in Singapore as disclosed in the announcement of the Company dated 22 July 2026.

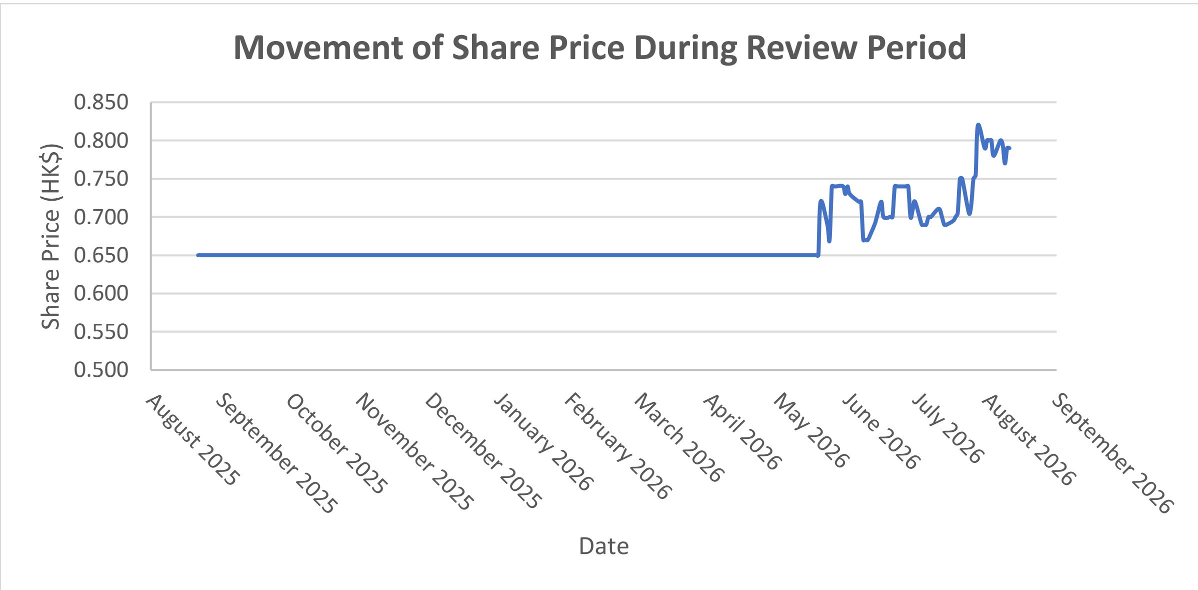
As stated in the Letter from the Board, having considered the above, the Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice of the Independent Financial Adviser) consider that the Capitalisation Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Evaluation of the Capitalisation Price

In order to assess the fairness and reasonableness of the Capitalisation Price, we have reviewed the historical price performance of the Shares, the liquidity of the Shares and comparable analysis of share price.

<u>Historical price performance of the Share</u>

For assessing the historical price performance of the Share, we consider that the period from 1 September 2025 to the Latest Practicable Date (the "Review Period"), being a period of around one year up to and including the Latest Practicable Date, is adequate as an attempt to illustrate the recent price movement of the Shares and provides a reasonable basis for assessing the Capitalisation Price against the historical market performance of the Shares. However, as the trading in the Shares had been suspended since 1 April 2025 until its resumption on 5 June 2026, the closing price of the Share was at HK$0.65 (closing price immediately before the suspension of trading of the Shares on 1 April 2025) for a majority of the time during the Review Period up until 4 June 2026, being the last trading day before the resumption of trading on 5 June 2026. If the Review Period is going to cover the share price performance of the Shares before its suspension in trading before 1 April 2025, such performance would (i) reflect market sentiments which were over a year ago, where local economic, and to the global extent, macro-economic and political conditions are different; and (ii) not be reflective of any potential impact of the prolonged suspension in trading of the Shares. We consider that the share price performance from 5 June 2026 up to the Latest Practicable Date, which is close to three months, would be more meaningful to reflect the more recent business and corporate development of the Company under prevailing market conditions. The following chart sets out the daily closing prices of the Shares during the Review Period:



Source: the Stock Exchange's website

As illustrated in the chart above, the Shares were trading in a narrow range between HK$0.67 and HK$0.82. The Capitalisation Price of HK$0.6502 per Share is slightly below the aforesaid closing price range of the Share since the resumption in trading on 5 June 2026.

