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30 October 2026

The Directors
Public Financial Holdings Limited

Dear Sirs,

(1) Conditional Proposal for the Privatisation of Public Financial Holdings Limited ("**Company**") by Public Bank Berhad ("**Offeror**") by way of a Scheme of Arrangement under Section 99 of the Companies Act 1981 of Bermuda (as amended from time to time) and (2) Proposed Withdrawal of Listing of Shares of Public Financial Holdings Limited (collectively, "**Proposal**")

We refer to the composite scheme document dated 30 October 2026 (the "**Document**") jointly issued by the Company and the Offeror in connection with the Proposal, a copy of which is attached and initialed by us on its front cover for the purpose of identification.

We hereby consent to the inclusion of our letter dated 30 October 2026 on profit forecast for the year ending 31 December 2026 in the Document, and the references to our name in the form and context in which they are included.

This letter is solely being issued in connection with the issuance of the Document regarding the Proposal and not for any other purpose.

Yours faithfully,

Certified Public Accountants
Hong Kong

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or otherwise transferred all your Shares in the Company, you should at once hand this Scheme Document and the accompanying notices and forms of proxy for the Court Meeting and the SGM to the purchaser(s) or transferee(s), or the licensed securities dealer or registered institution in securities, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Scheme Document should be read in conjunction with the accompanying notices and forms of proxy for the Court Meeting and the SGM. This Scheme Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

This Scheme Document has not been and will not be registered as a prospectus with the Malaysian Securities Commission under the Capital Markets and Services Act 2007. This Scheme Document will be deposited as an information memorandum with the Malaysian Securities Commission within seven days after it is first issued pursuant to Section 229(4) or Section 230(4) of the Capital Markets and Services Act 2007.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Scheme Document, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Scheme Document.

This Scheme Document is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities of the Offeror or the Company.



SCHEME DOCUMENT

**(1) CONDITIONAL PROPOSAL FOR THE PRIVATISATION OF
PUBLIC FINANCIAL HOLDINGS LIMITED BY PUBLIC BANK BERHAD
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA
(AS AMENDED FROM TIME TO TIME);**

AND

**(2) PROPOSED WITHDRAWAL OF LISTING OF SHARES OF
PUBLIC FINANCIAL HOLDINGS LIMITED**

Hong Kong Financial Adviser to Public Bank Berhad



Independent Financial Adviser to the Disinterested Scheme Shareholders



Unless the context otherwise requires, capitalised terms used in this Scheme Document have the meanings given to them in the section headed "Definitions" in this Scheme Document.

A letter from the Board is set out on pages 22 to 30 of this Scheme Document. A letter from the Independent Financial Adviser containing its advice to the Disinterested Scheme Shareholders in connection with the Proposal and the Scheme is set out on pages 31 to 70 of this Scheme Document. The Explanatory Statement is set out on pages 71 to 97 of this Scheme Document. The actions to be taken by the Shareholders are set out on pages 5 to 11 of this Scheme Document.

Notices convening the Court Meeting and the SGM to be held at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on 23 November 2026, in the case of the Court Meeting at 10:00 a.m. and in the case of the SGM at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting), are set out on pages 133 to 135 and 136 to 138 of this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the SGM or any adjournment thereof in person, if you are a Scheme Shareholder, you are strongly urged to complete and sign the enclosed PINK form of proxy in respect of the Court Meeting and if you are a Shareholder, you are strongly urged to complete and sign the enclosed WHITE form of proxy in respect of the SGM, in accordance with the instructions printed thereon and to lodge them with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no later than the respective times and dates stated under the section headed "Actions to be Taken" in this Scheme Document. If the PINK form of proxy is not so lodged, it may alternatively be handed to the chairman of the Court Meeting (who will have absolute discretion on whether or not to accept it) at the Court Meeting. If the WHITE form of proxy is not so lodged, it will not be valid. Completion and return of a form of proxy for the Court Meeting and/or the SGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish, and, in such event, the relevant form of proxy will be revoked by operation of law.

This Scheme Document is issued jointly by the Offeror and the Company. In case of inconsistency, the English language text of this Scheme Document shall prevail over the Chinese language text.

30 October 2026

* For identification purpose only

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QUESTIONS AND ANSWERS

The following are some of the questions you, as a Scheme Shareholder or a Shareholder, may have and the answers to those questions.

This Scheme Document contains important information and you are encouraged to read this Scheme Document in its entirety, including the Appendices, carefully for completeness.

1. WHAT IS THE PURPOSE OF THIS SCHEME DOCUMENT?

The purpose of this Scheme Document is to provide you with, among other things: (a) information on the Scheme and the expected timetable of the Proposal; (b) the letter of advice from the Independent Financial Adviser to the Disinterested Scheme Shareholders in relation to the Proposal and the Scheme; (c) notices of the Court Meeting and the SGM; and (d) the **PINK** and **WHITE** forms of proxy in relation to the Court Meeting and the SGM, respectively.

2. WHAT ARE THE COURT MEETING, THE SGM AND THE COURT HEARING?

The Court Meeting is convened for the Scheme Shareholders to consider and, if thought fit, approve the Scheme.

Immediately after the Court Meeting has concluded or been adjourned, the SGM or any adjournment thereof will be held for the Shareholders to consider and, if thought fit, pass the necessary resolution(s) for the implementation of the Proposal and the Scheme.

If the requisite approval is obtained at the Court Meeting and the resolutions are passed at the SGM, the Court hearing will be held for the Court to hear the petition to sanction the Scheme.

The Court hearing is listed to be heard at 10:00 a.m. on 4 December 2026 (Bermuda time). Any Scheme Shareholder who voted at the Court Meeting and any Beneficial Owner who gave voting instructions to a custodian or a clearing house who voted at the Court Meeting has the right to attend or appear by Bermuda counsel and be heard at the Court hearing.

3. WHAT ARE THE LOCATION, DATE AND TIME OF THE COURT MEETING AND THE SGM?

The Court Meeting will be held at 10:00 a.m. on Monday, 23 November 2026 at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

QUESTIONS AND ANSWERS

The SGM will be held at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) on Monday, 23 November 2026 at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

4. WHAT DO I NEED TO DO IF I WANT TO VOTE AT THE COURT MEETING AND THE SGM?

You are strongly encouraged:

- (a) in the case of a Scheme Shareholder or a Shareholder – to exercise your right to vote at the Court Meeting and/or the SGM; or
- (b) in the case of a Beneficial Owner – to give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and/or the SGM.

The actions you should take are summarised in the section headed “*Actions to be taken*” in this Scheme Document. You should read them carefully.

5. WHAT ARE THE PROPOSAL AND THE SCHEME?

The Proposal involves the proposed privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act involving:

- (a) the cancellation of all Scheme Shares held by the Scheme Shareholders on the Scheme Record Date, in consideration for the payment of the Cancellation Price of HK\$2.50 in cash by the Offeror for each Scheme Share cancelled; and
- (b) contemporaneously with the cancellation of the Scheme Shares, such number of new Shares as is equal to the number of Scheme Shares cancelled will be issued to the Offeror, credited as fully paid, such that the share capital of the Company will be maintained.

Upon completion of the Proposal, the Company will become wholly-owned by the Offeror. The Company will apply for the withdrawal of the listing of the Shares on the Stock Exchange subject to the Scheme becoming effective.

The Proposal is conditional upon the fulfilment or (if capable of being waived) waiver of the Conditions as further described in this Scheme Document.

QUESTIONS AND ANSWERS

6. WHAT ARE THE REASONS FOR AND BENEFITS OF THE PROPOSAL?

The Offeror's reasons for and benefits of the Proposal are summarised as follows:

- (a) the Proposal provides Scheme Shareholders with an opportunity to realise their investment immediately at an attractive premium to the historical trading prices of the Shares;
- (b) the Proposal will simplify the ownership structure of the Company and facilitate closer alignment and more efficient coordination between the Company and the Offeror Group; and
- (c) privatisation of the Company will eliminate the costs and administrative burden associated with maintaining the Company's listing and allow resources to be focused more directly on its banking operations.

7. WILL THE OFFEROR RAISE THE PRICE OF ITS OFFER FOR THE SHARES?

No. The Offeror has confirmed that there will be no increase in the Cancellation Price and that the Offeror does not reserve the right to do so.

8. WHAT ARE THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP?

As at the Latest Practicable Date, it was the intention of the Offeror for the Group to continue to carry on its existing business, which involves the provision of a comprehensive range of banking and financial services, stockbroking, the letting of investment properties, the provision of financing to purchasers of taxis and public light buses, the trading of taxi cabs and taxi licences, and the leasing of taxis in Hong Kong.

The Offeror does not plan to make any material change to the business of the Group (including any redeployment of fixed assets) or the continued employment of the employees of the Group (other than such changes in the ordinary course of business).

9. I AM AN OVERSEAS SHAREHOLDER. WHAT SHOULD I DO?

All overseas Shareholders are advised to read this Scheme Document in its entirety and, in particular, the section headed "*19. Overseas Holders of Scheme Shares*" in the Explanatory Statement in this Scheme Document.

10. WILL I HAVE TO PAY ANY STAMP DUTIES, FEES OR COMMISSIONS?

As the cancellation of the Scheme Shares upon the Scheme becoming binding and effective does not involve the sale and purchase of any Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) in this respect.

QUESTIONS AND ANSWERS

If your Shares are registered in your name as at the Scheme Record Date and the Scheme becomes binding and effective, you will not have to pay brokerage fees or similar expenses in respect of the cancellation of the Scheme Shares concerned.

If, as at the Scheme Record Date, you own your Shares through a financial intermediary (such as a broker or nominee), you should consult your financial intermediary to determine whether any charges apply.

11. WHEN DO YOU EXPECT THE PROPOSAL TO BE COMPLETED?

If the Conditions of the Proposal are fulfilled or (if capable of being waived) waived, it is expected that the Scheme will become effective on Monday, 7 December 2026 (Bermuda time).

Please note that all of the Conditions will have to be fulfilled or (if capable of being waived) waived, otherwise the Scheme will not become binding or effective and will lapse subject to the requirements of the Takeovers Code. The aforementioned effective date of the Scheme is indicative only and is subject to change.

12. WHO SHOULD I CONTACT IF I HAVE ADDITIONAL QUESTIONS?

If you have any questions concerning administrative matters, such as dates, documentation and procedures relating to the Proposal, please call the general enquiry hotline of the Share Registrar at (852) 2980 1333 between 9:00 a.m. and 5:00 p.m. on Mondays to Fridays, excluding public holidays in Hong Kong.

You may also visit the Company's website at www.publicfinancial.com.hk.

The above website and hotline cannot and will not (i) provide any information not available in the public domain or any advice on the merits or risks of the Proposal; or (ii) give any financial or legal advice. If you are in doubt as to the contents of this Scheme Document, any aspect of the Proposal or any action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

ACTIONS TO BE TAKEN

1. ACTIONS TO BE TAKEN BY SHAREHOLDERS

For the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Wednesday, 18 November 2026 to Monday, 23 November 2026 (both days inclusive), and during such period, no transfer of Shares will be effected. In order to qualify to attend and vote at the Court Meeting and the SGM, all transfers of shares accompanied by the relevant sharebk certificates and appropriate transfer forms must be lodged with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Tuesday, 17 November 2026. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she or it wishes to attend and vote at the Court Meeting and/or the SGM.

A **PINK** form of proxy for use at the Court Meeting and a **WHITE** form of proxy for use at the SGM are enclosed with this Scheme Document.

Whether or not you are able to attend the Court Meeting and/or the SGM or any adjournment thereof in person, if you are a Scheme Shareholder, you are strongly urged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting, and if you are a Shareholder, you are strongly urged to complete and sign the enclosed **WHITE** form of proxy in respect of the SGM, in each case, in accordance with the instructions printed thereon, and to lodge them with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no later than the following times and dates in order to be valid:

- the **PINK** form of proxy for use at the Court Meeting should be lodged with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 10:00 a.m. on Saturday, 21 November 2026 but, if it is not so lodged, it may alternatively be handed to the chairman of the Court Meeting (who shall have absolute discretion as to whether or not to accept it) at the Court Meeting; and
- the **WHITE** form of proxy for use at the SGM must be lodged with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 10:30 a.m. on Saturday, 21 November 2026, failing which it will not be valid.

Completion and return of a form of proxy for the Court Meeting and/or the SGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof should you so wish. In such event, the relevant form of proxy will be revoked by operation of law.

ACTIONS TO BE TAKEN

Voting at the Court Meeting and the SGM will be taken by poll as required under the Listing Rules and the Takeovers Code.

If you do not provide specific voting instruction in the **PINK** form of proxy in respect of the Court Meeting, your proxy will be entitled to cast your vote or abstain at his/her discretion, and if you have appointed the chairman of the Court Meeting as your proxy, he/she will abstain from voting. Your proxy (or, if you have appointed the chairman of the Court Meeting as your proxy, the chairman of the Court Meeting) will also be entitled to vote at his/her discretion on any motion or resolution properly put to the Court Meeting other than that referred to in the notice convening the Court Meeting.

If you do not provide specific voting instruction in the **WHITE** form of proxy in respect of the SGM, your proxy (or, if you have appointed the chairman of the SGM as your proxy, the chairman of the SGM) will be entitled to cast your vote or abstain at his/her discretion on any motion or resolution properly put to the SGM.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the SGM in person, you will still be bound by the outcome of the Court Meeting and/or the SGM if, among other things, the resolutions are passed by the requisite majorities of the Scheme Shareholders, Disinterested Scheme Shareholders or the Shareholders (as the case may be) and the Scheme is sanctioned by the Court and becomes effective. You are therefore strongly urged to attend and vote at the Court Meeting and/or the SGM in person or by proxy.

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the SGM on Monday, 23 November 2026 by no later than 7:00 p.m. If all of the resolutions are passed at the Court Meeting and/or the SGM, further announcement(s) will be made in relation to, among other things, the outcome of the hearing of the petition for the sanction of the Scheme by the Court and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of listing of Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

2. ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD BY A REGISTERED OWNER OR DEPOSITED IN CCASS

No person shall be recognised by the Company as holding any Shares on trust.

If you are a Beneficial Owner whose Shares are registered in the name of a nominee, trustee, depositary or any other custodian or third party, you should contact the relevant Registered Owner without delay to give instructions to and/or to make arrangements with such Registered Owner as to the manner through which the Shares beneficially owned by you should be voted at the Court Meeting and/or the SGM.

ACTIONS TO BE TAKEN

If you are a Beneficial Owner who wishes to attend and vote at the Court Meeting and/or the SGM personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the SGM and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name, if you wish to vote (in person or by proxy) at the Court Meeting and/or the SGM.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the SGM shall be in accordance with all relevant provisions in the Bye-laws of the Company and the directions order from the Court (as applicable).

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

Completion and return of a form of proxy for the Court Meeting and/or the SGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof if he/she/it so wishes, and, in such event, the relevant form of proxy will be revoked by operation of law.

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and/or the SGM or, as applicable, the latest time for lodging transfers of Shares, in order to provide the Registered Owner with sufficient time to complete his/her forms of proxy or transfer documents accurately and to submit them by the relevant deadlines. To the extent that any Registered Owner (or any relevant broker, custodian, nominee or other relevant person) requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of the forms of proxy in respect of the Court Meeting and/or the SGM or, as applicable, the latest time for lodging transfers of Shares, any such Beneficial Owner should comply with the requirements of such Registered Owner (or any relevant broker, custodian, nominee or other relevant person).

ACTIONS TO BE TAKEN

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are an Investor Participant, contact your broker, custodian, nominee or other relevant person who is, or has, in turn, deposited such Shares with, a CCASS participant regarding voting instructions to be given to such persons, or alternatively arrange for some or all of such Shares to be withdrawn from CCASS and transferred into your own name prior to the Meeting Record Date, if you wish to vote (in person or by proxy) at the Court Meeting and/or the SGM. The procedure for voting in respect of the Scheme by the Investor Participants and the other CCASS participants with respect to Shares registered under the name of HKSCC Nominees shall be in accordance with the “*General Rules of CCASS*” and the “*CCASS Operational Procedures*” in effect from time to time.

For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument, and if the Share(s) of the Beneficial Owner are held through a financial intermediary, any other relevant fees charged by such financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Share(s) into your name so as to qualify to attend and vote at the Court Meeting and/or the SGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Share(s) from CCASS and register them in your name. If you wish to attend the Court Meeting and/or the SGM, you may also contact your broker, custodian, nominee or other relevant person and/or HKSCC Nominees to make the appropriate arrangements with HKSCC Nominees to enable you to attend and vote at the Court Meeting and/or the SGM and, for such purpose, HKSCC Nominees may appoint you as its proxy.

Only Scheme Shareholders whose Scheme Shares are registered in their own names in the register of members of the Company on the Meeting Record Date will be counted as members of the Company for the purpose of calculating whether or not a majority in number of members of the Company have approved the Scheme at the Court Meeting under section 99 of the Companies Act. Subject to the directions of the Court, HKSCC Nominees will be counted as one Scheme Shareholder and may vote for or against the Scheme according to the majority of voting instructions it receives. Beneficial Owners whose Shares are deposited in CCASS and who wish to individually vote or be counted for such purposes should make arrangements to be registered as a member of the Company in their own name prior to the Meeting Record Date.

3. EXERCISE YOUR RIGHT TO VOTE

If you are a Scheme Shareholder, a Shareholder and/or a Beneficial Owner, you are strongly encouraged to exercise your right to vote or give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and/or the SGM.

ACTIONS TO BE TAKEN

If you keep any Shares in a share lending programme, you are strongly encouraged to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Shares are deposited in CCASS and wish to be counted individually in the calculation of the “majority in number” requirement at the Court Meeting, you should make arrangements to become a Registered Owner of some or all of your Shares prior to the Meeting Record Date.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you are strongly encouraged to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees (if applicable, through your broker, custodian, nominee or other relevant person) in relation to the manner in which those Shares should be voted at the Court Meeting and/or the SGM without delay and/or withdraw some or all of your Shares from CCASS and become a Registered Owner of such Shares prior to the Meeting Record Date and exercise your right to vote (in person or by proxy) at the Court Meeting and/or the SGM.

If you are a Registered Owner holding Shares on behalf of Beneficial Owners, you should inform the relevant Beneficial Owners about the importance of exercising their right to vote. You should also remind the relevant Beneficial Owners that if they wish to be counted individually in the calculation of the “majority in number” requirement at the Court Meeting, they should make arrangements to become a Registered Owner of some or all of their Shares prior to the Meeting Record Date.

IF THE SCHEME BECOMES EFFECTIVE, IT WILL BE BINDING ON ALL OF THE SCHEME SHAREHOLDERS, IRRESPECTIVE OF WHETHER OR NOT YOU ATTENDED AND/OR VOTED AT THE COURT MEETING AND/OR THE SGM.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR LICENSED SECURITIES DEALER OR REGISTERED INSTITUTION IN SECURITIES, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

ACTIONS TO BE TAKEN

NOTICE TO OVERSEAS SHAREHOLDERS

The making and implementation of the Proposal to any Scheme Shareholders who are not residents in Hong Kong may be affected by Applicable Laws. Any Scheme Shareholders who are not residents in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions. It is the responsibility of any overseas Scheme Shareholders wishing to take any actions in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any transfer or other taxes due in such jurisdiction. The Offeror and the Company expressly decline any liability for breach of any of these restrictions by any persons.

Any vote, approval or other response to the Proposal or the Scheme by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror, the Company and their respective advisers, including Quam Capital and the Independent Financial Adviser, that those laws and regulatory requirements have been complied with. Scheme Shareholders residing in jurisdictions other than Hong Kong should consult their own professional advisers if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to the Shares, as the case may be.

Overseas Shareholders are advised to read the section headed “19. *Overseas Holders of Scheme Shares*” in the Explanatory Statement in this Scheme Document for further information.

Notice to Scheme Shareholders in the United Kingdom

In the United Kingdom, this is an exempt communication under Article 43 (members and creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

ACTIONS TO BE TAKEN

Notice to Scheme Shareholders in Ireland

This Scheme Document does not constitute an offer or constitute any part of an offer of securities to the public as defined in Article 2 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (as amended, supplemented, varied and/or replaced from time to time) (the “**Prospectus Regulation**”) or otherwise in Ireland. Accordingly, this Scheme Document does not comprise a prospectus within the meaning of Irish prospectus law or EU prospectus law (within the meaning of Chapter 1 of Part 23 of the Irish Companies Act 2014 as amended), and has not been prepared in accordance with the Prospectus Regulation or any measures made under that regulation or the laws of Ireland implementing that regulation or of any European Union Member State or European Economic Area (EEA) treaty adherent state that implements that regulation or those measures.

Notice to Scheme Shareholders in Malaysia

This Scheme Document has not been and will not be registered as a prospectus with the Malaysian Securities Commission (“**SC**”) under the Capital Markets and Services Act 2007 (“**CMSA**”). This Scheme Document will be deposited as an information memorandum with the SC within seven days after it is first issued pursuant to Section 229(4) or Section 230(4) of the CMSA.

Accordingly, this Scheme Document and any other document or material in connection with the making of the offer pursuant to the Proposal will not be circulated or distributed, nor will the Shares be deemed to be made available or issued to, offered for purchase, or be made the subject of an invitation for purchase, whether directly or indirectly, to any person in Malaysia, except to persons to whom an offer, invitation or issue as specified in Schedule 6 or Schedule 7 of the CMSA is made, or to persons who fall within the categories identified in Section 229(1)(b) or Schedule 6 or Section 230(1)(b) or Schedule 7 of the CMSA, read together with the Guidelines on Categories of Sophisticated Investors issued by the SC, as may be applicable.

DEFINITIONS

In this Scheme Document, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning given to it in the Takeovers Code
“Applicable Laws”	any and all laws, rules, regulations, judgments, decisions, decrees, orders, injunctions, treaties, directives, guidelines, standards, notices and/or other legal, regulatory and/or administrative requirements of any Relevant Authority in any relevant jurisdiction
“Authorisations”	any authorisation, approval, ruling, permission, waiver, consent, licence, permit, clearance, registration or filing which is required or desirable under any Applicable Law, or under any licence, permit or existing contractual obligation of any member of the Group, for or in connection with the Proposal or the implementation of the Proposal in accordance with its terms (including the withdrawal of the listing of the Shares on the Stock Exchange), in each case excluding any filing or notification to any Relevant Authority in any relevant jurisdiction which does not require such Relevant Authority’s approval, acknowledgment, permission, consent or clearance
“Beneficial Owner”	any beneficial owner of Shares whose Shares are registered in the name of a Registered Owner other than himself or herself
“Board”	the board of directors of the Company
“Bursa Securities”	Bursa Malaysia Securities Berhad, the Malaysian stock exchange
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	the cancellation price of HK\$2.50 per Scheme Share payable in cash to the Scheme Shareholders pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“Companies Act”	the Companies Act 1981 of Bermuda (as revised, supplemented or otherwise modified from time to time)
“Company”	Public Financial Holdings Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 626)
“Condition(s)”	the condition(s) to the implementation of the Proposal and the Scheme, as set out in the section headed “3. <i>Conditions of the Proposal and the Scheme</i> ” in the Explanatory Statement in the Scheme Document
“Court”	the Supreme Court of Bermuda
“Court Meeting”	a meeting of the Scheme Shareholders convened at the direction of the Court to be held at 10:00 a.m. on 23 November 2026 at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong, at which the Scheme (with or without modifications) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Disinterested Scheme Shareholders”	the holders of Disinterested Scheme Shares
“Disinterested Scheme Shares”	Scheme Shares other than any Shares which are beneficially owned by (i) the Offeror; (ii) any Offeror Concert Party; and (iii) the Quam Capital Group, other than any Shares held by any of them on behalf of non-discretionary clients where such client: (a) controls the voting rights attaching to such Shares; (b) if such Shares are voted, gives instructions as to how such Shares are to be voted; and (c) is not the Offeror or an Offeror Concert Party
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act and the terms of the Scheme

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“exempt fund manager”	has the meaning given to it in the Takeovers Code
“exempt principal trader”	has the meaning given to it in the Takeovers Code
“Explanatory Statement”	the explanatory statement in relation to the Scheme as set out on pages 71 to 97 of this Scheme Document
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Joint Announcement”	the joint announcement dated 8 September 2026 issued by the Offeror and the Company in relation to the Proposal
“Joint Announcement Date”	the date of the Joint Announcement, being 8 September 2026
“Last Trading Day”	19 August 2026, being the last trading day prior to the publication of the Joint Announcement
“Latest Practicable Date”	27 October 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Long Stop Date”	8 March 2027, or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Court may direct and, in all cases, as permitted by the Executive and/or the Court
“Meeting Record Date”	23 November 2026, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of Shareholders to attend and vote at the SGM
“Offer Period”	has the meaning ascribed to it in the Takeovers Code, which commenced on 8 September 2026
“Offeror”	Public Bank Berhad, a public limited liability company incorporated in Malaysia, the ordinary shares of which are currently listed on Bursa Securities (stock code: 1295)
“Offeror Concert Party(ies)”	any person acting in concert or presumed to be acting in concert with the Offeror under the Takeovers Code
“Offeror Group”	the Offeror and its subsidiaries
“Profit Warning Announcement”	the profit warning announcement dated 16 October 2026 published by the Company, the text of which is reproduced in Appendix V to this Scheme Document
“Proposal”	the proposal for the privatisation of the Company and the withdrawal of the listing of Shares on the Stock Exchange by the Offeror by way of the Scheme on the terms and subject to the Conditions set out in this Scheme Document
“Quam Capital”	Quam Capital Limited, the Hong Kong financial adviser to the Offeror in connection with the Proposal, which is a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

DEFINITIONS

“Quam Capital Group”	Quam Capital and persons controlling, controlled by or under the same control as Quam Capital (for which purpose “control”, “controlling” and “controlled” have the meaning given to them in the Takeovers Code)
“Registered Owner”	any person (including without limitation a nominee, trustee, depositary or any other custodian or third party) whose name is entered in the register of members of the Company as a holder of the Shares
“Registrar of Companies”	the Registrar of Companies in Bermuda
“Relevant Authority”	any competent government and/or governmental body, regulatory body, court or institution
“Relevant Period”	the period commencing on 8 March 2026, being the date falling six months prior to 8 September 2026, which is the Joint Announcement Date and the commencement date of the Offer Period, and ending on and including the Latest Practicable Date
“Scheme”	a scheme of arrangement between the Company and the Scheme Shareholders under section 99 of the Companies Act with or subject to any modification, addition or condition which may be approved or imposed by the Court
“Scheme Document”	this composite scheme document dated 30 October 2026 issued by the Offeror and the Company containing, among other things, each of the letters, statements, appendices and notices in it
“Scheme Record Date”	7 December 2026, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to the Cancellation Price under the Scheme
“Scheme Shareholders”	registered holders of Scheme Shares
“Scheme Shares”	all of the Shares in issue and any further Shares as may be issued prior to the Scheme Record Date, other than those beneficially owned by the Offeror

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at 10:30 a.m. on 23 November 2026 (or immediately after the conclusion or adjournment of the Court Meeting) at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong for the purpose of considering and (if thought fit) approving the necessary resolution(s) for, among other things, the implementation of the Proposal and the Scheme, or any adjournment thereof
“Share Registrar”	Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as revised, supplemented or otherwise modified from time to time)
“trading day”	any day on which the Shares are traded on the Stock Exchange
“US” or “United States”	the United States of America
“%”	per cent

All references in this Scheme Document to times and dates are references to Hong Kong local times and dates, except as otherwise specified.

EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise specified, all times and dates refer to Hong Kong local times and dates.

Event	Hong Kong time and date (unless otherwise specified)
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Date of publication/despatch of this Scheme Document	Friday, 30 October 2026
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Latest time for lodging transfers of Shares in order to qualify for entitlement to attend and vote at the Court Meeting and the SGM	4:30 p.m. on Tuesday, 17 November 2026
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Register of members of the Company closed for determining entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and entitlement of the Shareholders to attend and vote at the SGM (<i>Note 1</i>)	Wednesday, 18 November 2026 to Monday, 23 November 2026 (both days inclusive)
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Latest time for lodging PINK forms of proxy in respect of the Court Meeting (<i>Note 2</i>)	10:00 a.m. on Saturday, 21 November 2026 (or alternatively to be handed to the chairman of the Court Meeting at the Court Meeting, who shall have absolute discretion as to whether or not to accept it)
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Latest time for lodging WHITE forms of proxy in respect of the SGM (<i>Note 2</i>)	10:30 a.m. on Saturday, 21 November 2026
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Meeting Record Date	Monday, 23 November 2026
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Court Meeting (<i>Notes 3 and 4</i>)	10:00 a.m. on Monday, 23 November 2026
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SGM (<i>Notes 3 and 4</i>)	10:30 a.m. on Monday, 23 November 2026 (or immediately after the conclusion or adjournment of the Court Meeting)
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EXPECTED TIMETABLE

Event	Hong Kong time and date (unless otherwise specified)
Announcement of the results of the Court Meeting and the SGM posted on the website of the Stock Exchange . . . no later than 7:00 p.m. on Monday,	23 November 2026
Expected latest time for trading of Shares on the Stock Exchange	4:10 p.m. on Tuesday, 24 November 2026
Latest time for lodging transfers of Shares in order to qualify for entitlement under the Scheme	4:30 p.m. on Friday, 27 November 2026
Register of members of the Company closed for determining entitlement under the Scheme (<i>Note 5</i>)	from Monday, 30 November 2026 onwards
Court hearing of the petition for the sanction of the Scheme	10:00 a.m. on Friday, 4 December 2026 (Bermuda time)
Announcement of (1) the results of the Court hearing of the petition for the sanction of the Scheme; (2) the expected Effective Date; and (3) the expected date of withdrawal of listing of the Shares on the Stock Exchange posted on the website of the Stock Exchange	at or before 8:30 a.m. on Monday, 7 December 2026
Scheme Record Date	Monday, 7 December 2026
Effective Date (<i>Notes 6 and 8</i>)	Monday, 7 December 2026 (Bermuda time)
Announcement of (1) the Effective Date; and (2) the withdrawal of listing of the Shares on the Stock Exchange posted on the website of the Stock Exchange	no later than 8:30 a.m. on Tuesday, 8 December 2026

EXPECTED TIMETABLE

Event	Hong Kong time and date (unless otherwise specified)
Withdrawal of listing of Shares on the Stock Exchange becomes effective	4:00 p.m. on Wednesday, 9 December 2026
Latest time to despatch cheques for the cash payment of the Cancellation Price to the Scheme Shareholders under the Scheme (<i>Notes 7 and 8</i>)	on or before Wednesday, 16 December 2026

Notes:

1. The register of members of the Company will be closed during such period for the purpose of determining the Scheme Shareholders entitled to attend and vote at the Court Meeting and the Shareholders entitled to attend and vote at the SGM and no transfer of Shares will be registered during such period. This book closure period is not for determining entitlement under the Scheme.
2. Duly completed and signed forms of proxy, in accordance with the instructions printed thereon, should be deposited with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event no later than the respective times and dates specified in them respectively.

If the **PINK** form of proxy in respect of the Court Meeting is not so deposited, it may alternatively be handed to the chairman of the Court Meeting (who will have absolute discretion on whether or not to accept it) at the Court Meeting. If the **WHITE** form of proxy in respect of the SGM is not so deposited, it will not be valid. Completion and return of a form of proxy for the Court Meeting and/or the SGM will not preclude a Scheme Shareholder or a Shareholder, respectively, from attending and voting in person at the relevant meeting or any adjournment thereof and, in such event, the relevant form of proxy will be revoked by operation of law.
3. The Court Meeting and the SGM will be held at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong, at the times and dates specified above. Please refer to the notice of the Court Meeting and the notice of the SGM as set out on pages 133 to 135 and pages 136 to 138, respectively, of this Scheme Document for details.
4. If Typhoon Signal No. 8 or above is or is expected to be hoisted or a Black Rainstorm Warning Signal or "Extreme Conditions" after super typhoons or other adverse weather conditions announced by the Hong Kong Government is or is expected to be in force at any time between 7:00 a.m. and 1:00 p.m. on 23 November 2026, the Court Meeting and the SGM will be adjourned and the Shareholders will be informed of the date, time and venue of the adjourned meetings by a supplementary notice to be posted on the Company's website (www.publicfinancial.com.hk) and the website of the Stock Exchange (www.hkexnews.hk). The Court Meeting and the SGM will be held as scheduled when a Typhoon Signal No. 3 or below is hoisted or an Amber or Red Rainstorm Warning Signal is in force. The Shareholders should carefully consider the risk of physical attendance at the Court Meeting and the SGM under bad weather conditions having regard to their personal circumstances and if they should choose to do so, they are advised to exercise due care and caution.

EXPECTED TIMETABLE

5. The register of members of the Company will be closed during such period for the purposes of determining the Scheme Shareholders entitled to receive the Cancellation Price under the Scheme and no transfer of Shares will be registered during such period.
6. The Scheme will become effective upon all the Conditions to the Proposal as set out in the section headed “3. Conditions of the Proposal and the Scheme” in the Explanatory Statement in this Scheme Document having been fulfilled or (if capable of being waived) waived.
7. Cheques for payment of the Cancellation Price will be despatched as soon as possible but in any event no later than seven Business Days following the Effective Date by ordinary post in pre-paid envelopes addressed to the Scheme Shareholders at their respective registered addresses as appearing in the register of members of the Company as at the Scheme Record Date or, in the case of joint holders, at the registered address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding.

All such cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, Quam Capital, the Independent Financial Adviser, the Share Registrar, their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal or the Scheme shall be responsible for any loss or delay in despatch.

8. If any severe weather condition is in force in Hong Kong: (a) at any time before 12:00 noon but no longer in force at or after 12:00 noon on the Effective Date or the latest date to despatch cheques for the payment of the Cancellation Price under the Scheme, the Effective Date or the latest date to despatch cheques (as the case may be) will remain on the same day; or (b) at any time at or after 12:00 noon on the Effective Date or the latest date to despatch cheques for the payment of the Cancellation Price under the Scheme, the Effective Date or the latest date to despatch cheques (as the case may be) will be rescheduled to the following Business Day which does not have any of those warnings in force at 12:00 noon and/or thereafter (or another Business Day thereafter that does not have any severe weather condition at 12:00 noon or thereafter).

For the purpose of this note, “severe weather” refers to the scenario where a Typhoon Signal No. 8 or above is hoisted, a Black Rainstorm Warning Signal and/or “Extreme Conditions” as announced by the Hong Kong Government is/are in force in Hong Kong. Further announcement(s) will be made if there is any change to the expected timetable as a result of any severe weather.

LETTER FROM THE BOARD



大眾金融控股有限公司*

PUBLIC FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 626)

Executive Director:

Mr. Chong Yam Kiang

Non-Executive Directors:

Mr. Lai Wan

Mr. Quah Poh Keat

Mr. Lee Huat Oon

Independent Non-Executive Directors:

Mr. Lee Chin Guan

Mr. Lim Chao Li

Ms. Phe Kheng Peng

Registered office:

Richmond House

12 Par-la-Ville Road

Hamilton HM 08

Bermuda

*Head office and principal place of
business in Hong Kong:*

2/F, Public Bank Centre

120 Des Voeux Road Central

Central, Hong Kong

30 October 2026

To the Shareholders

Dear Sir or Madam,

**(1) CONDITIONAL PROPOSAL FOR THE PRIVATISATION OF
PUBLIC FINANCIAL HOLDINGS LIMITED
BY PUBLIC BANK BERHAD
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA
(AS AMENDED FROM TIME TO TIME)**

AND

**(2) PROPOSED WITHDRAWAL OF LISTING OF SHARES OF
PUBLIC FINANCIAL HOLDINGS LIMITED**

INTRODUCTION

On 19 August 2026, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act.

* For identification purpose only

LETTER FROM THE BOARD

If the Proposal is approved and implemented:

- a) all Scheme Shares held by the Scheme Shareholders on the Scheme Record Date will be cancelled as a result of the Scheme on the Effective Date, in consideration for the payment of the Cancellation Price of HK\$2.50 in cash by the Offeror for each Scheme Share cancelled;
- b) contemporaneously with the cancellation of the Scheme Shares, such number of new Shares as is equal to the number of Scheme Shares cancelled will be issued to the Offeror, credited as fully paid, such that the share capital of the Company will be maintained and the Company will become wholly-owned by the Offeror; and
- c) the listing of Shares on the Stock Exchange will be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules.

The purpose of this Scheme Document is to provide you with further details of the Proposal and the Scheme and to give you notice of the Court Meeting and the SGM, together with the forms of proxy in relation thereto. Your attention is also drawn to (i) the letter from the Independent Financial Adviser set out on pages 31 to 70 of this Scheme Document; (ii) the Explanatory Statement set out on pages 71 to 97 of this Scheme Document; and (iii) the terms of the Scheme set out on pages 125 to 132 of this Scheme Document.

TERMS OF THE PROPOSAL

The Scheme

Subject to the Conditions described in the section headed “3. *Conditions of the Proposal and the Scheme*” in the Explanatory Statement on pages 75 to 78 in this Scheme Document being fulfilled or (if capable of being waived) waived, the proposed privatisation of the Company will be implemented by way of the Scheme between the Company and the Scheme Shareholders.

Cancellation Price

The Cancellation Price of HK\$2.50 per Scheme Share represents:

- (a) a premium of approximately 11.11% over the closing price of HK\$2.25 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 61.29% over the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM THE BOARD

- (c) a premium of approximately 78.57% over the average closing price of approximately HK\$1.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 81.16% over the average closing price of approximately HK\$1.38 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 73.61% over the average closing price of approximately HK\$1.44 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 83.82% over the average closing price of approximately HK\$1.36 per Share based on the daily closing prices as quoted on the Stock Exchange for the 360 trading days up to and including the Last Trading Day;
- (g) a discount of approximately 64.64% to the audited consolidated net asset value of the Group of approximately HK\$7.07 per Share as at 31 December 2025, calculated based on the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$7,757,041,000 as at 31 December 2025 divided by the total number of 1,097,917,618 Shares in issue as at the Latest Practicable Date;
- (h) a discount of approximately 52.65% to the audited consolidated net tangible asset value of the Group of approximately HK\$5.28 per Share as at 31 December 2025, calculated based on the audited consolidated net tangible asset value of the Group attributable to the Shareholders (being the net asset value of the Group attributable to Shareholders as deducted by goodwill and intangible assets) of approximately HK\$5,792,406,000 as at 31 December 2025 divided by the total number of 1,097,917,618 Shares in issue as at the Latest Practicable Date;
- (i) a discount of approximately 64.69% to the unaudited consolidated net asset value of the Group of approximately HK\$7.08 per Share as at 30 June 2026, calculated based on the unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$7,775,423,000 as at 30 June 2026 divided by the total number of 1,097,917,618 Shares in issue as at the Latest Practicable Date; and

LETTER FROM THE BOARD

- (j) a discount of approximately 52.74% to the unaudited consolidated net tangible asset value of the Group of approximately HK\$5.29 per Share as at 30 June 2026, calculated based on the unaudited consolidated net tangible asset value of the Group attributable to the Shareholders (being the net asset value of the Group attributable to the Shareholders as deducted by goodwill and intangible assets) of approximately HK\$5,810,788,000 as at 30 June 2026 divided by the total number of 1,097,917,618 Shares in issue as at the Latest Practicable Date.

Shareholders should note that, on 16 October 2026, the Company published the Profit Warning Announcement, in which it was stated that: (i) the Group had conducted an impairment assessment on goodwill with carrying amount of approximately HK\$1,964 million as at 31 December 2025 and expected to make a full impairment on the carrying amount of the goodwill; and (ii) following the impairment made on goodwill, the consolidated asset value and net asset value would be both reduced by approximately HK\$1,964 million or HK\$1.8 per Share, the details of which are set out in the section headed “4. *Material Changes*” in Appendix I to this Scheme Document. The full text of the Profit Warning Announcement is reproduced in Appendix V to this Scheme Document. The comparison of value between the Cancellation Price and (i) the audited consolidated net tangible asset value per Share of the Group as at 31 December 2025 and (ii) the unaudited consolidated net tangible asset value per Share of the Group as at 30 June 2026, each as deducted by goodwill and intangible assets, has been set out in paragraphs (h) and (j) above respectively.

The Profit Warning Announcement constitutes a “profit forecast” under Rule 10 of the Takeovers Code. In accordance with Rule 10.4 of and Practice Note 2 to the Takeovers Code, it is required to be reported on by Ernst & Young, the Company’s auditor, and the Independent Financial Adviser. Please refer to the reports issued by Ernst & Young and the Independent Financial Adviser set out in Appendix III and Appendix IV to this Scheme Document, respectively.

Basis for determining the Cancellation Price

The Cancellation Price of HK\$2.50 per Scheme Share was determined on a commercial basis after taking into account (i) the prevailing and historical market prices and trading liquidity of the Shares; and (ii) the pricing premia in recent privatisation transactions involving companies listed on the Stock Exchange. For further details of the basis of determining the Cancellation Price, please refer to the section headed “2. *Terms of the Proposal*” in the Explanatory Statement in this Scheme Document.

The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

LETTER FROM THE BOARD

If, after the Latest Practicable Date, any dividend, other distribution and/or other return of capital is announced, made, declared or paid in respect of the Shares, the Offeror will reduce the Cancellation Price by all or any part of the gross amount or value of such dividend, distribution and/or return of capital (as the case may be) after consultation with the Executive, in which case any reference to the Cancellation Price in this Scheme Document and/or any other announcement or document in relation to the Scheme will be deemed to be a reference to the Cancellation Price as so reduced. As at the Latest Practicable Date, (i) the Company had not declared any dividend, distribution and/or other return of capital which remained unpaid; and (ii) the Company did not intend to announce, declare or pay any dividend, distribution or other return of capital on or before the Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses.

Highest and lowest closing prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.265 per Share on 16 October 2026 and 20 October 2026, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.301 per Share on 18 June 2026.

CONFIRMATION OF FINANCIAL RESOURCES

As at the Latest Practicable Date, (i) the total issued share capital of the Company comprised 1,097,917,618 Shares; and (ii) there were 293,899,698 Scheme Shares in issue, representing approximately 26.77% of the issued share capital of the Company as at the Latest Practicable Date.

At the Cancellation Price of HK\$2.50 per Scheme Share, the Proposal values the entire issued share capital of the Company at approximately HK\$2,744,794,045. Assuming that no new Shares are issued on or before the Scheme Record Date and on the basis of the Cancellation Price of HK\$2.50 per Scheme Share, the aggregate cash consideration payable by the Offeror to implement the Proposal in full in accordance with its terms is HK\$734,749,245.

The Offeror intends to finance the aggregate cash consideration payable to implement the Proposal with its internal cash resources. Quam Capital, the Hong Kong financial adviser to the Offeror in relation to the Proposal, is satisfied that sufficient financial resources are available to the Offeror to satisfy in full its payment obligations in respect of the cash consideration payable under the Proposal in accordance with its terms.

LETTER FROM THE BOARD

CONDITIONS OF THE PROPOSAL AND THE SCHEME

The Proposal and the Scheme will only become effective and binding on the Company and all Scheme Shareholders upon the fulfilment or (if capable of being waived) waiver of the Conditions set out in the section headed “3. *Conditions of the Proposal and the Scheme*” in the Explanatory Statement on pages 75 to 78 in this Scheme Document.

All of the Conditions will have to be fulfilled or (if capable of being waived) waived on or before the Long Stop Date, otherwise the Scheme will not become binding or effective and will lapse subject to the requirements of the Takeovers Code.

As at the Latest Practicable Date, none of the Conditions had been fulfilled or (if capable of being waived) waived.

WARNING: Shareholders and potential investors of the Company should be aware that the implementation of the Proposal is subject to all of the Conditions being fulfilled or (if capable of being waived) waived on or before the Long Stop Date, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PROPOSAL

Your attention is drawn to the section headed “5. *Shareholding Structure of the Company and Effect of the Proposal*” in the Explanatory Statement set out on pages 79 to 81 in this Scheme Document.

REASONS FOR AND BENEFITS OF THE PROPOSAL

Your attention is drawn to the section headed “8. *Reasons for and Benefits of the Proposal*” in the Explanatory Statement set out on pages 84 to 87 in this Scheme Document.

INTENTION OF THE OFFEROR WITH REGARD TO THE GROUP

You are urged to read carefully the section headed “9. *Intention of the Offeror with regard to the Group*” in the Explanatory Statement set out on page 87 in this Scheme Document.

LETTER FROM THE BOARD

The Board has noted the intention of the Offeror as set out in the section headed “9. *Intention of the Offeror with regard to the Group*” in the Explanatory Statement in this Scheme Document.

INDEPENDENT FINANCIAL ADVISER

The Board has appointed Somerley Capital Limited as the Independent Financial Adviser to advise the Disinterested Scheme Shareholders in connection with the Proposal and the Scheme.

In accordance with Rules 2.1 and 2.8 of the Takeovers Code, an independent board committee, being all Non-Executive Directors and Independent Non-Executive Directors who have no direct or indirect interest in the Proposal, is required to be established to make recommendations to the Disinterested Scheme Shareholders as to: (a) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable; and (b) whether to vote in favour of or against the Scheme at the Court Meeting and the resolutions in connection with the implementation of the Proposal at the SGM, after taking into account the advice and recommendations of the Independent Financial Adviser.

As (i) each of Mr. Lai Wan (being a Non-Executive Director) and Mr. Lim Chao Li (being an Independent Non-Executive Director) is also a director of the Offeror and holds certain shares in the Offeror; (ii) Mr. Quah Poh Keat (being a Non-Executive Director) is also a director of certain subsidiaries of the Offeror and one of the joint executors of the estate of the late Tan Sri Dato’ Sri Dr. Teh Hong Piow, which had direct and indirect interests of approximately 20.73% in the issued share capital of the Offeror as at the Latest Practicable Date, and holds certain shares in the Offeror; (iii) Mr. Lee Huat Oon (being a Non-Executive Director) holds certain shares in the Offeror; (iv) Mr. Lee Chin Guan (being an Independent Non-Executive Director) is also a director of certain subsidiaries of the Offeror and holds certain shares in the Offeror; and (v) Ms. Phe Kheng Peng (being an Independent Non-Executive Director) is also a director of a subsidiary of the Offeror and holds certain shares in the Offeror, each of Mr. Lai Wan, Mr. Quah Poh Keat, Mr. Lee Huat Oon, Mr. Lee Chin Guan, Mr. Lim Chao Li and Ms. Phe Kheng Peng (being all the Non-Executive Directors and Independent Non-Executive Directors) is regarded as being interested in the Proposal. Accordingly, no independent board committee will be formed for the purpose of the Proposal.

The full text of the letter from the Independent Financial Adviser is set out on pages 31 to 70 in this Scheme Document.

ACTIONS TO BE TAKEN

Your attention is drawn to the section headed “*Actions to be Taken*” in this Scheme Document.

LETTER FROM THE BOARD

COURT MEETING AND SGM

For the purpose of exercising your right to vote at the Court Meeting and/or the SGM, you are requested to read carefully the section headed “12. Court Meeting and SGM” in the Explanatory Statement on pages 88 to 90 in this Scheme Document, the section headed “Actions to be Taken” in this Scheme Document, and the notices of the Court Meeting and the SGM on pages 133 to 135 and pages 136 to 138, respectively, in this Scheme Document.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Offeror does not intend to retain the listing of the Company on the Stock Exchange subject to the Scheme becoming effective. The Company will make an application to the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from 4:00 p.m. on 9 December 2026, subject to the Scheme becoming effective.

The Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of listing of the Shares on the Stock Exchange will become effective.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code (including Note 2 to Rule 30.1), the Proposal and the Scheme will lapse if any of the Conditions has not been fulfilled or (if capable of being waived) waived on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn; and no Scheme Shares will be cancelled, the shareholding structure of the Company will not change as a result of the Proposal, and the Company will continue to have sufficient public float as required by the Listing Rules.

If the Scheme is not approved or the Proposal otherwise lapses, pursuant to the Takeovers Code, neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer, in each case except with the consent of the Executive.

LETTER FROM THE BOARD

OVERSEAS HOLDERS OF THE SCHEME SHARES

Your attention is drawn to the section headed “19. Overseas Holders of the Scheme Shares” in the Explanatory Statement in this Scheme Document.