Liquidity

Set out below are (i) the number of trading days; (ii) the percentage of the Shares' average daily trading volume during each month (the "Average Trading Volume") as compared to the total number of issued Shares held by the public as at the Latest Practicable Date; and (iii) the percentage of the Average Trading Volume as compared to the total number of issued Shares as at the Latest Practicable Date, during the Review Period. However, as the trading in the Shares had been suspended since 1 April 2025 until its resumption on 5 June 2026, there was no trading for a majority of the time during the Review Period up until the resumption of trading on 5 June 2026.

Month	**No. of trading days in each month**	**% of the Average Trading Volume to total number of issued Shares held by the public Shareholders as at the Latest Practicable Date**	**% of the Average Trading Volume to total number of issued Shares as at the Latest Practicable Date**
		(Note 1)	*(Note 2)*
2026		*%*	*%*
June (since 5 June)	17	2.03	1.01
July	22	0.07	0.04
August *(including and up to the Latest Practicable Date)*	20	0.32	0.16

Source: the Stock Exchange's website
Notes:
1. Based on 20,284,000 Shares held by the public Shareholders as at the Latest Practicable Date.
2. Based on 40,800,000 Shares as at the Latest Practicable Date.

We noted from the above table that the Average Trading Volume of the Shares was thin since the resumption of trading on 5 June 2026. The Average Trading Volume for each of June, July and August 2026 was merely / below 1.0% of the total number of issued Shares as at the Latest Practicable Date, indicating that the Shares have been traded with extremely low liquidity.

Given the generally low liquidity of the Shares as illustrated above, we consider that a sizeable block of Shares may not be readily disposed of in the market without exerting downward pressure on the Share price. In view of the relatively large number of Capitalisation Shares to be issued under the Capitalisation, a discount to the prevailing market price would be commercially understandable to reflect the limited liquidity of the Shares and the potential difficulty in disposing of a sizeable block of Shares.

Comparable analysis

To further assess the fairness and reasonableness of the Capitalisation Price, we have conducted a search on the website of the Stock Exchange to identify comparable transactions involving subscriptions or issues of new ordinary shares under specific mandate by or to connected persons, which is an exhaustive list, based on the following criteria:

(i) the issuers are listed on the Stock Exchange;

(ii) the trading of shares of such issuers were not halted/suspended for more than three months as at the respective date of announcement;

(iii) the subscriptions or issues of new shares were announced since 1 February 2026 up to 30 July 2026, being the six-month period prior to and including the date of the Capitalisation Agreement; and

(iv) the new shares were not issued in connection with share incentive schemes, acquisition transactions, part of a series of corporate exercises or corporate or debt restructuring under a scheme of a listed company.

Date of announcement	**Stock code**	**Company name**	**Premium/ (discount) of the subscription/ issue price over/ to the closing price on/prior to the date of the agreement**	**Premium/ (discount) of the subscription/ issue price over/ to the average closing price for the last five consecutive trading days prior to/up to and including the date of the agreement**
			Approximate %	*Approximate %*
16 July 2026	8482	Wan Leader International Limited	Nil	Nil
10 July 2026	1452	Denox Environmental & Technology Holdings Limited	(16.59)	(10.59)
29 June 2026	8137	Honbridge Holdings Limited	(36.21)	(33.69)
17 June 2026	1011	China NT Pharma Group Company Limited	(20.65)	(20.13)
1 June 2026	8510	Top Standard Corporation	(20.00)	(20.00)
29 May 2026	80	CAI Corp	10.0	6.80
27 May 2026	1679	Risecomm Group Holdings Limited	(11.54)	(13.21)
26 May 2026	1146	Huicheng International Holdings Limited	88.70 (Note)	93.80 (Note)
5 March 2026	931	China HK Power Smart Energy Group Limited	Nil	(0.27)
		Maximum (excluding outliers)	10.00	6.80
		Minimum (excluding outliers)	(36.21)	(33.69)
		Average (excluding outliers)	(11.87)	(11.39)
		Median (excluding outliers)	(14.07)	(11.90)
30 July 2026	**8373**	**The Company**	**(5.77)**	**(7.64)**

Note: The premium represented by the subscription price of the transaction of Huicheng International Holdings Limited was exceptionally high as it was more than two standard deviations away from the mean and was therefore considered as outlier based on the mean and standard deviation outlier detection method. No other outlier was identified based on the same detection method.