TAXATION ADVICE

Your attention is drawn to the section headed “20. Taxation Advice” in the Explanatory Statement in this Scheme Document.

REGISTRATION AND PAYMENT

Your attention is drawn to the section headed “21. Registration and Payment” in the Explanatory Statement in this Scheme Document.

RECOMMENDATIONS

Your attention is drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal and the Scheme in its letter as set out in this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal and the Scheme.

FURTHER INFORMATION

You are urged to read carefully:

- (a) the letter from the Independent Financial Adviser to the Disinterested Scheme Shareholders set out in this Scheme Document;
- (b) the Explanatory Statement set out in this Scheme Document;
- (c) the appendices to this Scheme Document, including the Scheme set out in this Scheme Document;
- (d) the notice of Court Meeting set out in this Scheme Document; and
- (e) the notice of SGM set out in this Scheme Document.

In addition, a **PINK** form of proxy in respect of the Court Meeting and a **WHITE** form of proxy in respect of the SGM are enclosed with this Scheme Document.

Yours faithfully,
By Order of the Board
PUBLIC FINANCIAL HOLDINGS LIMITED
Mr. Chong Yam Kiang
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the letter of advice from the Independent Financial Adviser, Somerley Capital Limited, to the Disinterested Scheme Shareholders, which has been prepared for the purpose of inclusion in this Scheme Document.



SOMERLEY CAPITAL LIMITED

20th Floor

China Building

29 Queen's Road Central

Hong Kong

30 October 2026

To: the Disinterested Scheme Shareholders

Dear Sirs,

**(1) CONDITIONAL PROPOSAL FOR THE PRIVATISATION OF
PUBLIC FINANCIAL HOLDINGS LIMITED
BY PUBLIC BANK BERHAD
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA
(AS AMENDED FROM TIME TO TIME)
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF SHARES OF
PUBLIC FINANCIAL HOLDINGS LIMITED**

INTRODUCTION

We refer to our appointment to advise the Disinterested Scheme Shareholders in connection with the Proposal and the Scheme, details of which are set out in the Scheme Document dated 30 October 2026, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context otherwise requires.

On 8 September 2026, the Offeror and the Company jointly announced that, the Offeror requested the Board on 19 August 2026 to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act. If the Proposal is approved and implemented, it will result in the Company being privatised by the Offeror by way of the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange. Subject to the fulfilment or (if capable of being waived) waiver of the Conditions and the Proposal and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders will be entitled to receive from the Offeror HK\$2.50 in cash for every Scheme Share.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As each of the Non-Executive Directors and Independent Non-Executive Directors is regarded as being interested in the Proposal, no independent board committee will be formed for the purpose of the Proposal. Pursuant to Rule 2.8 of the Takeovers Code, we, Somerley Capital Limited, have been appointed by the Board as the Independent Financial Adviser to the Disinterested Scheme Shareholders on the Proposal and the Scheme as to: (a) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable; and (b) whether to vote in favour of or against the Scheme at the Court Meeting and the resolutions in connection with the implementation of the Proposal at the SGM.

We are not associated with the Company, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Proposal and the Scheme. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group, which we have assumed to be true, accurate and complete in all material aspects. We have reviewed, among other things, (i) the annual reports of the Company for each of the two years ended 31 December 2024 and 31 December 2025 (the **"2025 Annual Report"**) and the interim report of the Company for the six months ended 30 June 2026 (the **"2026 Interim Report"**); (ii) the trading performance of the Shares on the Stock Exchange; (iii) the Joint Announcement and the Profit Warning Announcement; and (iv) other information contained in the Scheme Document. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach our opinion and give our advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Scheme Document were true at the time they were made and at the Latest Practicable Date, and Shareholders will be informed of any material change to such information after the Latest Practicable Date, including the content of this letter and our opinion, as soon as possible.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have not considered the tax and regulatory implications for the Disinterested Scheme Shareholders of voting for or against the Proposal and the Scheme, as the case may be, since these are particular to their individual circumstances. In particular, Disinterested Scheme Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on security dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE PROPOSAL

The terms set out below are summarised from the letter from the Board and the Explanatory Statement contained in the Scheme Document. The Scheme Shareholders are encouraged to read the Scheme Document and its appendices in full.

The Proposal and the Scheme

On 8 September 2026, the Offeror and the Company jointly announced that, the Offeror requested the Board on 19 August 2026 to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act.

If the Proposal is approved and implemented:

- (a) all Scheme Shares held by the Scheme Shareholders on the Scheme Record Date will be cancelled as a result of the Scheme on the Effective Date, in consideration of the payment of the Cancellation Price of HK\$2.50 in cash by the Offeror for each Scheme Share cancelled;
- (b) contemporaneously with the cancellation of the Scheme Shares, such number of new Shares as is equal to the number of Scheme Shares cancelled will be issued to the Offeror, credited as fully paid, such that the share capital of the Company will be maintained and the Company will become wholly-owned by the Offeror; and
- (c) the listing of Shares on the Stock Exchange will be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules.

In compliance with Rule 20.1(a) of the Takeovers Code, subject to the Scheme becoming effective, the Cancellation Price of HK\$2.50 per Scheme Share will be paid to the Scheme Shareholders whose names appear on the register of members of the Company on the Scheme Record Date as soon as possible but in any event no later than seven Business Days following the Effective Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

As at the Latest Practicable Date, (i) the total issued share capital of the Company comprised 1,097,917,618 Shares; and (ii) there were 293,899,698 Scheme Shares in issue, representing approximately 26.77% of the issued share capital of the Company as at the Latest Practicable Date.

At the Cancellation Price of HK\$2.50 per Scheme Share, the Proposal values the entire issued share capital of the Company at approximately HK\$2,744,794,045. Assuming that no new Shares are issued on or before the Scheme Record Date and on the basis of the Cancellation Price of HK\$2.50 per Scheme Share, the aggregate cash consideration payable by the Offeror to implement the Proposal in full in accordance with its terms is HK\$734,749,245.

The Offeror intends to finance the aggregate cash consideration payable to implement the Proposal with its internal cash resources. Quam Capital, the Hong Kong financial adviser to the Offeror in relation to the Proposal, is satisfied that sufficient financial resources are available to the Offeror to satisfy in full its payment obligations in respect of the cash consideration payable under the Proposal in accordance with its terms.

Conditions of the Proposal and the Scheme

The Proposal will be, and the Scheme will become effective and binding on the Company and all Scheme Shareholders, subject to the fulfilment or (if capable of being waived) waiver of the following Conditions on or before the Long Stop Date:

- (a) the approval of the Scheme at the Court Meeting (by way of a poll) by a majority in number of the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting representing not less than three-fourths in value of the Scheme Shares that are voted in person or by proxy at the Court Meeting and:
 - (i) by at least 75% of the votes attaching to the Scheme Shares held by Disinterested Scheme Shareholders that are cast (by way of a poll), in person or by proxy, at the Court Meeting; and
 - (ii) the number of votes cast (by way of a poll) by Disinterested Scheme Shareholders against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by all the Disinterested Scheme Shareholders;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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- (b) the passing of a special resolution by the Shareholders at the SGM by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting, in person or by proxy, at the SGM, to approve and give effect to:
 - (i) any reduction of the issued share capital of the Company associated with the cancellation of the Scheme Shares; and
 - (ii) the issue, contemporaneously with such cancellation, of such number of new Shares as is equal to the number of Scheme Shares cancelled, and the application of the reserve created as a result of the cancellation of the Scheme Shares to pay up such number of new Shares at par in full;
- (c) the sanction of the Scheme (with or without modifications) by the Court and the delivery to the Registrar of Companies of a copy of the order of the Court for registration;
- (d) to the extent applicable, compliance with section 46(2) of the Companies Act in relation to the Scheme;
- (e) all Authorisations (if any) having been obtained, completed and/or made, and remaining in full force and effect without modification or variation;
- (f) all Applicable Laws having been complied with and no legal, regulatory or administrative requirement having been imposed by any Relevant Authority in any jurisdiction which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws, in connection with the Proposal or its implementation in accordance with its terms;
- (g) no Relevant Authority in any jurisdiction having taken or instituted or threatened in writing any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which is material in the context of the Group taken as a whole or which would prohibit the implementation of the Proposal or make the Proposal or the implementation of the Proposal in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to the Proposal or the implementation of the Proposal), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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- (h) since the date of the Joint Announcement, there having been no adverse change in the business, operations, assets, liabilities, financial or trading positions, profits or prospects of any member of the Group to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms;
- (i) there not having been instituted or remaining outstanding any litigation, arbitration, proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings having been threatened in writing against any member of the Group (and no investigation by any Relevant Authority against or in respect of any member of the Group or the business carried on by it having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any member of the Group), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms;
- (j) save in connection with the implementation of the Proposal, the listing of the Company on the Stock Exchange not having been withdrawn and no indication having been received from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange will be, or is likely to be, withdrawn; and
- (k) the implementation of the Proposal in accordance with its terms not resulting in, and no event or circumstance having occurred or arisen which would or might be expected to result in:
 - (i) any indebtedness (actual or contingent) of any member of the Group being or becoming repayable (or capable of being declared repayable) immediately or prior to its stated maturity or repayment date, or any lender to any member of the Group claiming (or being entitled to claim) an event of default under any financing documentation to which any member of the Group is a party, which has not been irrevocably consented to or waived by the relevant lender(s); or
 - (ii) any agreement, arrangement, licence, permit or instrument to which any member of the Group is a party or by or to which any member of the Group or any of its assets may be bound, entitled or subject (or any of the rights, liabilities, obligations or interests of any member of the Group thereunder) being terminated or adversely modified (or any material obligation or liability on the part of any member of the Group arising in relation thereto).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Conditions (a) to (d) (inclusive) may not be waived. The Offeror reserves the right (but is not obliged) to waive all or any of the Conditions (e) to (k) (inclusive), in whole or in part, to the extent permissible by Applicable Laws. The Company does not have the right to waive any Condition.

As at the Latest Practicable Date and based on the information available to the Offeror and the Company, each of the Offeror and the Company was not aware of any Authorisations (other than the approval of the Stock Exchange for the withdrawal of listing of the Shares subject to the Scheme becoming effective and those expressly set out in Conditions above) which are required to be obtained prior to the Scheme becoming effective as set out in Condition (e), and each of the Offeror and the Company was not aware of any circumstances which may result in any of Conditions (f) to (k) (inclusive) not being fulfilled.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke a Condition as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal.

All Conditions will have to be fulfilled or (if capable of being waived) waived on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse. If the Conditions are fulfilled or (if capable of being waived) waived on or before the Long Stop Date, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended and/or voted at the Court Meeting or the SGM.

As at the Latest Practicable Date, none of the Conditions had been fulfilled or (if capable of being waived) waived. Further announcement(s) will be made as and when appropriate in respect of the fulfilment or (if capable of being waived) waiver of the Conditions.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Information and prospects of the Group

(i) Background and information of the Company

The Group is principally engaged in the business of provision of a comprehensive range of banking and financial services, stockbroking, the letting of investment properties, the provision of financing to purchasers of taxis and public light buses, the trading of taxi cabs and taxi licences, and the leasing of taxis in Hong Kong.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) *Financial information of the Group*

Summaries of the financial information of the Group are set out below:

(a) *Financial performance*

The following table sets out a summary of the consolidated income statements of the Group for the two years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, as extracted and summarised from the 2025 Annual Report and the 2026 Interim Report.

	For the year ended 31 December		For the six months ended 30 June	
	2024 (audited) (HK\$'000)	2025 (audited) (HK\$'000)	2025 (unaudited) (HK\$'000)	2026 (unaudited) (HK\$'000)
Interest income	2,052,398	1,941,103	978,411	928,480
Interest expense	(1,069,107)	(787,434)	(447,898)	(357,288)
Net Interest Income	983,291	1,153,669	530,513	571,192
Net fees and commission income	218,261	254,482	138,802	108,341
Other operating income	35,088	33,223	15,846	12,690
Operating income	1,236,640	1,441,374	685,161	692,223
Operating expenses	(1,701,003)	(957,115)	(465,183)	(495,714)
Changes in fair value of investment properties	(51,968)	(77,979)	(46,152)	(19,669)
Credit loss expenses	(499,079)	(287,217)	(155,870)	(138,840)
Profit/(loss) before tax	(1,015,410)	119,063	17,956	38,000
Tax	16,023	(39,409)	(15,389)	(12,810)
Profit/(loss) for the year/period attributable to owners of the Company	(999,387)	79,654	2,567	25,190

1H2026 vs 1H2025

Interest income of the Group for the six months ended 30 June 2026 amounted to approximately HK\$928.5 million, representing a decrease of approximately 5.1% from approximately HK\$978.4 million for the six months ended 30 June 2025. Such decrease was mainly due to the lower interest yield from debt securities investment driven by the declining interest rates. Interest expenses of the Group decreased by approximately HK\$90.6 million or 20.2% to approximately HK\$357.3 million for the six months ended 30 June 2026 mainly due to the reduced funding cost on fixed deposits. As a result, the Group's net interest income increased by approximately HK\$40.7 million or 7.7% to approximately HK\$571.2 million for the six months ended 30 June 2026.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The net fees and commission income of the Group for the six months ended 30 June 2026 amounted to approximately HK\$108.3 million, representing a decrease of approximately 21.9% from approximately HK\$138.8 million for the six months ended 30 June 2025, which was mainly due to lower fees and commission income from wealth management services, stockbroking and securities management as customers were more cautious and conservative in securities trading amid the heightened external volatilities as well as the decline in Hang Seng Index.

Operating expenses of the Group increased by approximately HK\$30.5 million or 6.6% to approximately HK\$495.7 million for the six months ended 30 June 2026, mainly due to increased staff costs as part of the talent development and retention strategy along with increased investments in information technology to enhance operational resilience and efficiency while driving the development of digital financial services.

Revaluation losses on investment properties narrowed significantly to approximately HK\$19.7 million for the six months ended 30 June 2026 from approximately HK\$46.2 million for the six months ended 30 June 2025. Credit loss expenses decreased by approximately HK\$17.0 million to approximately HK\$138.8 million for the six months ended 30 June 2026. The improvement was mainly due to lower credit charges on property investment and transportation segments as supported by the stabilised asset price.

The combined effect of higher net interest income, reduced revaluation losses, and lower credit costs outweighed the decline in net fee and commission income and the rise in operating expenses, leading to the increase in profit for the period attributable to owners of the Company from approximately HK\$2.6 million for the six months ended 30 June 2025 to approximately HK\$25.2 million for the six months ended 30 June 2026.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2025 vs FY2024

Interest income of the Group for the year ended 31 December 2025 amounted to approximately HK\$1,941.1 million, representing a decrease of approximately 5.4% from approximately HK\$2,052.4 million for the year ended 31 December 2024. Such decrease was mainly due to the lower interest income from loans and advances following the decline of market interest rates as well as HK\$ Prime Rate. Interest expenses of the Group decreased by approximately HK\$281.7 million or 26.3% to approximately HK\$787.4 million for the year ended 31 December 2025, mainly due to the reduced funding cost on fixed deposits coupled with the increased contribution from low-cost current and savings deposits. As a result, the Group's net interest income increased by approximately HK\$170.4 million or 17.3% to approximately HK\$1,153.7 million for the year ended 31 December 2025.

The net fees and commission income of the Group for the year ended 31 December 2025 amounted to approximately HK\$254.5 million, representing an increase of approximately 16.6% from approximately HK\$218.3 million for the year ended 31 December 2024, which was mainly due to the higher fees and commission income from wealth management services, stockbroking and securities management benefited by a bullish Hong Kong stock market.

Operating expenses of the Group decreased significantly by approximately HK\$743.9 million to approximately HK\$957.1 million for the year ended 31 December 2025, due to the absence of goodwill impairment of approximately HK\$810.0 million recognised during the year ended 31 December 2024. Operating expenses (excluding goodwill impairment) of the Group increased by approximately HK\$66.1 million or 7.4% to approximately HK\$957.1 million for the year ended 31 December 2025, mainly attributable to increased staff costs as part of the talent development and retention strategy and higher digitalisation cost.

Revaluation losses arising from investment properties increased by approximately HK\$26.0 million to approximately HK\$78.0 million for the year ended 31 December 2025. Credit loss expenses decreased by approximately HK\$211.9 million to approximately HK\$287.2 million for the year ended 31 December 2025. The decrease in credit loss expenses was mainly attributed to a higher base for comparison in the previous year with the inclusion of a significant impairment provision on a corporate borrower. Meanwhile, credit loss expenses on taxi financing started trending downwards as taxi licence prices stabilised in the second half of 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The combined effect of stronger net interest income, growth in net fees and commission income, the absence of the large goodwill impairment, and lower credit costs, leading to the profit attributable to owners of the Company of approximately HK\$79.7 million for the year ended 31 December 2025.

(b) Financial position

The following table sets out a summary of the consolidated statement of financial position and key financial ratios of the Group as at 31 December 2024 and 2025 and 30 June 2026, as extracted and summarised from the 2025 Annual Report and 2026 Interim Report.

Key Balance Sheet Items	As at 31 December		As at 30 June
	2024 (audited) (HK\$'000)	2025 (audited) (HK\$'000)	2026 (unaudited) (HK\$'000)
Total assets	42,843,996	43,101,451	44,674,078
Cash and short term placements	5,951,644	4,115,069	4,749,764
Placements with banks and financial institutions maturing after one month but not more than twelve months	1,905,999	2,501,957	2,260,373
Loans and advances and receivables	24,192,793	24,942,792	25,717,768
Debt securities investment	6,624,576	7,585,694	7,953,145
Total liabilities	35,143,279	35,344,410	36,898,655
Customer deposits	32,173,517	32,757,984	34,449,053
Unsecured bank loans	1,620,326	1,463,000	1,428,000
Net assets	7,700,717	7,757,041	7,775,423
Key Financial Ratios			
	As at 31 December 2024	2025	As at 30 June 2026
Capital Adequacy			
Common Equity Tier 1 capital ratio	23.8%	27.9%	27.0%
Tier 1 capital ratio	23.8%	27.9%	27.0%
Total capital ratio	24.6%	28.7%	27.9%
Leverage ratio	14.8%	15.1%	14.6%
Asset Quality			
Impaired loans to total loans ratio	2.23%	2.75%	2.68%
Gearing ratio	0.21	0.19	0.18
Loan-to-deposit ratio	76.0%	77.1%	75.7%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1H2026 vs FY2025

The Group's total assets amounted to approximately HK\$44.67 billion as at 30 June 2026. The Group's gross loans and advances (including trade bills) increased by approximately HK\$805.3 million or 3.2% to approximately HK\$26.07 billion as at 30 June 2026 from approximately HK\$25.27 billion as at 31 December 2025. The Group's total liabilities amounted to approximately HK\$36.9 billion as at 30 June 2026. Customer deposits of the Group increased by approximately HK\$1.69 billion or 5.2% to approximately HK\$34.45 billion as at 30 June 2026 from approximately HK\$32.76 billion as at 31 December 2025.

The Group's impaired loans to total loans ratio decreased to approximately 2.68% as at 30 June 2026 from approximately 2.75% as at 31 December 2025 as the Group expedited the recovery treatment on repossessed collateral amidst the improved asset market. The Group continues adopting prudent underwriting standards to ensure healthy level of quality loans and taking prompt actions to pursue loans recovery for problem credits.

Based on the level of bank borrowings compared with the equity of the Group, the Group's gearing ratio remained at a healthy level of approximately 0.18 times as at 30 June 2026, which was slightly lower than the position of approximately 0.19 times as at 31 December 2025.

The consolidated Common Equity Tier 1 capital ratio and total capital ratio of Public Bank (Hong Kong) Group stood at approximately 27.0% and approximately 27.9% respectively as at 30 June 2026.

FY2025 vs FY2024

As at 31 December 2025, the Group's total assets amounted to approximately HK\$43.10 billion, representing an increase of approximately HK\$257.5 million from approximately HK\$42.84 billion as at 31 December 2024. The Group's gross loans and advances (including trade bills) increased by approximately HK\$806.6 million to approximately HK\$25.27 billion as at 31 December 2025 from approximately HK\$24.46 billion as at 31 December 2024. The increase in loans and advances was mainly attributed to the growth of property mortgage loan portfolio driven by a more active residential property market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's total liabilities amounted to approximately HK\$35.34 billion as at 31 December 2025. The Group's customer deposits increased by approximately HK\$584.5 million to approximately HK\$32.76 billion as at 31 December 2025 from approximately HK\$32.17 billion as at 31 December 2024. The increase in customer deposits was attributed to the growth of low-cost current and savings deposits for optimisation of deposit mix and management of deposit costs.

The Group's impaired loans to total loans ratio increased to approximately 2.75% as at 31 December 2025 from approximately 2.23% as at 31 December 2024. The Group continues adopting prudent underwriting standards to ensure a healthy level of quality loans and taking prompt actions to pursue loans recovery for problem credits.

Based on the level of bank borrowings compared to the equity of the Group, the Group's gearing ratio remained at a healthy level of approximately 0.19 times as at 31 December 2025, which was slightly lower than the position of approximately 0.21 times in the previous year.

The consolidated Common Equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio of Public Bank (Hong Kong) Group stood at approximately 27.9%, 27.9% and 28.7% respectively as at 31 December 2025, representing increases of 4.1 percentage points for each ratio as compared to those as at 31 December 2024 respectively. Such improvements were mainly attributable to the implementation of the new Banking (Capital) Rules under the Basel III final reforms with effect from 1 January 2025 and the lower credit risk-weighted exposures for the Group's secured lending portfolio under the new Banking (Capital) Rules.

Loan Portfolio Quality and Recoverability

Loans and advances and receivables constitute the Group's largest asset class, amounting to approximately HK\$25.72 billion as at 30 June 2026 (representing approximately 57.6% of the total assets). As disclosed in the 2026 Interim Report, as at 30 June 2026, over 90% of the loans and advances and receivables were unrated exposures. Over 90% of the collateral for the secured loans and advances and receivables were customer deposits, properties, listed shares, taxi licences, public light bus licences and vehicles. The Group's impaired loans to total loans ratio stood at approximately 2.68% as at 30 June 2026, showing a slight improvement from approximately 2.75% as at 31 December 2025. This improvement was supported by expedited recovery actions on repossessed collateral amidst the improved asset market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On the other hand, significant credit loss expenses of approximately HK\$499.1 million was recorded in FY2024 mainly attributable to hire purchase loans amidst a considerable decline in the value of public vehicle licences, increased delinquencies and bankruptcies from personal lending borrowers. Although such credit loss expenses decreased to approximately HK\$287.2 million for FY2025 as taxi licence valuations stabilised, the Group's exposures to Hong Kong's commercial real estate ("CRE") sector and traditional small and medium-sized enterprises face continuous headwinds, as elevated business closures, bankruptcies, and depressed property values threaten both borrower repayment capacity and the ultimate recoverability of repossessed collateral.

As disclosed in the financial reports of the Group, the impaired loans to total loans ratio of the Group was approximately 0.67% as at 31 December 2019, 0.85% as at 31 December 2020, 0.90% as at 31 December 2021, 1.23% as at 31 December 2022, 3.66% as at 31 December 2023, 2.23% as at 31 December 2024, 2.75% as at 31 December 2025, and 2.68% as at 30 June 2026. We noted that the Group's impaired loans to total loans ratio has deteriorated during the period between 2019 and 2023. The impaired loan ratio increased from 0.67% in 2019 to a peak of 3.66% in 2023, subsequently fluctuating at around 2.23% in 2024, 2.75% in 2025, and 2.68% as at 30 June 2026.

As disclosed in the 2025 Annual Report, the Group has been taking prompt actions to pursue loans recovery for problem credits. Although the impaired loan ratio has stabilised slightly and credit loss expenses have decreased since 2024, the impaired loans to total loans ratio remains relatively high as compared to historical level and the quality and recoverability of the loan portfolio remain under pressure. We consider the impaired loan ratio accounts for identified impaired loans under current accounting standards, as one of the indicators to the quality of the loan profile of the Group, whereas over 90% of the Group's loan book comprises unrated exposures with significant concentration in Hong Kong CRE and commercial vehicle licensing sectors. As over 90% of the loans are unrated and the Group faces ongoing challenges in Hong Kong's taxi and CRE sectors, given the subdued macroeconomic backdrop and elevated interest rate environment, these assets carry inherent credit risk and potential future provisioning pressure. As such, we remain cautious about the Group's ability to recover these assets and further improve the impaired loans to total loans ratio.

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Profit Warning Announcement

The Company further announced on 16 October 2026 that the Group had conducted an impairment assessment on goodwill with carrying amount of approximately HK\$1,964 million as at 31 December 2025 and expected to make a full impairment on the carrying amount of the goodwill. The impairment of goodwill takes into consideration: (i) the observed surge in the long-term market interest rates since the third quarter of 2026 causing the upward adjustment of discount factor used for conducting goodwill assessment; and (ii) downward adjustment on the cashflow projections in the medium term affected by the adverse impact of the escalated market interest rates on the funding cost and net interest margin of the Group as the majority of the Group's lending portfolio was priced at fixed rate or referenced to HK\$ Prime Rate which tended to be stable across interest rate cycle. Following the impairment made on goodwill, the consolidated asset value and net asset value of the Group would be both reduced by approximately HK\$1,964 million or HK\$1.8 per Share.

Based on the assessment of (i) the latest unaudited consolidated management accounts of the Group for the nine months ended 30 September 2026, (ii) the projected financial performance in the fourth quarter of 2026 taking into account the aforesaid goodwill impairment, the change in market interest rate on the Group's net interest income, the change in market value of investment properties, and the impairment provision on loan portfolio, and (iii) other information available to the Board, the Group expects to incur a loss after tax in the range of HK\$1.9 billion to HK\$2.0 billion for the financial year ending 31 December 2026 (the "**Profit Forecast**"), as compared with a profit after tax of approximately HK\$80 million for the financial year ended 31 December 2025. Although such expected loss primarily resulted from a one-off goodwill impairment, such impairment was driven by the adverse impact of the escalated market interest rates on the funding cost and net interest margin of the Group. The expected goodwill impairment serves as a key qualitative supporting factor to our assessment of the Group's prospects, as the majority of the Group's lending portfolio is priced at fixed rate or referenced to HK\$ Prime Rate, which tends to be stable across interest rate cycle, the Group continues to face persistent operational headwinds, potential compressed net interest margins, and asset quality drag in the near to medium term.

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We have discussed with the Company the bases and assumptions upon which the Profit Forecast was prepared, the text of our report on the Profit Forecast is set out in the Appendix IV to this Scheme Document. We have also considered the report on the Profit Forecast dated 30 October 2026 issued by Ernst & Young, the auditor of the Company, the text of which is set out in the Appendix III to this Scheme Document, which stated that, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the Directors as set out in the Profit Warning Announcement 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 audited consolidated financial statements of the Group for the year ended 31 December 2025. Based on the above, we are satisfied that the Profit Forecast, for which the Directors are solely responsible, has been made after due care and consideration.

(iii) Prospects of the Group and the retail and commercial banking businesses in Hong Kong

As disclosed in the 2026 Interim Report, the economy of Hong Kong sustained a growth momentum, but the overall economic outlook was still uncertain, affected by escalated geopolitical tensions, developments in international trade and tariff issues, as well as the changes in consumption habit and competitive landscape such as the adoption of artificial intelligence in Hong Kong. The general operating environment remained challenging for small and medium-sized enterprises and traditional businesses, as reflected by the elevated close down/bankruptcy cases.

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According to the Half-Yearly Monetary and Financial Stability Reports published by the Hong Kong Monetary Authority (the “HKMA”) in March and September 2026, which reviews developments between the end of August 2025 and the end of February 2026, and between the end of February 2026 and the end of August 2026 respectively, Hong Kong authorised institutions, which are deposit-taking institutions licensed by the HKMA, operated in an accommodative monetary environment. The HKD Monetary Base remained sizeable and broadly stable at HK\$2,080.4 billion as of the end of August 2026, while total deposits with authorised institutions increased by 5.8% during the seven-month period since the beginning of 2026. For 2025 as a whole, total bank loans recorded positive growth of 2.3%, reversing the 2.8% decline seen in 2024, and markets continued to function smoothly despite potential volatility in fund flows. The overall asset quality of the banking sector remained manageable, with signs of improvement observed in the first half of 2026. The gross classified loan ratio of all authorised institutions declined to 1.82% in the second quarter of 2026 from 2.01% at the end of 2025. Liquidity and funding positions remained sound during the first half of 2026, with the average liquidity coverage ratio of category 1 institutions of 150.5% in the second quarter of 2026 and the total capital ratio of locally incorporated authorised institutions standing at 24.2% at the end of 2025.

During the review period from the end of February 2026 to the end of August 2026, short-term Hong Kong Interbank Offered Rate (HIBOR) eased in early March 2026 before generally firming thereafter, reflecting shifts in seasonal and capital market-related funding demand. Following three consecutive 25-basis-point cuts in the US federal funds target rate in September, October and December 2025, to a federal funds target range of 3.50% to 3.75%, many banks reduced their Best Lending Rates twice by a total of 25 basis points between September and November 2025, with Best Lending Rates ranging from 5.00% to 5.50%. More recently, after the US Federal Reserve raised its federal funds target range by 25 basis points to 3.75% to 4.00% in mid-September 2026, the HKMA adjusted the base rate upwards to 4.25% in accordance with its pre-set formula. Despite the US Federal Reserve’s rate hike in September 2026, local banks kept their Best Lending Rates unchanged in the range of 5.00% to 5.50% during the review period from the end of February 2026 to the end of August 2026. Moreover, the future path of US monetary policy rate remains a critical risk factor. The Group’s financial performance remains sensitive to interest rate volatility and monetary policy shifts, directly influencing the Group’s net interest margins and net interest income. A high-rate environment also increases debt-servicing burdens for corporate and retail borrowers, creating persistent challenges for net interest spreads and interest income optimisation.

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According to the same source, the CRE sector in Hong Kong showed signs of stabilisation alongside improved occupancy rates. Average monthly CRE transaction volumes increased to 455 units during the first seven months of 2026, with speculative activities remaining inactive as indicated by confirmor transactions. Prices of office spaces edged up in recent months, while price declines for retail premises and flatted factories narrowed. While CRE transaction volumes saw a modest uptick, persistent oversupply, elevated earlier interest rates, and falling prices continue to pose asset quality risks for bank portfolios exposed to commercial properties. As a portion of the Group's lending portfolio is tied to property-related exposures, ongoing weakness in the CRE market in Hong Kong directly impacts asset quality metrics, provisioning requirements, and the valuation of repossessed collateral.

Furthermore, the escalating geopolitical landscape, international trade realignments, and potential US tariff policies introduce external vulnerabilities for Hong Kong's export-reliant economy and corporate credit environment. While the Group primarily focuses on domestic retail and commercial banking and consumer finance in Hong Kong rather than direct manufacturing or cross-border trade execution, broad protectionist trade measures and tariff escalations can indirectly weigh on local small and medium-sized enterprises and traditional trading entities. Such pressures can strain business cash flows, elevate default risks, and consequently affect the asset and loan quality of the Group's commercial lending portfolio.

With respect to the retail and commercial banking sectors in Hong Kong, the local banking sector has maintained strong overall resilience underpinned by robust capital and liquidity buffers. However, the operating environment for traditional retail and commercial banking remains challenging. Small and medium-sized enterprises face persistent headwinds from elevated business close-down and bankruptcy cases, shifting consumer habits, and structural competitive pressures. Furthermore, CRE markets remain under pressure with subdued transaction values and downward adjustments in office and retail rents, posing ongoing credit risk considerations for commercial loan books. Consequently, individual institutions with heavier retail and commercial banking exposure in Hong Kong continue to navigate a delicate balance between interest margin pressures, credit risk management, and selective credit growth. Considering the backdrop mentioned above, the net interest income and net interest margin of the Group are likely to face ongoing pressure in the near term, driven by the narrowing net interest spread and the uncertain external economic outlook. The ongoing pressure is further evidenced by the Company's Profit Warning Announcement, with a full impairment of goodwill of approximately HK\$1,964 million arising from higher long-term interest rates and the resulting pressure on net interest margins.

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In our view, the Company exhibits underlying strength through its established local franchise, diversified revenue streams within retail and consumer finance, robust sector-wide capital and liquidity buffers, and alignment with Hong Kong's resilient financial system. However, its prospects are subject to a range of risks, including external factors beyond its control such as US tariffs, interest rate fluctuations, and Hong Kong CRE market weaknesses. Going forward, we consider that the Group's performance will largely depend on Hong Kong's general economic growth, the stabilisation of the Hong Kong CRE market and the geopolitical landscape.

2. Information on the Offeror Group

The Offeror is a company incorporated in Malaysia and is listed on Bursa Securities (stock code: 1295). The Offeror is principally engaged in all aspects of commercial banking and the provision of related financial services in Malaysia. The Offeror Group is principally engaged in all aspects of commercial banking, investment banking, financing and Islamic banking business, stockbroking, provision of related financial services, management of unit trust funds and sale of trust units, underwriting of general insurance, trustee services and investment holding.

3. Reasons for and benefits of the Proposal

As set out in the section headed "8. Reasons for and benefits of the Proposal" in the Explanatory Statement of the Scheme Document, among other things, the Proposal provides Scheme Shareholders with an opportunity to realise their investment immediately at an attractive premium to the historical trading prices of the Shares.

The Cancellation Price of HK\$2.50 per Scheme Share represents:

- a premium of approximately 11.11% over the closing price of HK\$2.25 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 61.29% over the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 78.57% over the average closing price of approximately HK\$1.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;

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- a premium of approximately 81.16% over the average closing price of approximately HK\$1.38 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 73.61% over the average closing price of approximately HK\$1.44 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 83.82% over the average closing price of approximately HK\$1.36 per Share based on the daily closing prices as quoted on the Stock Exchange for the 360 trading days up to and including the Last Trading Day; and
- a price which is more than the highest closing price of HK\$1.89 per Share as quoted on the Stock Exchange since the beginning of December 2024 up to the Last Trading Day.

The Offeror considers that the Cancellation Price compares favourably with the historical market prices of the Shares and provides Scheme Shareholders with an opportunity to realise their entire investment in the Company immediately in cash.

Unlike an on-market disposal, the Scheme, if successfully implemented, will allow each Scheme Shareholder to dispose of all of his, her or its Scheme Shares for cash at the same price without exposure to fluctuations in the market price of the Shares during the disposal process or the potential market impact which may arise from the sale of a significant number of Shares.

The trading liquidity of the Shares has been low. During the 12-month period up to and including the Last Trading Day, the average daily trading volume of the Shares represented approximately 0.027% of the total issued Shares, with an average daily turnover of approximately HK\$414,000. In these circumstances, a Scheme Shareholder wishing to dispose of a sizeable shareholding through the market may not be able to do so within a short period without potentially affecting the prevailing market price.

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As set out in the section headed “8. Reasons for and benefits of the Proposal” in the Explanatory Statement of the Scheme Document, the Shares have historically traded at substantial discounts to the net asset value per Share, ranging from approximately 74% to 85% during the two-year period up to and including the Last Trading Day, based on the then latest published consolidated net asset value per Share. We consider the two-year period is representative and sufficient to provide a general overview of the recent market performance of the Shares, which reflects the prevailing market sentiment for conducting a reasonable comparison between the closing prices of the Shares and the net asset value per Share. The Offeror considers that the net asset value per Share does not reflect the value realisable by Scheme Shareholders through on-market dealings, as the Shares have not at any time during that period traded at or close to their net asset value. The Cancellation Price represents a discount of approximately 64.69% to consolidated net asset value as at 30 June 2026, which is narrower than the historical range above, and a premium to the historical trading prices of the Shares. Accordingly, the Proposal provides Scheme Shareholders with an opportunity to realise their investment immediately and in full for cash at an attractive premium to the historical trading prices of the Shares and, if they so wish, redeploy the proceeds into other investment opportunities or for other purposes.

Based on the above and our analysis on the historical Share price performance and trading liquidity as set out in the section headed “5. Analysis of price performance and trading liquidity of the Shares” below, we concur that the Proposal gives Scheme Shareholders an opportunity to receive the Cancellation Price for their Scheme Shares at a premium over the current market price. Based on our analysis as discussed in the sections below, we consider such premium over the current market price to be fair and reasonable as far as the Disinterested Scheme Shareholders are concerned.

4. Offeror’s intention in relation to the Group

As set out in the section headed “9. Intention of the Offeror with regard to the Group” in the Explanatory Statement of the Scheme Document, as at the Latest Practicable Date, it was the intention of the Offeror for the Group to continue to carry on its existing business, which involves the provision of a comprehensive range of banking and financial services, stockbroking, the letting of investment properties, the provision of financing to purchasers of taxis and public light buses, the trading of taxi cabs and taxi licences, and the leasing of taxis in Hong Kong.

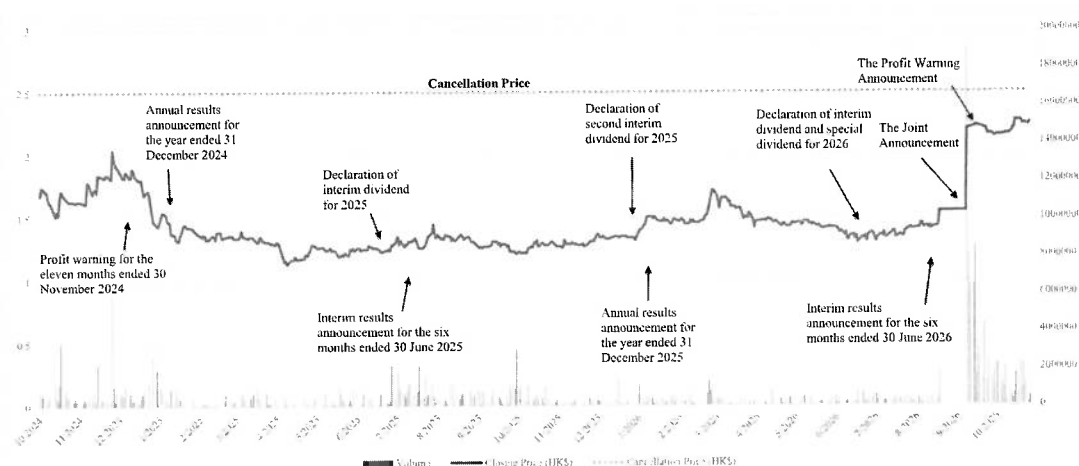
The Offeror does not plan to make any material change to the business of the Group (including any redeployment of fixed assets) or the continued employment of the employees of the Group (other than such changes in the ordinary course of business).

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5. Analysis of price performance and trading liquidity of the Shares

(i) Historical price performance of the Shares

Set out below are the closing prices of the Shares during the period from 2 October 2024 to the Latest Practicable Date (the “Review Period”). Announcements of the Company relating to certain corporate events that took place during the Review Period are noted. We consider the Review Period, which covers a period of more than 24 months, to be reasonable and representative as we consider it a sufficient period to provide a general overview of the recent market performance of the Shares for the purpose of this analysis, which reflects the prevailing market sentiment for conducting a reasonable comparison between the closing prices of the Shares and the Cancellation Price per Scheme Share.



The closing prices of the Shares ranged from HK\$1.13 to HK\$2.04 per Share during the period between 2 October 2024 and the Last Trading Day (both dates inclusive, the “Pre-announcement Period”), with an average of around HK\$1.41 per Share. The closing price of the Shares was below the Cancellation Price of HK\$2.50 per Scheme Share during the entire Pre-announcement Period.

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From 4 October 2024 to 23 December 2024, the closing price of the Shares fluctuated within the range of approximately HK\$1.52 per Share and HK\$1.84 per Share. On 23 December 2024 (after trading hours), the Company published a profit warning announcement for the eleven months ended 30 November 2024. The Share price closed at HK\$1.686 on the following day (i.e. 24 December 2024), representing a decrease of approximately 1.7% from the closing price of the Shares on 23 December 2024. Since then, the closing price of the Shares generally followed a downward trend and closed at HK\$1.134 per Share on 9 April 2025. During the period, on 16 January 2025, the Company published the annual results announcement for the year ended 31 December 2024. The Share price closed at HK\$1.36 per Share on the following day (i.e. 17 January 2025), representing an increase of approximately 3.0% as compared to the closing price of the Shares on 16 January 2025.

During the period from 10 April 2025 to 15 January 2026, the closing price of the Shares fluctuated between HK\$1.15 per Share and HK\$1.51 per Share, with an average of approximately HK\$1.30 per Share. During such period, on 30 June 2025, 17 July 2025 and 31 December 2025, the Company published the announcements in respect of (i) the declaration of interim dividend for 2025, (ii) the interim results for the six months ended 30 June 2025, and (iii) the declaration of second interim dividend for 2025, respectively. No material fluctuation on the closing price of the Shares was noted after the publication of the aforementioned announcements.

On 15 January 2026, the Company published the annual results announcement for the year ended 31 December 2025. The Share price closed at HK\$1.479 per Share on the following day (i.e. 16 January 2026), remaining stable as compared to the closing price of HK\$1.489 per Share on 15 January 2026. From 16 January 2026 to 19 August 2026 (i.e. the Last Trading Day prior to the suspension of trading of the Shares), the closing price of the Shares fluctuated between HK\$1.30 per Share and HK\$1.72 per Share, with an average of approximately HK\$1.45 per Share. During such period, on 30 June 2026 and 16 July 2026, the Company published the announcements in respect of (i) the declaration of interim dividend and special dividend for 2026, and (ii) the interim results for the six months ended 30 June 2026, respectively. No material fluctuation on the closing price of the Shares was noted after the publication of the aforementioned announcements.

On 8 September 2026 (after trading hours), the Joint Announcement was published, and trading of the Shares was resumed on 9 September 2026 and closed at HK\$2.20 per Share, representing a significant increase of approximately 41.9% as compared to the closing price on the Last Trading Day.

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Since then and up to the Latest Practicable Date, the closing Share price fluctuated in a range within HK\$2.14 per Share to HK\$2.27 per Share. On 16 October 2026 (after trading hours), the Profit Warning Announcement was published, the Share closed at HK\$2.265 per Share on the next trading day (i.e. 20 October 2026), remaining the same as the closing price on 16 October 2026. The closing Share price as at the Latest Practicable Date was HK\$2.25 per Share, which we consider was largely determined by the Cancellation Price of HK\$2.50 per Scheme Share. The Cancellation Price was higher than the closing prices of Shares during the entire Review Period.

The Company has historically declared and paid dividends to Shareholders during the Review Period, with nil dividend for FY2024, HK\$0.07 per Share for FY2025, and HK\$0.04 per Share for the interim period of the year ending 31 December 2026 (including a special dividend of HK\$0.02 per Share). Shareholders should note that the impact and benefit of historical dividend yields vary depending on their individual investment length, cost basis, and total dividends received. Consequently, our analysis with respect to dividend yield focuses on a comparative evaluation against comparable companies as set out in the section headed "6. Comparable companies" below, where Disinterested Scheme Shareholders, if the Proposal is successful, could evaluate reinvesting their cash proceeds into alternative banking investments to pursue different yield profiles.

The Cancellation Price of HK\$2.50 per Scheme Share represents:

- (i) a premium of approximately 11.11% over the closing price of HK\$2.25 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 61.29% over the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 78.57% over the average closing price of approximately HK\$1.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 81.16% over the average closing price of approximately HK\$1.38 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (v) a premium of approximately 73.61% over the average closing price of approximately HK\$1.44 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;

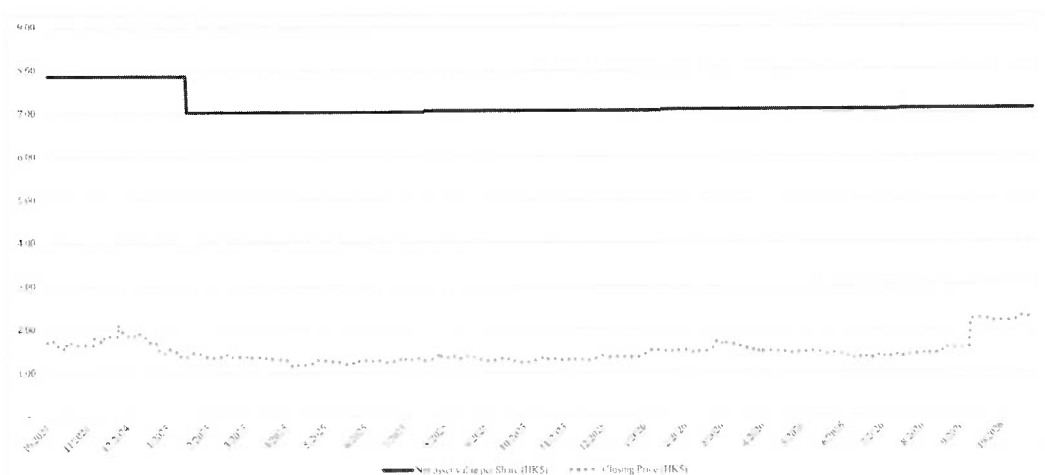
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- (vi) a premium of approximately 83.82% over the average closing price of approximately HK\$1.36 per Share based on the daily closing prices as quoted on the Stock Exchange for the 360 trading days up to and including the Last Trading Day;
- (vii) a discount of approximately 64.64% to the audited consolidated net asset value of the Group of approximately HK\$7.07 per Share as at 31 December 2025, calculated based on the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$7,757,041,000 as at 31 December 2025 divided by the total number of 1,097,917,618 Shares in issue as at the Latest Practicable Date;
- (viii) a discount of approximately 52.65% to the audited consolidated net tangible asset value of the Group of approximately HK\$5.28 per Share as at 31 December 2025, calculated based on the audited consolidated net tangible asset value of the Group attributable to the Shareholders (being the net asset value of the Group attributable to Shareholders as deducted by goodwill and intangible assets) of approximately HK\$5,792,406,000 as at 31 December 2025 divided by the total number of 1,097,917,618 Shares in issue as at the Latest Practicable Date;
- (ix) a discount of approximately 64.69% to the unaudited consolidated net asset value of the Group of approximately HK\$7.08 per Share as at 30 June 2026, calculated based on the unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$7,775,423,000 as at 30 June 2026 divided by the total number of 1,097,917,618 Shares in issue as at the Latest Practicable Date; and
- (x) a discount of approximately 52.74% to the unaudited consolidated net tangible asset value of the Group of approximately HK\$5.29 per Share as at 30 June 2026, calculated based on the unaudited consolidated net tangible asset value of the Group attributable to the Shareholders (being the net asset value of the Group attributable to the Shareholders as deducted by goodwill and intangible assets) of approximately HK\$5,810,788,000 as at 30 June 2026 divided by the total number of 1,097,917,618 Shares in issue as at the Latest Practicable Date.

On the above basis, the Cancellation Price of HK\$2.50 per Scheme Share represents premiums in a range of approximately 61.29% to 83.82% over the closing Share prices for various periods before the Last Trading Day.

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The following sets forth the historical Share price and the net asset value per Share based on the latest published financial results of the Group:



As illustrated in the above chart, the Shares have been trading at a substantial discount to the net asset value per Share throughout the Review Period. The Cancellation Price represents discounts of approximately 52.65% to 64.69% to the net asset value or net tangible asset value of the Group as at 31 December 2025 and 30 June 2026. While such discounts appear substantial on an absolute basis, they represents a substantial enhancement over the Company's historical trading patterns. As set out in the section headed "8. Reasons for and benefits of the Proposal" in the Explanatory Statement of the Scheme Document, the Shares have historically traded at substantial discounts to the net asset value per Share, ranging from approximately 74% to 85% during the two-year period up to and including the Last Trading Day, based on the then latest published consolidated net asset value per Share. The Offeror noted and we concur that the book value per Share does not reflect the actual value realisable by Shareholders through open-market dealings. Due to the historically thin trading liquidity of the Shares (as discussed below), minority Shareholders holding sizeable blocks cannot dispose of their holdings in the open market without causing a severe downward impact on the market price. Therefore, although the Cancellation Price represents a discount to the underlying book and tangible asset values, it narrows the historical trading discount range. More importantly, it provides Scheme Shareholders with an immediate, certain, and full cash exit at a significant premium over market trading prices.