As illustrated in the table above, the subscription or issue prices of the Comparable Transactions (excluding outliers):

(i) ranged from a discount of approximately 36.21% to a premium of approximately 10.00% over their respective closing prices on or immediately prior to the date of the relevant agreement ("**LTD Discount**"), with an average discount of approximately 11.87% and a median discount of approximately 14.07%. The LTD Discount of approximately 5.77% represented by the Capitalisation Price falls within the range and is below the average and median of the LTD Discount of the Comparable Transactions; and

(ii) ranged from a discount of approximately 33.69% to a premium of approximately 6.80% over their respective closing prices for the five consecutive trading days prior to/up to and including the date of the relevant agreement ("**5-Day Discount**"), with an average discount of approximately 11.39% and a median discount of approximately 11.90%. The 5-Day Discount of approximately 7.64% represented by the Capitalisation Price falls within the range and is below the average and median of the 5-Day Discount of the Comparable Transactions.

While we note that the Capitalisation Price represents a discount of approximately 77.7% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2025 of approximately HK$2.91 per Share calculated based on the audited consolidated net asset of the Group attributable to the Shareholders of approximately S$19,477,000 as at 31 December 2025 as extracted from the annual report of the Company for the year ended 31 December 2025 and 40,800,000 Shares in issue, based on the exchange rate of HK$6.10 to S$1 for illustration purposes), having considered the balancing factors such as the thin liquidity of the Shares during the Review Period and that the LTD Discount and 5-Day Discount represented by the Capitalisation Price fall within the respective ranges, and are below both the average and the median of the LTD Discount and 5-Day Discount of the Comparable Transactions, i.e. lesser discount when compared to the overall market practice as implied by the Comparable Transactions, we are of the view that the terms of the Capitalisation Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

4. Possible dilution effect to the Shareholders

The change in shareholding structure of the Company arising from the Capitalisation is set out in the section headed "Effect on Shareholding Structure" in the Letter from the Board. Immediately upon completion of the Capitalisation Agreement, assuming there is no other change in the issued share capital of the Company from the Latest Practicable Date and up to the date of completion of the Capitalisation Agreement, the shareholding interest of the public Shareholders would decrease from approximately 49.72% as at the Latest Practicable Date to approximately 38.82% immediately upon completion of the Capitalisation Agreement.

We note that the Capitalisation would result in a moderate dilution effect on the shareholding interests of the public Shareholders. However, in assessing whether such dilution effect is acceptable, we have considered the following factors:

(i) the Capitalisation would enable the Group to settle the Loan without immediate cash outflow, thereby preserving the Group's cash resources for its operations and working capital requirements;

(ii) there are ongoing operational needs of the Group on its reinforced concrete business in Singapore and trading business of mobile phones and accessories in Hong Kong;

(iii) the Group entered into an Option Agreement for the Acquisition which represents a substantial capital commitment of SGD16,588,000 (equivalent to approximately HK$101,186,800) to be funded by a combination of internal resources and external borrowings; and

(iv) the Capitalisation Price is considered fair and reasonable, as discussed in the section headed ''Evaluation of the Capitalisation Price" above.

Taking into account the above, we consider that although there is dilution effect on the public Shareholders, such dilution effect is justifiable and acceptable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Having taken into account the above principal factors and reasons, although the Capitalisation is not conducted in the ordinary and usual course of business of the Group, we consider that the terms of the Capitalisation Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Capitalisation Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Carlyon Capital Limited

Wallace Cheung
Managing Director

Mr. Wallace Cheung is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of Carlyon Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 16 years of experience in the corporate finance industry.