As at the Latest Practicable Date, the Share price closed at HK\$2.25 per Share, representing a discount of approximately 10.0% to the Cancellation Price of HK\$2.50 per Scheme Share. Disinterested Scheme Shareholders should note that there is no assurance that the Share price will remain at the current level if the Scheme is not approved.

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(ii) *Trading liquidity*

Set out below in the table are the average daily trading volume of the Shares, the percentages of the average daily trading volume to the total number of issued Shares and the percentages of the average daily trading volume to the public float of the Company respectively during the Review Period:

	Average daily trading volume of the Shares	Approximate % of average daily trading volume of the Shares to the total number of issued Shares (Note 1)	Approximate % of average daily trading volume of the Shares to the public float of the Company (Note 2)
2024			
October	676,324	0.062	0.230
November	767,522	0.070	0.261
December	707,400	0.064	0.241
2025			
January	345,502	0.031	0.118
February	181,109	0.016	0.062
March	344,077	0.031	0.117
April	156,886	0.014	0.053
May	309,600	0.028	0.105
June	295,524	0.027	0.101
July	819,636	0.075	0.279
August	360,090	0.033	0.123
September	576,545	0.053	0.196
October	446,177	0.041	0.152
November	145,343	0.013	0.050
December	188,667	0.017	0.064
2026			
January	341,017	0.031	0.116
February	393,765	0.036	0.134
March	182,092	0.017	0.062
April	165,895	0.015	0.057
May	165,000	0.015	0.056
June	281,429	0.026	0.096
July	238,273	0.022	0.081
August (up to Last Trading Day)	349,077	0.032	0.119
Average during the Pre-announcement Period (Note 3)	370,495	0.034	0.126
From 9 September 2026 to the Latest Practicable Date (the "Post-announcement Period") (Note 4)	2,766,362	0.252	0.942

Sources: Bloomberg and the website of the Stock Exchange

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Notes:

1. The calculation is based on the average daily trading volume of Shares for the month divided by the total number of issued Shares as at the end of the relevant month or as at the Last Trading Day or the Latest Practicable Date, as applicable.
2. The total number of Shares held by the public is calculated based on the total number of issued Shares as at the end of each month, the Last Trading Day or the Latest Practicable Date, as applicable, excluding those held by the Offeror and Offeror Concert Parties and Mr. Chong Yam Kiang.
3. The calculation is based on the average daily trading volume as a percentage to total number of issued Shares and to the public float of the Company respectively.
4. 9 September 2026, being the date of the first trading day immediately following the publication of the Joint Announcement.

From the table above, which outlines the average daily trading volume of the Shares as a percentage of the total issued Shares and to the public float of the Company respectively, we note that except for the Post-announcement Period, the average daily trading volume of the Shares has been generally thin. The average daily trading volume of the Shares during the Pre-announcement Period was 370,495 Shares, representing around 0.034% of the total number of issued Shares and around 0.126% of the total number of issued Shares held by the public. The publication of the Joint Announcement was however noted to have heightened the trading activity, with the average daily trading volume of the Shares increased to 2,766,362 Shares (representing around 0.252% of the total number of issued Shares and around 0.942% of the total number of issued Shares held by the public) during the Post-announcement Period, being from 9 September 2026 (the date of the first trading day immediately after the publication of the Joint Announcement) to the Latest Practicable Date. Trading liquidity remained relatively thin despite the increase. Scheme Shareholders should note that the improvement in liquidity of the Shares subsequent to the publication of the Joint Announcement may not be sustainable if the Scheme does not take place.

Disinterested Scheme Shareholders should note that while historical trading liquidity of the Shares has been low, this factor does not undermine the validity of historical trading prices as a core valuation benchmark. The Shares are listed and traded on the open, transparent, and regulated platform of the Stock Exchange, where company announcements, financial performances, and corporate actions are publicly disclosed. Prevailing market prices reflect the collective assessment of independent market participants and serve as the best objective reference for the value of a company under ongoing market conditions.

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Furthermore, in the presence of low trading volume, market prices represent a ceiling on the liquidity available to minority shareholders, since executing large-volume sales in a thin market would inevitably result in downward price pressure. Given the historical thin trading volume of the Shares, it is uncertain whether there would be sufficient liquidity in Shares for the Scheme Shareholders to dispose of a significant number of the Shares in the open market without causing an adverse impact on the market price of the Shares. The Scheme, therefore, offers an immediate opportunity for the Scheme Shareholders, particularly for those who hold a large volume of Scheme Shares, to dispose of their entire holdings and exit their investment in full at the Cancellation Price if they so wish, without causing adverse price movement or downward market pressure.

6. Comparable companies

According to the Company's 2026 Interim Report, approximately 93% of the operating income was derived from retail and commercial banking businesses and Hong Kong operations contributed approximately 97% of the total revenue of the Group for the six months ended 30 June 2026. In order to identify comparable companies listed on the Stock Exchange with similar business as the Group, we have adopted two criteria in selecting companies comparable to the Company: (i) companies listed on the Stock Exchange; and (ii) with over 50% of their revenue being derived from banking operations in Hong Kong based on their latest annual reports. On this basis, we have identified an exhaustive list of three comparable companies (the "**Comparable Companies**"). In assessing the fairness and reasonableness of the Cancellation Price, we have compared the price-to-book ("**P/B**") ratio, price-to-net tangible assets ("**P/NTA**"), price-to-earnings ("**P/E**") ratio, dividend yield, return on equity ratio, net profit margin and Common Equity Tier 1 capital ratio of the Group and the Comparable Companies as set out below:

Comparable companies	Stock code	Market capitalisation (HK\$'million) (Note 1)	P/E ratio (times) (Note 2)	P/NTA ratio (times) (Note 3)	P/B ratio (times) (Note 4)	2025 Dividend yield (Note 5)	Return on equity ratio (Note 9)	Net profit margin (Note 10)	Common Equity Tier 1 capital ratio (Note 11)
BOC Hong Kong (Holdings) Limited	2388	546,084	13.10	1.53	1.52	4.11%	11.57%	60.14%	23.80%
The Bank of East Asia, Limited	23	48,538	13.83	0.47	0.45	3.32%	3.27%	16.01%	25.00%
Dah Sing Banking Group Limited ("Dah Sing Banking")	2356	20,875	7.80	0.58	0.58	5.39%	7.32%	32.48%	19.10%
The Company – as at the Last Trading Day	626	1,702	16.84	0.29	0.22	4.52%	1.32%	7.06%	27.00%
The Company – as represented by the Cancellation Price	626	2,744	26.84 (Note 5)	0.47 (Note 6)	0.35 (Note 7)	2.80%	N/A	N/A	N/A

Source: the website of the Stock Exchange

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Notes:

1. Market capitalisation of the Comparable Companies and the Company are calculated based on the total number of issued shares and closing price of the relevant shares on the Stock Exchange as at the Joint Announcement Date.
2. The P/E ratios of the Comparable Companies and the Company are calculated based on their respective market capitalisation as at the Joint Announcement Date and their respective attributable profit for the trailing 12-month period as extracted from their respective latest published annual and/or interim reports.
3. The P/NTA ratios of the Comparable Companies and the Company are calculated based on their respective market capitalisation as at the Joint Announcement Date and their respective attributable net tangible asset value (being the net asset value minus goodwill and intangible assets, if any) for the latest interim period/financial year, as extracted from their respective latest published annual and/or interim reports.
4. The P/B ratios of the Comparable Companies and the Company are calculated based on their respective market capitalisation as at the Joint Announcement Date and their respective attributable net asset value for the latest interim period/financial year, as extracted from their respective latest published annual and/or interim reports.
5. The implied P/E ratio of the Company is calculated based on (a) the implied market value at the Cancellation Price; and (b) the net profit for the trailing 12-month period ended 30 June 2026.
6. The implied P/NTA ratio of the Company is calculated based on (a) the implied market value at the Cancellation Price; and (b) the net tangible assets of the Company as at 30 June 2026.
7. The implied P/B ratio of the Company is calculated based on (a) the implied market value at the Cancellation Price; and (b) the total equity of the Company as at 30 June 2026.
8. The 2025 dividend yields for the Comparable Companies are calculated by dividing the respective dividend for the year 2025, as extracted from their respective 2025 annual report, by the respective closing price per share as quoted on the Stock Exchange as at the Joint Announcement Date. In respect of the Company, the 2025 dividend yields are calculated by dividing dividend of HK\$0.07 per Share for the year 2025 by the closing price of HK\$1.55 per Share as at the Last Trading Day and the Cancellation Price of HK\$2.50 per Scheme Share (where appropriate).
9. The return on equity ratios are calculated based on their respective attributable profit for the trailing 12-month period and the respective latest equity attributable to equity holders as extracted from their respective latest published annual and/or interim reports.
10. The net profit margins are calculated based on their respective attributable operating income and profit for the trailing 12-month period as extracted from their respective latest published annual and/or interim reports.
11. The Common Equity Tier 1 capital ratios are extracted from their respective latest published annual and/or interim reports.

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12. The above table has excluded Dah Sing Financial Holdings Limited (stock code: 440), whose businesses include those of Dah Sing Banking as well as insurance business. On this basis, comparison with Dah Sing Financial Holdings Limited is considered not appropriate after having considered the business segments of the Company as stated in its latest annual report.

As set out in the table above, prior to the Joint Announcement, based on the market capitalisation on the Last Trading Day, the Company's P/B ratio of approximately 0.22 times was substantially lower than the range of those of the Comparable Companies of approximately 0.45 times to 1.52 times. Although the Cancellation Price has enhanced the P/B ratio to approximately 0.35 times, it remains lower than those of the Comparable Companies. Among the Comparable Companies, we observed that the Group has a significant amount of intangible assets, which are mainly goodwill arising from prior acquisition and unrelated to its daily business operations. As such, while P/B ratio is one of the most commonly adopted valuation metrics in the banking industry, we consider the P/NTA ratio serves as a more appropriate parameter for the Group as it excluded the substantial amount of goodwill which will be fully impaired and the insignificant amount of other intangible assets, which are unrelated to the business operation of the Group.

Prior to the Joint Announcement, based on the market capitalisation on the Last Trading Day, the Company's P/NTA ratio of approximately 0.29 times was lower than the range of those of the Comparable Companies of approximately 0.47 times to 1.53 times. However, the Cancellation Price substantially enhanced the P/NTA ratio to approximately 0.47 times, which is within the range of those of the Comparable Companies. While such implied P/NTA ratio remains at the low end of those of the Comparable Companies, taking into account the following:

- (i) the net tangible assets are not realisable as the Group is subject to capital and regulatory requirements to continue its business operation, which the Group intends to maintain post-privatisation;
- (ii) the uncertainties as to the recoverability of the loan profile of the Group as discussed in the section headed "Loan Portfolio Quality and Recoverability" above;
- (iii) the Company has historically been trading at deep discounts to its book value and tangible asset value as discussed in the section headed "5. (i) Historical price performance of the Shares" above;
- (iv) the Cancellation Price represents a substantial enhancement over the Company's pre-announcement P/B ratio and P/NTA ratio of approximately 0.22 times and 0.29 times respectively;

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- (v) the Group recorded a return on equity ratio of approximately 1.32% and a net profit margin of approximately 7.06%, which are both substantially lower than the return on equity ratios ranging from 3.27% to 11.57% and net profit margins ranging from 16.01% to 60.14% of the Comparable Companies. From the table above, it is observed that Comparable Companies with a lower return and profitability metric have a lower P/B ratio and P/NTA ratio. Despite the stronger Common Equity Tier 1 capital ratio of the Group of approximately 27.00% as compared to those of the Comparable Companies ranging from 19.10% to 25.00%, and a dividend yield of approximately 4.52% of the Group being within the range of those of the Comparable Companies of approximately 3.32% to 5.39%, the low profitability and return on equity of the Group might explain the deeper discounts to book value of the Group as the Group generates substantially less profit per dollar of equity capital than its peers; and
- (vi) the implied P/E ratio of the Company as represented by the Cancellation Price of 26.84 times is substantially higher than those of the Comparable Companies ranging 7.80 times to 13.83 times,

we consider the implied P/NTA ratio is justifiable as compared to those of the Comparable Companies.

It shall be noted that commercial banks are asset-based and balance sheet-driven institutions where net asset value and net tangible asset value serve as fundamental indicators of financial strength, and therefore balance sheet metrics such as P/B ratio and P/NTA ratio are crucial to our evaluation. However, P/E ratio is also a commonly adopted reference in assessing fair value under the current market context as balance sheet multiples reflect historical asset carrying values and neglect a bank's profitability and ability to generate return on equity in a changing interest rate environment. In the case of the Group, its earnings capacity has been constrained by narrow net interest margins, resulting in lower return metrics. We consider the implied P/E ratio remains a relevant parameter in evaluating the fairness and reasonableness of the Cancellation Price.

Accordingly, taking into account (i) the lower relative return profile of the Group as compared to those of the Comparable Companies; (ii) the prolonged historical trading discount to book value as mentioned in section headed "3. Reasons for and benefits of the Proposal" above; (iii) the thin trading liquidity as mentioned in the section headed "5. Analysis of price performance and trading liquidity of the Shares" above, and (iv) the attractive earnings multiple implied, despite the discount to its book value, the Cancellation Price offers fair and reasonable value to Disinterested Scheme Shareholders by allowing an immediate, certain cash exit that cannot be achieved independently through open-market dealings.

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7. Banking privatisation precedents

We have also researched and compared the Proposal with all successful privatisation proposals involving Hong Kong licensed banking groups listed on the Main Board of the Stock Exchange by their respective majority shareholders, which were announced and completed since January 2010 and up to the Joint Announcement Date (the “**Banking Privatisation Precedents**”). Given the fact that privatisation proposals involving Hong Kong licensed banking groups are infrequent occurrences in the local equity market, we have adopted an extended review period to capture sufficient and representative sample of comparable transactions within the same regulated industry. Furthermore, we consider privatisations of licensed banks provide a more meaningful and direct baseline for comparison than general industrial or commercial company privatisations, given the unique regulatory capital requirements, liquidity constraints, and valuation dynamics inherent to the banking sector. Accordingly, expanding the review window ensures a comprehensive benchmark of market precedents for banking sector privatisation transactions, and we consider such timeframe to be necessary and appropriate. Under the Proposal and the Banking Privatisation Precedents, the relevant offeror was already the majority shareholder of the licensed banking group before the respective privatisation proposal, resulting in the acquisition of minority interests. These transactions represent like-for-like direct comparisons with the Proposal, as opposed to the takeover of the licensed banking group by a third party where a control premium would normally apply. In our view, the Banking Privatisation Precedents represent an exhaustive list identified from the website of the Stock Exchange, based on the above selection criteria.

We consider that the Banking Privatisation Precedents, all of which involve Hong Kong licensed banking groups previously listed on the Main Board of the Stock Exchange, can provide useful perspectives including the level of premium over historical market prices offered, as well as the transaction multiples for privatisations involving licensed banking groups in the Hong Kong equity capital market, thereby providing a reference for the Scheme Shareholders when evaluating the Proposal.

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The table below illustrates the premiums represented by the cancellation consideration over the respective last full trading day and the respective last 5, 30, 60 and 90 full trading days average share prices in respect of the privatisation proposals:

Date of the initial Rule 3.5/3.7 announcement	Name of licensed banking group (Former stock code)	Implied value (Note 1) HK\$' billion	Premiums of cancellation consideration over the closing price/average closing price per share					Premiums/ discounts of cancellation consideration over the net asset value per share
			on the last full trading day (Note 2)	for the last 5 full trading days (Note 2)	for the last 30 full trading days (Note 2)	for the last 60 full trading days (Note 2)	for the last 90 full trading days (Note 2)	
10 August 2010	Industrial and Commercial Bank of China (Asia) Limited (349) ("ICBC (Asia)")	39.8	27.8%	34.6%	41.2%	47.9%	48.8%	114.50%
19 January 2011	Fubon Bank (Hong Kong) Limited (636) ("Fubon Bank (Hong Kong)") (Note 3)	6.1	37.6%	41.8%	43.2%	41.0%	39.3%	46.20%
18 May 2021	Chong Hing Bank Limited (1111) ("Chong Hing Bank") (Note 4)	20.2	97.0%	101.2%	107.3%	109.8%	113.5%	-10.10%
9 October 2025	Hang Seng Bank Limited (11) ("Hang Seng Bank")	290.3	30.3%	29.7%	33.1%	32.8%	33.0%	83.40%
		<i>Average</i>	48.2%	51.8%	56.2%	57.9%	58.7%	58.50%
		<i>Median</i>	34.0%	38.2%	42.2%	44.5%	44.1%	64.80%
8 September 2026	The Proposal	2.7	61.3%	72.4%	78.6%	81.2%	77.9%	-64.70%

Sources: Bloomberg and the website of the Stock Exchange

Notes:

- The relevant implied value (on a 100% basis) is calculated based on the product of the number of the respective ordinary shares in issue (excluding treasury shares (if any)) and the respective cancellation consideration.
- The relevant premiums are calculated based on the respective closing price/average closing price per ordinary share up to and including the last full trading day of the shares prior to the publication of the Rule 3.5 announcement or the initial Rule 3.7 announcement (where applicable).
- The relevant premiums of Fubon Bank (Hong Kong) are calculated based on the revised offer price of HK\$5.20 per scheme share, as disclosed in its scheme document.
- Apart from the above privatisation of Chong Hing Bank in 2021, we note that Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu"), through its subsidiary, made a voluntary cash partial offer (the "Yue Xiu Partial Offer") in 2014 to acquire a maximum of 75% equity interest of Chong Hing Bank. As Yue Xiu was not a shareholder of Chong Hing Bank before the Yue Xiu Partial Offer, and the Yue Xiu Partial Offer did not result in privatisation of Chong Hing Bank, the Yue Xiu Partial Offer was not included as a Banking Privatisation Precedent.
- Subject to rounding differences.

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Based on the table above, the average premiums and median premiums represented by the cancellation consideration of the Banking Privatisation Precedents over the (average) closing price on the last full trading day, and for the last 5, 30, 60 and 90 full trading days range from approximately 48.2% to 58.7% and approximately 34.0% to 44.5% respectively.

The premiums represented by the Cancellation Price of HK\$2.50 per Scheme Share over the (average) closing price of the Shares on the Last Trading Day, and for different periods of up to the last 5 to 90 trading days before the Joint Announcement Date, are generally higher than the abovementioned premiums observed under the four Banking Privatisation Precedents.

The premiums represented by the Cancellation Price over the (average) closing price on the Last Trading Day, and for last 5, 30, 60 and 90 full trading days, ranging from approximately 61.3% to 81.2%, are higher than the average and median premiums of the Banking Privatisation Precedents, indicating that the Cancellation Price provides a more favorable premium to the market price of the Shares as compared to the Banking Privatisation Precedents.

While we note that the Banking Privatisation Precedents were implemented at smaller discount or premium to net asset value, the apparent discount to net asset value represented by the Cancellation Price was evaluated within the specific historical trading characteristics of the Company, which have historically suffered from severe and prolonged trading illiquidity and have persistently traded at a deep discount to net asset value (ranging from approximately 74% to 85% over the preceding two-year period), with no history of trading at or close to book value. As such, it is unlikely that Shareholders are able to realise the underlying book value through open-market transactions. Therefore, the Cancellation Price of HK\$2.50 per Scheme Share delivers an immediate, certain, and substantial cash premium ranging from approximately 61.29% to 83.82% over prevailing historical market trading prices. This provides Disinterested Scheme Shareholders with a valuable opportunity to effectively captures a significant portion of the historical trading discount, rendering the terms fair and reasonable under the prevailing circumstances in general.

Disinterested Scheme Shareholders should note that while the Banking Privatisation Precedents provide a useful market reference regarding the pricing structures and premium levels accepted by shareholders in the Hong Kong market for banking industry, each precedent target company possesses distinct characteristics. Variations in business operations, asset quality, financial performance, scale, market capitalisation, shareholding structure, historical trading liquidity, and prevailing macroeconomic conditions at the time of the respective privatisation mean that no precedent company or transaction is entirely comparable to the Proposal.

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It is also worth mentioning that all of the Banking Privatisation Precedents were successfully completed, indicating that the terms of the privatisation proposals in the Banking Privatisation Precedents were accepted by the market and accordingly, whilst the premiums represented by the Cancellation Price over the historical market trading prices are within the range of those of the Banking Privatisation Precedents, the terms of the Proposal are therefore considered in line with the market. Moreover, the successful completion or shareholder acceptance of the Banking Privatisation Precedents reflects only that the relevant terms were deemed acceptable by those shareholders under the specific facts and market circumstances of each individual case. The Banking Privatisation Precedents serve as a reference for market practice and valuation parameters, rather than a definitive measure of the intrinsic fair value of a company.

DISCUSSION

We have formed our opinion on the terms of the Proposal, including the Cancellation Price, after taking into account all the above principal factors and reasons and in summary particularly:

- (1) **Future uncertainties and the Profit Warning:** notwithstanding the Company exhibits underlying strength with improving recent financial performance, the future business development and prospects of the Group are still subject to uncertainties associated with macroeconomic environment and factors surrounding, including but not limited to US tariffs, interest rate fluctuations, and Hong Kong CRE market weaknesses, as discussed in the section headed “1(iii) Prospects of the Group and the retail and commercial banking businesses in Hong Kong” above. As disclosed in the Profit Warning Announcement, the Group expects to record a loss after tax in the range of HK\$1.9 billion to HK\$2.0 billion for the financial year ending 31 December 2026. Although such expected loss primarily resulted from a one-off goodwill impairment, such impairment was driven by the adverse impact of the escalated market interest rates on the funding cost and net interest margin of the Group. As the majority of the Group’s lending portfolio is priced at fixed rate or referenced to HK\$ Prime Rate, which tends to be stable across interest rate cycle, the Group’s underlying operating profitability continues to face uncertainties and headwinds in the near term;

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- (2) **Persistent discount to net asset value:** the Shares have historically been trading at deep discounts to its book value and tangible asset value during the Review Period. As discussed in the section headed “6. Comparable companies” above, despite that each of the Cancellation Price is lower than the net asset value per Share or net tangible asset value per Share of the Group, having taken into account, in particular, (i) the net tangible assets are not realisable as the Group is subject to capital and regulatory requirements to continue its business operation, which the Group intends to maintain post-privatisation; (ii) the uncertainties as to the recoverability of the loan profile of the Group as discussed in the section headed “Loan Portfolio Quality and Recoverability” above; (iii) the Cancellation Price represents a substantial enhancement over the Company’s pre-announcement P/B ratio and P/NTA ratio of approximately 0.22 times and 0.29 times respectively; (iv) the Group’s return on equity ratio of approximately 1.3% and net profit margin of approximately 7.1% are substantially lower than those of the Comparable Companies; (v) the implied P/NTA ratio represented by the Cancellation Price, which serves as a more appropriate parameter for the Group (as compared to P/B ratio) as it excluded the substantial amount of goodwill which will be fully impaired for the year ending 31 December 2026 as disclosed in the Profit Warning Announcement and the insignificant amount of other intangible assets, is within the range of those of the Comparable Companies; (vi) the Cancellation Price represents reasonable premiums to historical market price; and (vii) the historical thin trading volume of the Shares, the Proposal gives Disinterested Scheme Shareholders an opportunity to receive the Cancellation Price for their Scheme Shares at a premium over the current market price of the Company, which we considered it justifiable;
- (3) **Substantial cash premium over historical Share prices:** the Cancellation Price of HK\$2.50 per Scheme Share represents premiums over recently prevailing market prices ranging from approximately 61.29% to 83.82%, and is substantially higher than the average Share closing price for the Pre-announcement Period of approximately HK\$1.41 per Share, whilst the discounts of approximately 52.65% to 64.69% to the net asset value or net tangible asset value of the Group are consistent with the Company’s historical trading patterns, as discussed in the section headed “5(i) Historical price performance of the Shares” above;

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- (4) **Comparison with the Comparable Companies:** while the implied P/B ratio of approximately 0.35 times, being one of the most commonly adopted valuation metrics in the banking industry, is below those of the Comparable Companies ranging from approximately 0.45 times to 1.52 times, the P/NTA ratio of 0.47 times, which serves as a more appropriate parameter for the Group as it excluded the substantial amount of goodwill which will be fully impaired and the insignificant amount of other intangible assets, is within the range of those of the Comparable Companies ranging from approximately 0.47 times to 1.53 times. Furthermore, the implied P/E ratio of the Company as represented by the Cancellation Price of 26.84 times is substantially higher than those of the Comparable Companies ranging from approximately 7.80 times to 13.83 times, as discussed in the section headed “6. Comparable companies” above, offering Disinterested Scheme Shareholders a valuation that places a significant premium on the Group’s underlying earnings;
- (5) **Comparison with the Banking Privatisation Precedents:** as discussed in the section headed “7. Banking privatisation precedents” above, although the Banking Privatisation Precedents have smaller discount or premium to net asset value as represented from the respective cancellation price, the premiums represented by the Cancellation Price of HK\$2.50 per Scheme Share over the closing Share prices on the Last Trading Day and for the last 5, 30, 60 and 90 full trading days are all within the range of the Banking Privatisation Precedents, and higher than the average and median of those of the Banking Privatisation Precedents. On a balanced view, the terms of the Proposal are considered acceptable as compared to those of the Banking Privatisation Precedents when evaluated alongside with the prevailing market conditions and banking industry prospects, and the Group’s lower return on equity, asset quality, historical trading price and thin historical trading liquidity;
- (6) **Opportunity to realise value amid low liquidity:** the historical trading volume of the Shares has been thin, as discussed in the section headed “5(ii) Trading liquidity” above, it is unlikely that Scheme Shareholders could dispose of a significant number of the Shares in the open market without causing an adverse impact on the market price of the Shares. The Scheme, therefore, represents a valuable opportunity for Scheme Shareholders, particularly those with a large holding of Scheme Shares, to dispose of their holdings at the fixed cash amount of HK\$2.50 per Scheme Share; and

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- (7) **Attractive proposal from other sources is unlikely:** as at the Latest Practicable Date, the Offeror and Offeror Concert Parties are interested in approximately 73.26% of the issued share capital of the Company, if the Proposal is disapproved, lapsed or withdrawn, (i) the Offeror would not be able to come up with another privatisation proposal within the next 12 months unless a consent is obtained under Rule 31.1 of the Takeovers Code; and (ii) it will be difficult for any third party to present or implement any other proposal for the Shares held by the Disinterested Scheme Shareholders without the support of the Offeror. In addition, there are possibilities that (i) the Share price (together with the trading volume of the Shares) could fall towards or even below the level at which they had been trading prior to the Joint Announcement and the Disinterested Scheme Shareholders would become unable to realise the Shares at a level of the Cancellation Price; and (ii) the Share price may continue to trade at a deeper discount to book value, as compared to that of the Cancellation Price, without reflecting its full net asset value per Share.

OPINION AND RECOMMENDATIONS

Based on the above principal factors and reasons, we consider that the Proposal and the Scheme are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned. Accordingly, we recommend the Disinterested Scheme Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the SGM to approve and implement the Proposal and the Scheme.

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The Shares have been trading in the market below the Cancellation Price and they closed at HK\$2.25 on the Latest Practicable Date. However, although we consider it unlikely, there is a possibility that the Share price may exceed the Cancellation Price in the period since the Latest Practicable Date and up to the last day for trading in the Shares on the Stock Exchange. Accordingly, Scheme Shareholders are reminded to monitor the trading price and liquidity of the Shares during this period and, having regard to their own circumstances, consider selling their Shares in the open market, if the proceeds obtained from such disposal of Shares (after deducting all transaction costs) would be higher than HK\$2.50 per Scheme Share.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Calvin Leung
Director

Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 21 years of experience in the corporate finance industry.

EXPLANATORY STATEMENT

This Explanatory Statement constitutes the statement required under section 100 of the Companies Act.

1. INTRODUCTION

On 19 August 2026, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act.

The purpose of this Explanatory Statement is to set out the terms and effects of the Proposal (in particular, the Scheme) and to provide the Scheme Shareholders with further information in relation to the Proposal.

Particular attention is also drawn to (i) the letter from the Board set out in this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in this Scheme Document; and (iii) the terms of the Scheme set out in the section headed “*The Scheme*” in this Scheme Document, and the enclosed forms of proxy for the Court Meeting and the SGM respectively.

2. TERMS OF THE PROPOSAL

If the Proposal is approved and implemented:

- (a) all Scheme Shares held by the Scheme Shareholders on the Scheme Record Date will be cancelled as a result of the Scheme on the Effective Date, in consideration for the payment of the Cancellation Price of HK\$2.50 in cash by the Offeror for each Scheme Share cancelled;
- (b) contemporaneously with the cancellation of the Scheme Shares, such number of new Shares as is equal to the number of Scheme Shares cancelled will be issued to the Offeror, credited as fully paid, such that the share capital of the Company will be maintained and the Company will become wholly-owned by the Offeror; and
- (c) the listing of Shares on the Stock Exchange will be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules.

In compliance with Rule 20.1(a) of the Takeovers Code, subject to the Scheme becoming effective, the Cancellation Price of HK\$2.50 per Scheme Share will be paid to the Scheme Shareholders whose names appear on the register of members of the Company on the Scheme Record Date as soon as possible but in any event no later than seven Business Days following the Effective Date.

EXPLANATORY STATEMENT

The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

The Cancellation Price of HK\$2.50 per Scheme Share represents:

- (a) a premium of approximately 11.11% over the closing price of HK\$2.25 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 61.29% over the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 78.57% over the average closing price of approximately HK\$1.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 81.16% over the average closing price of approximately HK\$1.38 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 73.61% over the average closing price of approximately HK\$1.44 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 83.82% over the average closing price of approximately HK\$1.36 per Share based on the daily closing prices as quoted on the Stock Exchange for the 360 trading days up to and including the Last Trading Day;
- (g) a discount of approximately 64.64% to the audited consolidated net asset value of the Group of approximately HK\$7.07 per Share as at 31 December 2025, calculated based on the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$7,757,041,000 as at 31 December 2025 divided by the total number of 1,097,917,618 Shares in issue as at the Latest Practicable Date;

EXPLANATORY STATEMENT

- (h) a discount of approximately 52.65% to the audited consolidated net tangible asset value of the Group of approximately HK\$5.28 per Share as at 31 December 2025, calculated based on the audited consolidated net tangible asset value of the Group attributable to the Shareholders (being the net asset value of the Group attributable to Shareholders as deducted by goodwill and intangible assets) of approximately HK\$5,792,406,000 as at 31 December 2025 divided by the total number of 1,097,917,618 Shares in issue as at the Latest Practicable Date;
- (i) a discount of approximately 64.69% to the unaudited consolidated net asset value of the Group of approximately HK\$7.08 per Share as at 30 June 2026, calculated based on the unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$7,775,423,000 as at 30 June 2026 divided by the total number of 1,097,917,618 Shares in issue as at the Latest Practicable Date; and
- (j) a discount of approximately 52.74% to the unaudited consolidated net tangible asset value of the Group of approximately HK\$5.29 per Share as at 30 June 2026, calculated based on the unaudited consolidated net tangible asset value of the Group attributable to the Shareholders (being the net asset value of the Group attributable to the Shareholders as deducted by goodwill and intangible assets) of approximately HK\$5,810,788,000 as at 30 June 2026 divided by the total number of 1,097,917,618 Shares in issue as at the Latest Practicable Date.

Shareholders should note that, on 16 October 2026, the Company published the Profit Warning Announcement, in which it was stated that: (i) the Group had conducted an impairment assessment on goodwill with carrying amount of approximately HK\$1,964 million as at 31 December 2025 and expected to make a full impairment on the carrying amount of the goodwill; and (ii) following the impairment made on goodwill, the consolidated asset value and net asset value would be both reduced by approximately HK\$1,964 million or HK\$1.8 per Share, the details of which are set out in the paragraph headed “4. *Material Changes*” in Appendix I of this Scheme Document. The full text of the Profit Warning Announcement is reproduced in Appendix V to this Scheme Document. The comparison of value between the Cancellation Price and (i) the audited consolidated net asset value per Share of the Group as at 31 December 2025 and (ii) the unaudited consolidated net asset value per Share of the Group as at 30 June 2026, each as deducted by goodwill and intangible assets, has been set out in paragraphs (h) and (j) above respectively.

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The Profit Warning Announcement constitutes a “profit forecast” under Rule 10 of the Takeovers Code. In accordance with Rule 10.4 of and Practice Note 2 to the Takeovers Code, it is required to be reported on by Ernst & Young, the Company’s auditor, and the Independent Financial Adviser. Please refer to the reports issued by Ernst & Young and the Independent Financial Adviser set out in Appendix III and Appendix IV to this Scheme Document respectively.

The Cancellation Price of HK\$2.50 per Scheme Share was determined on a commercial basis after taking into account, among others, the prevailing market prices at which the Shares have been traded on the Stock Exchange and pricing premia in recent privatisation transactions involving companies listed on the Stock Exchange.

In considering the prevailing and historical market prices and trading liquidity of the Shares, the Offeror took into account the premia represented by the Cancellation Price over the closing price on the Last Trading Day and the average closing prices for the 30, 60, 180 and 360 trading days up to and including the Last Trading Day, as well as the low trading liquidity of the Shares. During the 12-month period up to and including the Last Trading Day, which was adopted to assess the recent trading liquidity of the Shares over a full year, the average daily trading volume of the Shares represented approximately 0.027% of the total issued Shares. The Offeror considers that the Cancellation Price provides Scheme Shareholders with an opportunity to realise their investment in cash at an attractive premium to the historical trading prices of the Shares without the potential market impact associated with an on-market disposal of a sizeable shareholding.

In considering recent privatisation transactions, the Offeror reviewed all successful privatisation transactions involving companies listed on the Stock Exchange whose scheme documents, composite documents or relevant circulars were published in 2025 and 2026 up to the Last Trading Day and whose listings were withdrawn before the Last Trading Day. The Offeror considers this basis appropriate, as it provides a sufficiently broad sample of successful privatisations while remaining recent enough to provide a relevant reference for market pricing in Hong Kong. While the companies involved may differ from the Company in terms of size, business nature and financial position, and the transactions were effected through various privatisation methods, the Offeror considers these transactions relevant as a reference for the premia offered to minority shareholders over prevailing market prices in successful privatisations in Hong Kong, rather than as direct comparisons of the underlying businesses. The premia/(discounts) represented by the privatisation consideration over/to the respective closing share prices on the last trading day ranged from approximately (12.2%) to 250.0%, with an average and median premium of approximately 50.8% and 35.4%, respectively. The premium of approximately 61.29% represented by the Cancellation Price over the closing price of the Shares on the Last Trading Day is higher than both the average and median.

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The Offeror also notes that, while the Cancellation Price represents a discount of approximately 64.69% to the unaudited consolidated net asset value per Share as at 30 June 2026, this discount is narrower than the historical discounts of approximately 74% to 85% represented by the closing prices of the Shares to the then latest published consolidated net asset value per Share during the two-year period up to and including the Last Trading Day. Given that the net asset value is published semi-annually, the two-year period allows the persistence of the historical trading discounts to be assessed across successive reporting periods. The Offeror therefore considers that the net asset value per Share does not reflect the value realisable by Scheme Shareholders through on-market dealings, as the Shares have not at any time during that period traded at or close to their net asset value. Having regard to the factors described above, the Offeror considers the Cancellation Price to be attractive notwithstanding the discount to the unaudited consolidated net asset value per Share as at 30 June 2026.

Highest and lowest prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.265 per Share on 16 October 2026 and 20 October 2026, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.301 per Share on 18 June 2026.

3. CONDITIONS OF THE PROPOSAL AND THE SCHEME

The Proposal will be, and the Scheme will become effective and binding on the Company and all Scheme Shareholders, subject to the fulfilment or (if capable of being waived) waiver of the following Conditions on or before the Long Stop Date:

- (a) the approval of the Scheme at the Court Meeting (by way of a poll) by a majority in number of the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting representing not less than three-fourths in value of the Scheme Shares that are voted in person or by proxy at the Court Meeting and:
 - (i) by at least 75% of the votes attaching to the Scheme Shares held by Disinterested Scheme Shareholders that are cast (by way of a poll), in person or by proxy, at the Court Meeting; and
 - (ii) the number of votes cast (by way of a poll) by Disinterested Scheme Shareholders against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by all the Disinterested Scheme Shareholders;

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- (b) the passing of a special resolution by the Shareholders at the SGM by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting, in person or by proxy, at the SGM, to approve and give effect to:
 - (i) any reduction of the issued share capital of the Company associated with the cancellation of the Scheme Shares; and
 - (ii) the issue, contemporaneously with such cancellation, of such number of new Shares as is equal to the number of Scheme Shares cancelled, and the application of the reserve created as a result of the cancellation of the Scheme Shares to pay up such number of new Shares at par in full;
- (c) the sanction of the Scheme (with or without modifications) by the Court and the delivery to the Registrar of Companies of a copy of the order of the Court for registration;
- (d) to the extent applicable, compliance with section 46(2) of the Companies Act in relation to the Scheme;
- (e) all Authorisations (if any) having been obtained, completed and/or made, and remaining in full force and effect without modification or variation;
- (f) all Applicable Laws having been complied with and no legal, regulatory or administrative requirement having been imposed by any Relevant Authority in any jurisdiction which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws, in connection with the Proposal or its implementation in accordance with its terms;
- (g) no Relevant Authority in any jurisdiction having taken or instituted or threatened in writing any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which is material in the context of the Group taken as a whole or which would prohibit the implementation of the Proposal or make the Proposal or the implementation of the Proposal in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to the Proposal or the implementation of the Proposal), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;

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- (h) since the date of the Joint Announcement, there having been no adverse change in the business, operations, assets, liabilities, financial or trading positions, profits or prospects of any member of the Group to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms;
- (i) there not having been instituted or remaining outstanding any litigation, arbitration, proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings having been threatened in writing against any member of the Group (and no investigation by any Relevant Authority against or in respect of any member of the Group or the business carried on by it having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any member of the Group), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms;
- (j) save in connection with the implementation of the Proposal, the listing of the Company on the Stock Exchange not having been withdrawn and no indication having been received from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange will be, or is likely to be, withdrawn; and
- (k) the implementation of the Proposal in accordance with its terms not resulting in, and no event or circumstance having occurred or arisen which would or might be expected to result in:
 - (i) any indebtedness (actual or contingent) of any member of the Group being or becoming repayable (or capable of being declared repayable) immediately or prior to its stated maturity or repayment date, or any lender to any member of the Group claiming (or being entitled to claim) an event of default under any financing documentation to which any member of the Group is a party, which has not been irrevocably consented to or waived by the relevant lender(s); or

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- (ii) any agreement, arrangement, licence, permit or instrument to which any member of the Group is a party or by or to which any member of the Group or any of its assets may be bound, entitled or subject (or any of the rights, liabilities, obligations or interests of any member of the Group thereunder) being terminated or adversely modified (or any material obligation or liability on the part of any member of the Group arising in relation thereto).

Conditions (a) to (d) (inclusive) may not be waived. The Offeror reserves the right (but is not obliged) to waive all or any of the Conditions (e) to (k) (inclusive), in whole or in part, to the extent permissible by Applicable Laws. The Company does not have the right to waive any Condition.

As at the Latest Practicable Date and based on the information available to the Offeror and the Company, each of the Offeror and the Company was not aware of any Authorisations (other than the approval of the Stock Exchange for the withdrawal of listing of the Shares subject to the Scheme becoming effective and those expressly set out in the Conditions above) which are required to be obtained prior to the Scheme becoming effective as set out in Condition (e), and each of the Offeror and the Company is not aware of any circumstances which may result in any of Conditions (f) to (k) (inclusive) not being fulfilled.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke a Condition as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal.

All Conditions will have to be fulfilled or (if capable of being waived) waived on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse. If the Conditions are fulfilled or (if capable of being waived) waived on or before the Long Stop Date, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended and/or voted at the Court Meeting or the SGM.

As at the Latest Practicable Date, none of the Conditions had been fulfilled or (if capable of being waived) waived. Further announcement(s) will be made as and when appropriate in respect of the fulfilment or (if capable of being waived) waiver of the Conditions.

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WARNING: Shareholders and potential investors of the Company should be aware that the implementation of the Proposal is subject to all Conditions being fulfilled or (if capable of being waived) waived on or before the Long Stop Date, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

4. CONFIRMATION OF FINANCIAL RESOURCES

As at the Latest Practicable Date, (i) the total issued share capital of the Company comprised 1,097,917,618 Shares; and (ii) there were 293,899,698 Scheme Shares in issue, representing approximately 26.77% of the issued share capital of the Company as at the Latest Practicable Date.

At the Cancellation Price of HK\$2.50 per Scheme Share, the Proposal values the entire issued share capital of the Company at approximately HK\$2,744,794,045. Assuming that no new Shares are issued on or before the Scheme Record Date and on the basis of the Cancellation Price of HK\$2.50 per Scheme Share, the aggregate cash consideration payable by the Offeror to implement the Proposal in full in accordance with its terms is HK\$734,749,245.

The Offeror intends to finance the aggregate cash consideration payable to implement the Proposal with its internal cash resources. Quam Capital, the Hong Kong financial adviser to the Offeror in relation to the Proposal, is satisfied that sufficient financial resources are available to the Offeror to satisfy in full its payment obligations in respect of the cash consideration payable under the Proposal in accordance with its terms.

5. SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PROPOSAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$200,000,000 divided into 2,000,000,000 Shares and the issued share capital of the Company was HK\$109,791,761.80 divided into 1,097,917,618 Shares. Save as disclosed above, as at the Latest Practicable Date, the Company did not have any outstanding options, warrants, convertible securities, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

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The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal (assuming no new Shares will be issued and there is no other change in shareholding in the Company before completion of the Proposal):

Shareholder	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	Number of Shares	Approximate % of issued share capital of the Company ⁽⁷⁾	Number of Shares	Approximate % of issued share capital of the Company ⁽⁷⁾
Offeror ⁽¹⁾	804,017,920	73.23	1,097,917,618	100.00
Offeror Concert Party^{(2) (6)}				
Tan Sri Dato' Sri (Dr) Tay Ah Lek ⁽³⁾	<u>350,000</u>	<u>0.03</u>	<u>-</u>	<u>-</u>
Sub-total of Offeror and Offeror Concert Party	804,367,920	73.26	1,097,917,618	100.00
Disinterested Scheme Shareholders⁽⁵⁾				
Mr. Chong Yam Kiang ⁽⁴⁾	20,000	0.00	-	-
Other Disinterested Scheme Shareholders	<u>293,529,698</u>	<u>26.74</u>	<u>-</u>	<u>-</u>
Sub-total of Disinterested Scheme Shareholders	<u>293,549,698</u>	<u>26.74</u>	<u>-</u>	<u>-</u>
Total	<u>1,097,917,618</u>	<u>100.00</u>	<u>1,097,917,618</u>	<u>100.00</u>

Notes:

- (1) The Shares beneficially owned by the Offeror will not form part of the Scheme Shares, will not be cancelled upon the Scheme becoming effective and will not be voted at the Court Meeting.

As at the Latest Practicable Date, Mr. Quah Poh Keat, a Non-Executive Director, was one of the joint executors of the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow, which had direct and indirect interests of approximately 20.73% in the issued share capital of the Offeror, and Mr. Quah Poh Keat is therefore considered as interested in the Shares held by the Offeror within the meaning of Part XV of the SFO.

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- (2) The Shares held by the Offeror Concert Party will constitute Scheme Shares and will be cancelled upon the Scheme becoming effective. The votes attaching to the Scheme Shares held by the Offeror Concert Party at the Court Meeting will not be counted as votes of Disinterested Scheme Shareholders in determining whether the requirements under sub-paragraphs (i) and (ii) of Condition (a) in the section headed “3. Conditions of the Proposal and the Scheme” in this Explanatory Statement (as required under Rule 2.10 of the Takeovers Code) are fulfilled, and will only be counted as votes of Scheme Shareholders in determining whether the requirement in the first paragraph of Condition (a) in the section headed “3. Conditions of the Proposal and the Scheme” in this Explanatory Statement (as required under the Companies Act) is fulfilled.

- (3) As at the Latest Practicable Date, Tan Sri Dato’ Sri (Dr) Tay Ah Lek was (i) a director and the chief executive officer of the Offeror, and was therefore presumed to be acting in concert with the Offeror under class (2) of the definition of “acting in concert”; and (ii) one of the joint executors of the estate of the late Tan Sri Dato’ Sri Dr. Teh Hong Piow, which had direct and indirect interests of approximately 20.73% in the issued share capital of the Offeror.

- (4) As at the Latest Practicable Date, Mr. Chong Yam Kiang was the Executive Director.

- (5) As at the Latest Practicable Date, other than the interests (within the meaning of Part XV of the SFO) in the Shares held by Mr. Chong Yam Kiang (the Executive Director) and Mr. Quah Poh Keat (a Non-Executive Director) as outlined above, none of the Directors were interested (within the meaning of Part XV of the SFO) in any Shares.

- (6) Quam Capital is the Hong Kong financial adviser to the Offeror in connection with the Proposal. Accordingly, Quam Capital and the relevant members of the Quam Capital Group are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code (except in respect of Shares held by relevant members of the Quam Capital Group on behalf of non-discretionary investment clients).

As at the Latest Practicable Date, there were no holdings, borrowings or lendings of Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company held by or entered into by members of the Quam Capital Group (except in respect of Shares held by relevant members of the Quam Capital Group on behalf of non-discretionary investment clients), nor has Quam Capital Group dealt in the Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company (other than any dealings on behalf of non-discretionary investment clients) during the Relevant Period.

The Offeror has also appointed Public Investment Bank Berhad (a wholly-owned subsidiary of the Offeror) as its Malaysian principal adviser in connection with the Proposal in accordance with the applicable Malaysian laws and regulations. For the avoidance of doubt, Public Investment Bank Berhad is not engaged to, and will not, provide any advisory services in respect of the Takeovers Code to the Offeror. As at the Latest Practicable Date, Public Investment Bank Berhad did not hold, and had not borrowed or lent, any Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, nor had Public Investment Bank Berhad dealt in the Shares or any other relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) (other than any dealings on behalf of non-discretionary investment clients) during the Relevant Period.

- (7) All percentages in the above table are approximations and rounded to the nearest 2 decimal places and the aggregate percentages may not add up due to rounding.

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6. INFORMATION ON THE GROUP

The Group is principally engaged in the business of provision of a comprehensive range of banking and financial services, stockbroking, the letting of investment properties, the provision of financing to purchasers of taxis and public light buses, the trading of taxi cabs and taxi licences, and the leasing of taxis in Hong Kong.

Set out below is a summary of the consolidated financial information of the Company for (a) the two financial years ended 31 December 2025 and 31 December 2024 as extracted from the annual report of the Company for the financial year ended 31 December 2025, and (b) the six months ended 30 June 2026 and 30 June 2025 as extracted from the interim report of the Company for the six months ended 30 June 2026:

	For the six months ended 30 June		For the year ended 31 December	
	2026	2025	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited)
Operating income	692,223	685,161	1,441,374	1,236,640
Profit/(Loss) before tax	38,000	17,956	119,063	(1,015,410)
Profit/(Loss) for the period/year	25,190	2,567	79,654	(999,387)

The unaudited consolidated net tangible asset value of the Group (being the net asset value of the Group as deducted by goodwill and intangible assets) as at 30 June 2026 based on the interim report of the Company for the six months ended 30 June 2026 was approximately HK\$5,810,788,000.

On 16 October 2026, the Company published the Profit Warning Announcement which is summarised in the section headed “4. Material Changes” in Appendix I to this Scheme Document. The full text of the Profit Warning Announcement is reproduced in Appendix V to this Scheme Document.

Your attention is drawn to Appendix I headed “Financial Information of the Group” and Appendix II headed “General Information”, Appendix III headed “Letter from Ernst & Young on the Profit Warning”, Appendix IV headed “Letter from the Independent Financial Adviser on the Profit Warning” and Appendix V headed “Profit Warning Announcement” to this Scheme Document.

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7. INFORMATION ON THE OFFEROR GROUP

The Offeror is a company incorporated in Malaysia and is listed on Bursa Securities (stock code: 1295). The Offeror is principally engaged in all aspects of commercial banking and the provision of related financial services in Malaysia. The Offeror Group is principally engaged in all aspects of commercial banking, investment banking, financing and Islamic banking business, stockbroking, provision of related financial services, management of unit trust funds and sale of trust units, underwriting of general insurance, trustee services and investment holding.

The table below sets out the shareholding structure of the Offeror as at the Latest Practicable Date:

Shareholder	Number of shares	Approximate % of issued share capital of the Offeror ⁽¹⁾
The estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow ⁽²⁾	4,023,323,685	20.73
Employees Provident Fund Board	2,977,276,083	15.34
Kumpulan Wang Persaraan (Diperbadankan)	1,160,446,400	5.98
Other shareholders ⁽³⁾	<u>11,249,645,567</u>	<u>57.95</u>
Total	<u>19,410,691,735</u>	<u>100.00</u>

Notes:

- (1) All percentages in the above table are approximations and rounded to the nearest 2 decimal places and the aggregate percentages may not add up due to rounding.
- (2) Includes 3,899,767,275 shares in the Offeror held by another corporation in which it is deemed to have interest by virtue of Section 8(4) of the Companies Act, 2016 of Malaysia. As at the Latest Practicable Date, Mr. Quah Poh Keat (a Non-Executive Director) was one of the joint executors of the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow and was therefore considered as interested in such shares within the meaning of Part XV of the SFO.
- (3) As at the Latest Practicable Date, such other shareholders included the following Directors:
 - (a) Mr. Lai Wan (a Non-Executive Director) is interested (within the meaning of Part XV of the SFO) in 143,270 shares of the Offeror (representing approximately 0.0007% of the issued share capital of the Offeror);

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- (b) In addition to his interest through the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow, Mr. Quah Poh Keat (a Non-Executive Director) is interested (within the meaning of Part XV of the SFO) in 80,000 shares of the Offeror (representing approximately 0.0004% of the issued share capital of the Offeror);
- (c) Mr. Lee Huat Oon (a Non-Executive Director) is interested (within the meaning of Part XV of the SFO) in 47,010 shares of the Offeror (representing approximately 0.0002% of the issued share capital of the Offeror);
- (d) Mr. Chong Yam Kiang (the Executive Director) is interested (within the meaning of Part XV of the SFO) in 94,200 shares of the Offeror (representing approximately 0.0005% of the issued share capital of the Offeror);
- (e) Mr. Lee Chin Guan (an Independent Non-Executive Director) is interested (within the meaning of Part XV of the SFO) in 2,000,150 shares of the Offeror (representing approximately 0.0103% of the issued share capital of the Offeror);
- (f) Mr. Lim Chao Li (an Independent Non-Executive Director) is interested (within the meaning of Part XV of the SFO) in 500,010 shares of the Offeror (representing approximately 0.0026% of the issued share capital of the Offeror); and
- (g) Ms. Phe Kheng Peng (an Independent Non-Executive Director) is interested (within the meaning of Part XV of the SFO) in 370,000 shares of the Offeror (representing approximately 0.0019% of the issued share capital of the Offeror).

8. REASONS FOR AND BENEFITS OF THE PROPOSAL

The Offeror believes that the Proposal is beneficial to the Company and the Scheme Shareholders for the following reasons:

- (a) **The Proposal provides Scheme Shareholders with an opportunity to realise their investment immediately at an attractive premium to the historical trading prices of the Shares**

The Cancellation Price of HK\$2.50 per Scheme Share represents:

- a premium of approximately 11.11% over the closing price of HK\$2.25 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 61.29% over the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 78.57% over the average closing price of approximately HK\$1.40 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;

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- a premium of approximately 81.16% over the average closing price of approximately HK\$1.38 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 73.61% over the average closing price of approximately HK\$1.44 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 83.82% over the average closing price of approximately HK\$1.36 per Share based on the daily closing prices as quoted on the Stock Exchange for the 360 trading days up to and including the Last Trading Day; and
- a price which is more than the highest closing price of HK\$1.89 per Share as quoted on the Stock Exchange since the beginning of December 2024 up to the Last Trading Day.

The Offeror considers that the Cancellation Price compares favourably with the historical market prices of the Shares and provides Scheme Shareholders with an opportunity to realise their entire investment in the Company immediately in cash.

Unlike an on-market disposal, the Scheme, if successfully implemented, will allow each Scheme Shareholder to dispose of all of his, her or its Scheme Shares for cash at the same price without exposure to fluctuations in the market price of the Shares during the disposal process or the potential market impact which may arise from the sale of a significant number of Shares.

The trading liquidity of the Shares has been low. During the 12-month period up to and including the Last Trading Day, the average daily trading volume of the Shares represented approximately 0.027% of the total issued Shares, with an average daily turnover of approximately HK\$414,000. In these circumstances, a Scheme Shareholder wishing to dispose of a sizeable shareholding through the market may not be able to do so within a short period without potentially affecting the prevailing market price.

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The Shares have historically traded at substantial discounts to the net asset value per Share, ranging from approximately 74% to 85% during the two-year period up to and including the Last Trading Day, based on the then latest published consolidated net asset value per Share. The Offeror considers that the net asset value per Share does not reflect the value realisable by Scheme Shareholders through on-market dealings, as the Shares have not at any time during that period traded at or close to their net asset value. The Cancellation Price represents a discount of approximately 64.69% to consolidated net asset value as at 30 June 2026, which is narrower than the historical range above, and a premium to the historical trading prices of the Shares. Accordingly, the Proposal provides Scheme Shareholders with an opportunity to realise their investment immediately and in full for cash at an attractive premium to the historical trading prices of the Shares and, if they so wish, redeploy the proceeds into other investment opportunities or for other purposes.

Please also refer to the section headed “2. *Terms of the Proposal*” in this Explanatory Statement for further details on the basis of determination of the Cancellation Price.

- (b) The Proposal will simplify the ownership structure of the Company and facilitate closer alignment and more efficient coordination between the Company and the Offeror Group**

The Offeror currently holds approximately 73.23% of the issued Shares and is already the controlling shareholder of the Company. The Company therefore operates as a controlled subsidiary of the Offeror while maintaining a separate minority shareholder base and its status as a listed company.

Upon successful implementation of the Proposal, the Company will become a wholly-owned subsidiary of the Offeror. The Offeror believes that the resulting simplified ownership structure will further align the interests of the Company and the rest of the Offeror Group and provide a more straightforward framework within which the Company can operate as part of the Offeror Group.

Full ownership is expected to facilitate closer coordination between the Company and the rest of the Offeror Group in relation to, among other things, business planning, allocation and utilisation of resources, operational initiatives and other matters of mutual interest. It would also allow decisions concerning the Company to be considered within the broader objectives of the Offeror Group without the additional considerations arising from the maintenance of a separate listed minority shareholder base.

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The Offeror believes that such closer alignment will enable the Company and the rest of the Offeror Group to coordinate their respective resources and capabilities more efficiently and provide greater flexibility in responding to changes in the operating and regulatory environment and in implementing business initiatives from time to time.

- (c) **Privatisation of the Company will eliminate the costs and administrative burden associated with maintaining the Company's listing and allow resources to be focused more directly on its banking operations**

Maintaining the listing of the Shares requires the Company to incur recurring costs and devote management and internal resources to matters associated with its listed status, including compliance with the Listing Rules, corporate governance, disclosure, shareholder communications and other administrative and regulatory requirements applicable to a listed company.

Upon successful implementation of the Proposal and withdrawal of the listing of the Shares, the Company will no longer be required to incur a substantial portion of such listing-related costs and expenses. Management and other internal resources currently devoted to listed-company administrative and compliance matters may instead be deployed towards the operation and development of the Group's banking business.

Following privatisation, the Company will also have greater flexibility to consider and implement its business plans with a longer-term perspective, without the need to take into account short-term movements in the market price of the Shares or market expectations typically associated with a listed company.

Accordingly, the Offeror considers that the Proposal will allow the Company to operate under a more streamlined corporate structure, reduce costs associated with its listed status and enable management to concentrate resources more directly on the Company's core banking operations and long-term business objectives.

9. INTENTION OF THE OFFEROR WITH REGARD TO THE GROUP

As at the Latest Practicable Date, it was the intention of the Offeror for the Group to continue to carry on its existing business, which involves the provision of a comprehensive range of banking and financial services, stockbroking, the letting of investment properties, the provision of financing to purchasers of taxis and public light buses, the trading of taxi cabs and taxi licences, and the leasing of taxis in Hong Kong.

The Offeror does not plan to make any material change to the business of the Group (including any redeployment of fixed assets) or the continued employment of the employees of the Group (other than such changes in the ordinary course of business).

EXPLANATORY STATEMENT

10. INDEPENDENT FINANCIAL ADVISER

The Board has appointed Somerley Capital Limited as the Independent Financial Adviser to advise the Disinterested Scheme Shareholders in connection with the Proposal and the Scheme.

In accordance with Rules 2.1 and 2.8 of the Takeovers Code, an independent board committee, being all Non-Executive Directors and Independent Non-Executive Directors who have no direct or indirect interest in the Proposal is required to be established to make recommendations to the Disinterested Scheme Shareholders as to: (a) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable; and (b) whether to vote in favour of or against the Scheme at the Court Meeting and the resolutions in connection with the implementation of the Proposal at the SGM, after taking into account the advice and recommendations of the Independent Financial Adviser.

As (i) each of Mr. Lai Wan (being a Non-Executive Director) and Mr. Lim Chao Li (being an Independent Non-Executive Director) is also a director of the Offeror and holds certain shares in the Offeror; (ii) Mr. Quah Poh Keat (being a Non-Executive Director) is also a director of certain subsidiaries of the Offeror and one of the joint executors of the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow, which had direct and indirect interests of approximately 20.73% in the issued share capital of the Offeror as at the Latest Practicable Date, and holds certain shares in the Offeror; (iii) Mr. Lee Huat Oon (being a Non-Executive Director) holds certain shares in the Offeror; (iv) Mr. Lee Chin Guan (being an Independent Non-Executive Director) is also a director of certain subsidiaries of the Offeror and holds certain shares in the Offeror; and (v) Ms. Phe Kheng Peng (being an Independent Non-Executive Director) is also a director of a subsidiary of the Offeror and holds certain shares in the Offeror, each of Mr. Lai Wan, Mr. Quah Poh Keat, Mr. Lee Huat Oon, Mr. Lee Chin Guan, Mr. Lim Chao Li and Ms. Phe Kheng Peng (being all the Non-Executive Directors and Independent Non-Executive Directors) is regarded as being interested in the Proposal. Accordingly, no independent board committee will be formed for the purpose of the Proposal.

11. ACTIONS TO BE TAKEN

The summary of actions to be taken by the Shareholders can be found in the section headed "*Actions to be Taken*" in this Scheme Document.

12. COURT MEETING AND SGM

The Court has directed that the Court Meeting be convened for the purpose of considering and, if thought fit, approving the Scheme (with or without modifications).

EXPLANATORY STATEMENT

All Scheme Shareholders as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting to approve the Scheme, provided that only the votes of the Disinterested Scheme Shareholders will be taken into account in determining whether the Conditions in paragraph (a)(i) and (ii) of the section headed “3. Conditions of the Proposal and the Scheme” above are fulfilled.

Each Scheme Shareholder will be counted as one member of the Company for the purposes of calculating the majority in number of Scheme Shareholders under section 99 of the Companies Act at the Court Meeting. In accordance with the direction from the Court, HKSCC Nominees will be counted as one Scheme Shareholder and may vote for or against the Scheme according to the majority of voting instructions it receives. Beneficial Owners who wish to individually vote or be counted for such purposes should make arrangements to be registered as a member of the Company in their own name prior to the Meeting Record Date.

If the requisite approval is obtained at the Court Meeting and the resolutions are passed at the SGM, a Court hearing will be held to hear the petition to sanction the Scheme. The Court hearing is listed to be heard at 10:00 a.m. on 4 December 2026 (Bermuda time). Any Scheme Shareholder who voted at the Court Meeting and any Beneficial Owner who gave voting instructions to a custodian or a clearing house who voted at the Court Meeting has the right to attend or appear by Bermuda counsel and be heard at the Court hearing.

As at the Latest Practicable Date, the Offeror owned, controlled or had direction over 804,017,920 Shares, representing 73.23% of the total issued Shares. Shares which are beneficially owned by the Offeror will not constitute Scheme Shares and will not be voted at the Court Meeting.

As at the Latest Practicable Date, the Offeror Concert Parties held in aggregate 350,000 Shares, representing 0.03% of the total issued Shares.

Notice of the Court Meeting is set out on pages 133 to 135 of this Scheme Document. The Court Meeting will be held on 23 November 2026 at the time and place specified in the notice.

The SGM will be held at the same place and on the same date at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting), for the purpose of considering and, if thought fit, passing the special resolution to approve any reduction of the issued share capital of the Company associated with the cancellation of the Scheme Shares; and to contemporaneously maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled and applying the reserve created as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new Shares.

EXPLANATORY STATEMENT

All Shareholders at the Meeting Record Date will be entitled to attend the SGM and vote on the special resolution to maintain the issued share capital of the Company (as described in the Condition in paragraph (b) of the section headed “3. *Conditions of the Proposal and the Scheme*” above).

Notice of the SGM is set out on pages 136 to 138 of this Scheme Document.

Closure of the register of members of the Company

For the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from 18 November 2026 to 23 November 2026 (both days inclusive) and during such period, no transfer of Shares will be registered. In order to qualify for the right to attend and vote at the Court Meeting and the SGM, all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on 17 November 2026. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he/she/it wishes to attend or vote at the Court Meeting or the SGM.

13. SECTION 99 OF THE COMPANIES ACT

Pursuant to section 99 of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Court may, on the application of the company or of any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Court directs.

It is expressly provided in section 99 of the Companies Act that if a majority in number representing not less than three-fourths in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting (convened and held as directed by the Court as aforesaid), agree to any arrangement, the arrangement shall, if sanctioned by the Court, be binding on all the members or class of members, as the case may be, and also on the company.

EXPLANATORY STATEMENT

14. ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

Rule 2.10 of the Takeovers Code provides that in addition to satisfying any voting requirements imposed by law (as summarised in the section above), other than with the consent of the Executive, a scheme of arrangement used to privatise a company may only be implemented if:

- (a) the scheme is approved by at least 75% of the votes attaching to the disinterested shares (i.e., shares in the company other than those which are owned by the offeror or persons acting in concert with the offeror) that are cast either in person or by proxy at a duly convened meeting of the holders of the disinterested shares (within the meaning of the Takeovers Code); and
- (b) the number of votes cast against the resolution to approve the scheme at such meeting is not more than 10% of the votes attaching to all the disinterested shares (within the meaning of the Takeovers Code).

As at the Latest Practicable Date, the Disinterested Scheme Shareholders owned a total of 293,549,698 Shares, representing approximately 26.74% of the total issued Shares.

15. BINDING EFFECT OF THE SCHEME

Upon the Scheme becoming effective, it will be binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the SGM.

16. INDICATIONS AS TO VOTING

Mr. Chong Yam Kiang, being a Director who holds or is beneficially interested in the Shares, has indicated that those Shares held by him or held through his controlled companies will be voted in favour of: (a) the resolution to approve the Scheme at the Court Meeting; and (b) the resolutions to be proposed at the SGM to implement the Proposal, including the allotment and issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled to maintain the issued share capital of the Company.

EXPLANATORY STATEMENT

Mr. Quah Poh Keat, being a Director and one of the joint executors of the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow, which had direct and indirect interests of approximately 20.73% in the issued share capital of the Offeror as at the Latest Practicable Date, is considered to be interested in the Shares held by the Offeror within the meaning of Part XV of the SFO. Other than the Shares held by the Offeror, Mr. Quah Poh Keat does not hold any Shares. The Shares held by the Offeror do not form part of the Scheme Shares and will not be voted at the Court Meeting. The Offeror has, however, indicated that it will vote in favour of the resolutions to be proposed at the SGM to implement the Proposal, including the allotment and issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled to maintain the issued share capital of the Company.

As at the Latest Practicable Date, save for Mr. Chong Yam Kiang and Mr. Quah Poh Keat, none of the Directors held or was beneficially interested in any Shares.

17. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being contemporaneously issued and credited as fully paid to the Offeror) and the share certificates relating to the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Offeror does not intend to retain the listing of the Company on the Stock Exchange subject to the Scheme becoming effective. The Company will make an application to the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from 4:00 p.m. on 9 December 2026, subject to the Scheme becoming effective.

The Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of listing of the Shares on the Stock Exchange will become effective. An indicative expected timetable in relation to the Proposal is included in the section headed "*Expected Timetable*" in this Scheme Document.

18. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code (including Note 2 to Rule 30.1), the Proposal and the Scheme will lapse if any of the Conditions has not been fulfilled or (if capable of being waived) waived on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn; and no Scheme Shares will be cancelled, the shareholding structure of the Company will not change as a result of the Proposal, and the Company will continue to have sufficient public float as required by the Listing Rules.

EXPLANATORY STATEMENT

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer, in each case except with the consent of the Executive.

19. OVERSEAS HOLDERS OF SCHEME SHARES

General

This Scheme Document has been prepared for the purposes of complying with the laws of Hong Kong and Bermuda, the Takeovers Code and the Listing Rules, and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of any other jurisdictions.

This Scheme Document does not constitute an offer to buy or sell any securities or the solicitation of an offer to buy or subscribe for securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The making and implementation of the Proposal to Scheme Shareholders who are not residents in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements in their respective jurisdictions and, where necessary, seek their own legal advice. None of the Offeror, the Company, Quam Capital, the Independent Financial Adviser, any of their respective directors, officers, employees, agents, affiliates or advisers or any other person involved in the Proposal represents that this Scheme Document may be lawfully distributed in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Offeror, the Company, Quam Capital, the Independent Financial Adviser, any of their respective directors, officers, employees, agents, affiliates or advisers or any other person involved in the Proposal which is intended to permit a public offering or the distribution of this Scheme Document in any jurisdiction (other than Hong Kong) where action for that purpose is required. Accordingly, it is prohibited to (i) copy, distribute or publish all or part of this Scheme Document or any advertisement or other offering material in any jurisdiction, (ii) disclose its content or (iii) use information contained herein for any purpose other than assessment of the Proposal, unless the information is already publicly available in another form.

EXPLANATORY STATEMENT

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal and/or the Scheme to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in any relevant jurisdiction. The Offeror, the Company, Quam Capital, the Independent Financial Adviser, any of their respective directors, officers, employees, agents, affiliates or advisers and any other person involved in the Proposal expressly decline any liability for breach of any of these restrictions by any persons.

Any vote, approval or other response to the Proposal or the Scheme by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror, the Company and their respective advisers, including Quam Capital, the Hong Kong financial adviser to the Offeror, that all the laws and regulatory requirements of the relevant jurisdictions have been complied with. If you are in doubt as to your position, you should consult your professional advisers. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees will give, or be subject to, the above warranty and representation.

As at the Latest Practicable Date, there were four Shareholders (representing approximately 1.40% of the total number of Shareholders) whose addresses as shown in the register of members of the Company were outside Hong Kong, namely in the United Kingdom, Ireland, the United States and Malaysia (the “**Overseas Jurisdictions**”), and those Shareholders in aggregate held 12,732 Shares (representing approximately 0.001% of the total number of issued Shares).

The Company has been advised by the local counsel in the respective Overseas Jurisdictions that there is no restriction under the respective laws or regulations of those jurisdictions against extending the Scheme automatically or despatching this Scheme Document to overseas Scheme Shareholders whose addresses as shown in the register of members of the Company are situated in the aforesaid jurisdictions. Therefore, the Scheme will be extended to and this Scheme Document will be despatched to those overseas Scheme Shareholders.

Overseas Shareholders are advised to read the section headed “*Actions to be taken – Notice to Overseas Shareholders*” of this Scheme Document for further information.

EXPLANATORY STATEMENT

20. TAXATION ADVICE

As the Scheme does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation and extinguishment of the Scheme Shares upon the Scheme becoming effective.

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of the Proposal or the Scheme. It is emphasised that none of the Offeror, the Offeror Concert Party, the Company, their respective advisers (including Quam Capital, the Hong Kong financial adviser to the Offeror), any of their respective directors, officers, employees or associates or any other person involved in the Proposal or the Scheme, accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of the implementation of the Proposal or the Scheme, or as a result of the approval or disapproval of the Proposal by any person. All Scheme Shareholders and/or Beneficial Owners shall be solely responsible for their liabilities (including tax liabilities) in relation to the Proposal.

21. REGISTRATION AND PAYMENT

Latest time for lodging transfers of Shares

On the basis that the Scheme Record Date falls on Monday, 7 December 2026, it is proposed that the register of members of the Company will be closed from Monday, 30 November 2026 (or such other date as the Shareholders may be notified by way of an announcement) onwards, and during such period no transfer of Shares will be registered, in order to establish entitlement under the Scheme.

In order to qualify for entitlement under the Scheme, Shareholders should ensure that any transfers of Shares are lodged with the Share Registrar for registration in their names or in the names of their nominees before 4:30 p.m. on Friday, 27 November 2026. The Share Registrar is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Payment of the Cancellation Price to the Scheme Shareholders

Subject to the Scheme becoming effective, cheques in respect of the Cancellation Price will be despatched to the Scheme Shareholders whose names appear in the register of members of the Company as at the Scheme Record Date as soon as possible but in any event no later than seven Business Days following the Effective Date. On the basis that the Scheme becomes effective on Monday, 7 December 2026 (Bermuda time), the cheques for the payment of the Cancellation Price are expected to be despatched on or before Wednesday, 16 December 2026.

EXPLANATORY STATEMENT

Cheques for payment of the Cancellation Price will be despatched by ordinary post in pre-paid envelopes addressed to the Scheme Shareholders at their respective registered addresses as appearing on the register of members of the Company as at the Scheme Record Date or, in the case of joint holders, at the registered address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding. All such cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, Quam Capital, the Independent Financial Adviser, the Share Registrar, their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal or the Scheme shall be responsible for any loss or delay in despatch.

On or after the day falling six calendar months after the date of posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any cheque which has not been cashed or which has been returned uncashed and shall place all monies represented by the cheque in a deposit or custodian account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold monies represented by uncashed cheques until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and are subject to, if applicable, the deduction of interest, tax or any withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and expenses incurred.

EXPLANATORY STATEMENT

Assuming that the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be Monday, 7 December 2026 (Bermuda time).

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled will be implemented in full in accordance with the terms of the Proposal without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Scheme Shareholder.

22. RECOMMENDATION

Your attention is drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal and the Scheme in its letter as set out in this Scheme Document.

23. FURTHER INFORMATION

Further information in relation to the Proposal is set out in the appendices to this Scheme Document, all of which form part of this Explanatory Statement.

Shareholders and Scheme Shareholders should rely only on the information contained in this Scheme Document. None of the Company, the Offeror, Quam Capital, the Independent Financial Adviser, their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal have authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

24. LANGUAGE

In case of inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP****1. FINANCIAL SUMMARY**

Set out below is a summary of the audited consolidated financial information of the Group for each of the three financial years ended 31 December 2023, 31 December 2024 and 31 December 2025 and the unaudited consolidated financial information of the Group for the six months period ended 30 June 2025 and 30 June 2026. The figures for the years ended 31 December 2023, 31 December 2024 and 31 December 2025 are extracted from the annual reports of the Company for the relevant financial years and the figures for the six months period ended 30 June 2025 and 30 June 2026 are extracted from the interim reports of the Company for the relevant periods.

The auditors' reports issued by the auditors of the Company, Ernst & Young, in respect of the audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2023, 31 December 2024 and 31 December 2025 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

Save as disclosed below, there were no items of any income or expense which were material in respect of the consolidated financial results of the Group for the financial years ended 31 December 2023, 31 December 2024 and 31 December 2025 and for the six months period ended 30 June 2025 and 30 June 2026.

Summary of Consolidated Income Statement

	<i>(Unaudited)</i>		<i>(Audited)</i>		
	For the six months		For the year ended		
	ended 30 June		31 December		
	2026	2025	2025	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	928,480	978,411	1,941,103	2,052,398	1,958,740
Interest expense	<u>(357,288)</u>	<u>(447,898)</u>	<u>(787,434)</u>	<u>(1,069,107)</u>	<u>(953,715)</u>
NET INTEREST INCOME	571,192	530,513	1,153,669	983,291	1,005,025
Fees and commission income	109,391	139,903	256,815	220,229	199,206
Fees and commission expenses	<u>(1,050)</u>	<u>(1,101)</u>	<u>(2,333)</u>	<u>(1,968)</u>	<u>(2,059)</u>
Net fees and commission income	108,341	138,802	254,482	218,261	197,147
Other operating income	<u>12,690</u>	<u>15,846</u>	<u>33,223</u>	<u>35,088</u>	<u>36,457</u>

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

	<i>(Unaudited)</i>		<i>(Audited)</i>		
	For the six months		For the year ended		
	ended 30 June		31 December		
	2026	2025	2025	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
OPERATING INCOME	692,223	685,161	1,441,374	1,236,640	1,238,629
Operating expenses	(495,714)	(465,183)	(957,115)	(1,701,003)	(843,100)
Changes in fair value of investment properties	<u>(19,669)</u>	<u>(46,152)</u>	<u>(77,979)</u>	<u>(51,968)</u>	<u>(30,454)</u>
OPERATING PROFIT/(LOSS)					
BEFORE CREDIT LOSS EXPENSES	176,840	173,826	406,280	(516,331)	365,075
Credit loss expenses	<u>(138,840)</u>	<u>(155,870)</u>	<u>(287,217)</u>	<u>(499,079)</u>	<u>(324,444)</u>
PROFIT/(LOSS) BEFORE TAX	38,000	17,956	119,063	(1,015,410)	40,631
Tax	<u>(12,810)</u>	<u>(15,389)</u>	<u>(39,409)</u>	<u>16,023</u>	<u>(26,250)</u>
PROFIT/(LOSS) FOR THE PERIOD/ YEAR	<u>25,190</u>	<u>2,567</u>	<u>79,654</u>	<u>(999,387)</u>	<u>14,381</u>
PROFIT/(LOSS) ATTRIBUTABLE TO:					
Owners of the Company	<u>25,190</u>	<u>2,567</u>	<u>79,654</u>	<u>(999,387)</u>	<u>14,381</u>
EARNINGS/(LOSS) PER SHARE					
<i>(HK\$)</i>					
Basic	0.023	0.002	0.073	(0.910)	0.013
Diluted	0.023	0.002	0.073	(0.910)	0.013
DIVIDENDS DECLARED	43,916	21,958	76,854	–	32,938
TOTAL DIVIDENDS PER SHARE					
<i>(HK\$)</i>	0.04	0.02	0.07	–	0.03

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP
Summary of Consolidated Statement of Comprehensive Income

	<i>(Unaudited)</i>		<i>(Audited)</i>		
	For the six months		For the year ended		
	ended 30 June		31 December		
	2026	2025	2025	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE PERIOD/ YEAR	25,190	2,567	79,654	(999,387)	14,381
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD/YEAR					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Net (losses)/gains on debt securities investment measured at fair value through other comprehensive income ("FVOCI"), net of tax	(3,571)	19,230	2,750	(1,206)	–
Exchange differences on translating foreign operations, net of tax	41,527	37,997	49,790	(34,507)	(22,180)
	37,956	57,227	52,540	(35,713)	(22,180)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:					
Net gains/(losses) on equity investment measured at FVOCI	(848)	–	984	–	–
Surplus on revaluation of properties	–	–	–	57,393	74,581
	(848)	–	984	57,393	74,581
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD/YEAR, NET OF TAX	37,108	57,227	53,524	21,680	52,401
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD/YEAR	<u>62,298</u>	<u>59,794</u>	<u>133,178</u>	<u>(977,707)</u>	<u>66,782</u>
TOTAL COMPREHENSIVE INCOME/ (LOSS) ATTRIBUTABLE TO:					
Owners of the Company	<u>62,298</u>	<u>59,794</u>	<u>133,178</u>	<u>(977,707)</u>	<u>66,782</u>

2. CONSOLIDATED FINANCIAL STATEMENTS

The Group is required to set out or refer to in this Scheme Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2025 (the “**2025 Financial Statements**”), (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2024 (the “**2024 Financial Statements**”), (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the “**2023 Financial Statements**”), (iv) the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2026 (the “**2026 Interim Financial Statements**”), and (v) the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 (the “**2025 Interim Financial Statements**”), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2025 Financial Statements are set out on pages 66 to 170 of the annual report of the Company for the year ended 31 December 2025 (the “**Annual Report 2025**”). The Annual Report 2025 is posted on the Company’s website at www.publicfinancial.com.hk and the website of the Stock Exchange at www.hkexnews.hk on 24 February 2026. Please also see below the direct links to the Annual Report 2025:

https://www.publicfinancial.com.hk/uploads/ew_00626AR-15012026.pdf

<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0224/2026022400245.pdf>

The 2024 Financial Statements are set out on pages 66 to 170 of the annual report of the Company for the year ended 31 December 2024 (the “**Annual Report 2024**”). The Annual Report 2024 is posted on the Company’s website at www.publicfinancial.com.hk and the website of the Stock Exchange at www.hkexnews.hk on 26 February 2025. Please also see below the direct links to the Annual Report 2024:

https://www.publicfinancial.com.hk/uploads/ew_00626AR-16012025.pdf

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0226/2025022600223.pdf>

The 2023 Financial Statements are set out on pages 66 to 166 of the annual report of the Company for the year ended 31 December 2023 (the “**Annual Report 2023**”). The Annual Report 2023 is posted on the Company’s website at www.publicfinancial.com.hk and the website of the Stock Exchange at www.hkexnews.hk on 27 February 2024. Please also see below the direct links to the Annual Report 2023:

https://www.publicfinancial.com.hk/uploads/ew_00626AR-16012024.pdf

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0227/2024022700156.pdf>

The 2026 Interim Financial Statements are set out on pages 3 to 69 of the interim report of the Company for the six months ended 30 June 2026 (the “**Interim Report 2026**”). The Interim Report 2026 is posted on the Company’s website at www.publicfinancial.com.hk and the website of the Stock Exchange at www.hkexnews.hk on 5 August 2026. Please also see below the direct links to the Interim Report 2026:

<https://www.publicfinancial.com.hk/uploads/E626IR.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0805/2026080500538.pdf>

The 2025 Interim Financial Statements are set out on pages 3 to 69 of the interim report of the Company for the six months ended 30 June 2025 (the “**Interim Report 2025**”). The Interim Report 2025 is posted on the Company’s website at www.publicfinancial.com.hk and the website of the Stock Exchange at www.hkexnews.hk on 6 August 2025. Please also see below the direct links to the Interim Report 2025:

https://www.publicfinancial.com.hk/uploads/ew_00626ir-17072025.pdf

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0806/20250806000754.pdf>

The 2023 Financial Statements, the 2024 Financial Statements, the 2025 Financial Statements, the 2025 Interim Financial Statements and the 2026 Interim Financial Statements (but not any other parts of the Annual Report 2023, the Annual Report 2024, the Annual Report 2025, the Interim Report 2025 and the Interim Report 2026 in which they appear respectively) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 August 2026, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Scheme Document, the Group had outstanding indebtedness as summarised below:

- (i) unsecured bank loans of approximately HK\$1,249.0 million, which were all granted by related banks on arm’s length basis; and

- (ii) lease liabilities of approximately HK\$69.8 million.

Deposits from customers, deposits and balances from banks, direct credit substitutes, forward asset purchases and forward deposits placed, trade-related contingencies, undrawn formal standby facilities, credit lines and other commitments arose from the normal course of the Group's banking business and were normally unsecured and unguaranteed in nature, unless otherwise agreed by customers for obtaining banking facilities by the Group.

Save as set out above, the Group did not, as at the close of business on 31 August 2026, have any outstanding loan capital (whether issued or agreed to be issued), bank loans, debt securities, other borrowings or indebtedness in the nature of borrowing including bank overdraft or liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments or finance leases, mortgages and charges, guarantees or other material contingent liabilities.

4. MATERIAL CHANGES

The Directors confirm that, save as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2025, 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:

- (a) As disclosed in the Profit Warning Announcement, the Group had conducted an impairment assessment on goodwill with carrying amount of approximately HK\$1,964 million as at 31 December 2025 and expected to make a full impairment on the carrying amount of the goodwill. The impairment of goodwill took into consideration (i) the observed surge in the long-term market interest rates since the third quarter of 2026 causing the upward adjustment of discount factor used for conducting goodwill assessment, and (ii) downward adjustment on the cashflow projections in the medium term affected by the adverse impact of the escalated market interest rates on the funding cost and net interest margin of the Group as the majority of the Group's lending portfolio was priced at fixed rate or referenced to HK\$ Prime Rate which tended to be stable across interest rate cycle. Following the impairment made on goodwill, the consolidated asset value and net asset value would both be reduced by approximately HK\$1,964 million or HK\$1.8 per Share.

Based on the assessment of (i) the latest unaudited consolidated management accounts of the Group for the nine months ended 30 September 2026, (ii) the projected financial performance in the fourth quarter of 2026 taking into account the aforesaid goodwill impairment, the change in market interest rate on the Group's net interest income, the change in market value of investment properties, and the impairment provision on loan portfolio, and (iii) other information available to the Board, the Group expected to incur a loss after tax in the range of HK\$1.9 billion to HK\$2.0 billion for the financial year ending 31 December 2026, as compared with a profit after tax of HK\$80 million for the financial year ended 31 December 2025.

The Profit Warning Announcement constitutes a "profit forecast" under Rule 10 of the Takeovers Code. In accordance with Rule 10.4 of and Practice Note 2 to the Takeovers Code, it is required to be reported on by Ernst & Young, the Company's auditor, and the Independent Financial Adviser. Please refer to the reports issued by Ernst & Young and the Independent Financial Adviser set out in Appendix III and Appendix IV to this Scheme Document, respectively.

(b) As disclosed in the Interim Report 2026:

- i. net fees and commission income of the Group decreased by approximately HK\$30.4 million or 21.9% from approximately HK\$138.8 million for the six months ended 30 June 2025 to approximately HK\$108.3 million for the six months ended 30 June 2026, mainly due to lower fees and commission income from wealth management services, stockbroking and securities management as customers were more cautious and conservative in securities trading amid the heightened external volatilities as well as the decline in Hang Seng Index;
- ii. decrease in fair value of investment properties of the Group narrowed by approximately HK\$26.5 million or 57.4% from approximately HK\$46.2 million for the six months ended 30 June 2025 to approximately HK\$19.7 million for the six months ended 30 June 2026; and
- iii. cash and short-term placements of the Group increased by approximately 15.4% to approximately HK\$4,749.8 million as at 30 June 2026 as compared to approximately HK\$4,115.1 million as at 31 December 2025.

1. RESPONSIBILITY STATEMENT

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information with regard to the Proposal, the Scheme, the Offeror and the Company.

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

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

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company was HK\$200,000,000, divided into 2,000,000,000 Shares;
- (b) the issued and paid-up share capital of the Company comprised 1,097,917,618 Shares;
- (c) all of the Shares currently in issue were fully paid or credited as fully paid and ranked *pari passu* in all respects including as to return of capital, dividends and voting;
- (d) no new Shares had been issued by the Company since 31 December 2025 (being the end of the last financial year of the Company); and
- (e) save for the 1,097,917,618 Shares in issue, the Company did not have any outstanding options, warrants, convertible securities, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

3. MARKET PRICE

- (a) The table below shows the closing market prices of the Shares as quoted on the Stock Exchange (i) at the end of each month during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date:

	Closing price per Share (HK\$)
31 March 2026	1.420
30 April 2026	1.449
29 May 2026	1.420
30 June 2026	1.360
31 July 2026	1.410
19 August 2026 (being the Last Trading Day)	1.550
31 August 2026	1.550
30 September 2026	2.140
27 October 2026 (being the Latest Practicable Date)	2.250

- (b) During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.265 per Share on 16 October 2026 and 20 October 2026, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.301 on 18 June 2026.
- (c) The Cancellation Price of HK\$2.50 per Scheme Share represents a premium of approximately 61.29% over the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on the Last Trading Day.

4. DISCLOSURE OF INTERESTS IN THE SHARES

As at the Latest Practicable Date:

- (a) save as disclosed below, none of the Directors were interested within the meaning of Part XV of the SFO in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares:

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate % of issued share capital
Mr. Quah Poh Keat ⁽¹⁾	Deemed interest through the Offeror	804,017,920	73.23
Mr. Chong Yam Kiang ⁽²⁾	Beneficial owner	20,000	0.00

APPENDIX II**GENERAL INFORMATION***Notes:*

As at the Latest Practicable Date,

- (1) Mr. Quah Poh Keat, a Non-Executive Director, was one of the joint executors of the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow, which had direct and indirect interests of approximately 20.73% in the issued share capital of the Offeror. Accordingly, Mr. Quah Poh Keat was considered to be interested in the Shares held by the Offeror within the meaning of Part XV of the SFO.
- (2) Mr. Chong Yam Kiang was the Executive Director and held the Shares as beneficial owner within the meaning of Part XV of the SFO.

Save as disclosed below, as at the Latest Practicable Date, neither the Company nor any of the Directors was interested within the meaning of Part XV of the SFO in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror:

Name of Director	Capacity/Nature of interest	Number of shares in the Offeror	Approximate % of issued share capital
Mr. Lai Wan	Beneficial owner	50,000	0.0003
	Interest through spouse or minor children	93,270	0.0005
Mr. Quah Poh Keat	Deemed interest as one of the joint executors of estate in the Offeror ⁽¹⁾	4,023,323,685	20.73
	Beneficial Owner ⁽²⁾	80,000	0.0004
Mr. Lee Huat Oon	Beneficial Owner	47,010	0.0002
Mr. Chong Yam Kiang	Beneficial Owner	94,200	0.0005
Mr. Lee Chin Guan	Beneficial Owner	2,000,150	0.0103
Mr. Lim Chao Li	Beneficial Owner	500,010	0.0026
Ms. Phe Kheng Peng	Beneficial Owner	370,000	0.0019

Notes:

- (1) The estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow was interested in 4,023,323,685 shares of the Offeror, representing approximately 20.73% of the issued share capital of the Offeror. Such interest includes 3,899,767,275 shares of the Offeror held by another corporation in which the estate is deemed to have an interest by virtue of Section 8(4) of the Companies Act 2016 of Malaysia. Mr. Quah Poh Keat is one of the joint executors of the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow and is therefore considered to be interested in such shares within the meaning of Part XV of the SFO.
 - (2) In addition to his interest through the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow, Mr. Quah Poh Keat is interested (within the meaning of Part XV of the SFO) in the shares of the Offeror.
- (b) no subsidiary of the Company, no pension fund of the Company or of a subsidiary of the Company and no 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) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (c) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or 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 any other person;
- (d) no fund manager (other than exempt fund managers) connected with the Company managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis;
- (e) save as disclosed in the section headed "*5. Shareholding Structure of the Company and Effect of the Proposal and the Scheme*" in the Explanatory Statement in this Scheme Document, neither the Offeror nor any Offeror Concert Party owned, controlled or had directions over any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (f) neither the Company nor any Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, save for any borrowed Shares or any convertible securities, warrants, options or derivatives in respect of any Shares which have been either on-lent or sold;

- (g) save for the interest of Tan Sri Dato' Sri (Dr) Tay Ah Lek as disclosed in the section headed "*5. Shareholding Structure of the Company and Effect of the Proposal and the Scheme*" in the Explanatory Statement in this Scheme Document, none of the directors of the Offeror were interested (within the meaning of Part XV of the SFO) in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (h) neither the Offeror nor any Offeror Concert Party had received any irrevocable commitment to vote for or against the Proposal;
- (i) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror or any Offeror Concert Party, and any other person; and
- (j) neither the Offeror nor any Offeror Concert Party had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, save for any borrowed Shares or any convertible securities, warrants, options or derivatives in respect of any Shares which have been either on-lent or sold.

5. DEALINGS IN THE SHARES

- (a) During the Relevant Period:
 - i. none of the Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;
 - ii. other than any dealings on behalf of non-discretionary clients of the Offeror Group or the Quam Capital Group, none of the Offeror, the directors of the Offeror or any Offeror Concert Party had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
 - iii. no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any Offeror Concert Party had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

- (b) During the period commencing from 8 September 2026 (being the date of commencement of the Offer Period) and ending on the Latest Practicable Date:
- i. other than any dealings on behalf of non-discretionary clients of the Group, no subsidiary of the Company, no pension fund of the Company or of a subsidiary of the Company and no 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. no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company, or 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 for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
 - iii. no fund manager (other than exempt fund managers) connected with the Company who managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

6. DEALINGS IN THE OFFEROR'S SHARES

Save as disclosed below, during the Relevant Period, neither the Company nor any of the Directors had dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.

Person	Date of transaction	Nature of transaction	Number of shares of the Offeror involved	Transaction price per share of the Offeror (MYR)
Mr. Quah Poh Keat (As one of the joint executors of the estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow)	9 June 2026	Sell	250,913,100	4.38
Mr. Quah Poh Keat (Beneficial owner)	18 June 2026	Buy	80,000	4.38
Mr. Lai Wan	18 June 2026	Buy	50,000	4.38
Mr. Lim Chao Li	18 June 2026	Buy	348,300	4.38
Mr. Lee Chin Guan	18 June 2026	Buy	1,000,000	4.38
Ms. Phe Kheng Peng	18 June 2026	Buy	370,000	4.38

7. ARRANGEMENTS IN CONNECTION WITH THE PROPOSAL

As at the Latest Practicable Date:

- (a) there were no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Offeror between the Offeror or any Offeror Concert Party and any other person which might be material to the Proposal;
- (b) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any Offeror Concert Party and any of the Directors, recent Directors, Shareholders or recent Shareholders which had any connection with or was dependent upon the Proposal;
- (c) the Offeror had no intention to transfer, charge or pledge any Shares acquired pursuant to the Proposal to any other persons and had no agreement, arrangement or understanding with any third party to do so;
- (d) there was no agreement or arrangement to which the Offeror was a party which relates to the circumstances in which it may or may not invoke or seek to invoke a Condition;

- (e) no irrevocable commitment to vote for or against the Scheme had been received by the Offeror or any Offeror Concert Party;
- (f) save for the Cancellation Price, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any Offeror Concert Party to the Scheme Shareholders in connection with the Proposal or the Scheme;
- (g) the Proposal does not involve or otherwise relate to any sale (directly or indirectly) of the Shares;
- (h) there was no understanding, arrangement or agreement which constitutes a special deal (within the ambit of Rule 25 of the Takeovers Code) between (i) any Shareholder on the one hand; and (ii) the Company or its subsidiaries or associated companies on the other hand; and
- (i) there was no understanding, arrangement or agreement which constitutes a special deal (within the ambit of Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) the Offeror or the Offeror Concert Party.

8. ARRANGEMENTS IN CONNECTION WITH THE DIRECTORS

As at the Latest Practicable Date:

- (a) other than the Cancellation Price payable for the Scheme Shares held by Mr. Chong Yam Kiang, none of the Directors had been or will be given any benefit as compensation for loss of office or otherwise in connection with the Proposal;
- (b) no agreement or arrangement existed between any of the Directors and any other person, which is conditional or dependent upon the outcome of the Proposal or otherwise connected with the Proposal; and
- (c) no material contracts had been entered into by the Offeror in which any Director had a material personal interest.

9. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the Offer Period; (ii) were continuous contracts with a notice period of 12 months or more; or (iii) were fixed term contracts with more than 12 months to run irrespective of the notice period.

10. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

11. MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries after the date which was two years before the commencement of the Offer Period up to and including the Latest Practicable Date, other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries.

12. CONSENTS AND QUALIFICATIONS OF EXPERTS

The following are the qualifications of the experts which have given advice which is contained in this Scheme Document:

Name	Qualification
Quam Capital	A corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Somerley Capital Limited	A corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants

Each of the above experts has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion therein of the opinions, reports and/or letters and/or the references to its name and/or opinions, reports and/or letters in the form and context in which they respectively appear.

13. MISCELLANEOUS

- (a) The Offeror is a company incorporated in Malaysia and is listed on Bursa Securities (stock code: 1295).
- (b) The registered office of the Offeror is at 27th Floor, Menara Public Bank, 146 Jalan Ampang, 50450 Kuala Lumpur, Malaysia.
- (c) As at the Latest Practicable Date, the board of directors of the Offeror comprised Mr. Lai Wan as the Non-Independent Non-Executive Chairman, Tan Sri Dato' Sri (Dr) Tay Ah Lek as the Managing Director & Chief Executive Officer, Ms. Teh Li Shian Diona and Ms. Cheah Kim Ling as Non-Independent Non-Executive Directors, and Dato' Mohd Hanif bin Sher Mohamed, Ms. Tham Chai Phong, Mr. Lim Chao Li, Ms. Gladys Leong and Ms. Teoh Meow Choo as Independent Non-Executive Directors.
- (d) As at the Latest Practicable Date, there were no principal members of the Offeror Concert Parties.
- (e) As at the Latest Practicable Date, the Directors comprised Mr. Lai Wan, Mr. Quah Poh Keat and Mr. Lee Huat Oon as Non-Executive Directors, Mr. Chong Yam Kiang as Executive Director, and Mr. Lee Chin Guan, Mr. Lim Chao Li and Ms. Phe Kheng Peng as Independent Non-Executive Directors.
- (f) The registered office of the Company is at Richmond House, 12 Par-la-Ville Road, Hamilton HM 08, Bermuda. The head office and principal place of business in Hong Kong of the Company is at 2/F, Public Bank Centre, 120 Des Voeux Road Central, Central, Hong Kong.
- (g) Quam Capital is the Hong Kong financial adviser to the Offeror in relation to the Proposal and the Scheme, and its registered address is at 5/F, and 24/F (Rooms 2401 and 2412), Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (h) The registered office of the Share Registrar is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (i) The registered office of the Independent Financial Adviser is at 20th Floor, China Building, 29 Queen's Road Central, Hong Kong.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from the date of this Scheme Document until the Effective Date or the date on which the Proposal lapses or is withdrawn, whichever is earlier (1) on the website of the Company at www.publicfinancial.com.hk, and (2) on the website of the SFC at www.sfc.hk:

- (i) the constitution of the Offeror;
- (ii) the memorandum of association and Bye-laws of the Company;
- (iii) the annual reports of the Company for the years ended 31 December 2023, 31 December 2024 and 31 December 2025;
- (iv) the interim reports of the Company for the six months ended 30 June 2025 and 30 June 2026;
- (v) the letter from the Board, the text of which is set out on pages 22 to 30 of this Scheme Document;
- (vi) the letter from the Independent Financial Adviser, the text of which is set out on pages 31 to 70 of this Scheme Document;
- (vii) the letter from the Independent Financial Adviser on the profit warning, the text of which is set out on pages 119 to 120 of this Scheme Document;
- (viii) the letter from Ernst & Young on the profit warning, the text of which is set out on pages 116 to 118 of this Scheme Document;
- (ix) the written consents issued by the experts referred to in the section headed “12. *Consents and Qualifications of Experts*” in this Appendix; and
- (x) this Scheme Document.

APPENDIX III**LETTER FROM ERNST & YOUNG ON THE PROFIT WARNING**

The following is the text of the letter from Ernst & Young, the auditors of the Company, which has been prepared for the purpose of inclusion in this Scheme Document.



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

30 October 2026

The Board of Directors
Public Financial Holdings Limited
2/F, Public Bank Centre
120 Des Voeux Road Central
Central, Hong Kong

Dear Sir/Madam,

Profit forecast for the year ending 31 December 2026

We refer to the forecast of the unaudited profit after tax of Public Financial Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the year ending 31 December 2026 (the “**Profit Forecast**”). The Profit Forecast has been prepared to enable the directors of the Company (the “**Directors**”) to issue the following statement set forth in the Company’s announcement dated 16 October 2026 in relation to the profit warning (the “**Profit Warning Announcement**”) and the scheme document dated 30 October 2026 in relation to the proposal for the privatisation of the Company by way of a scheme of arrangement.

*“The Board would like to inform the Shareholders and potential investors of the Company that, based on the assessment of (i) the latest unaudited consolidated management accounts of the Group for the nine months ended 30 September 2026, (ii) the projected financial performance in the fourth quarter of 2026 taking into account the aforesaid goodwill impairment, the change in market interest rate on the Group’s net interest income, the change in market value of investment properties, and the impairment provision on loan portfolio, and (iii) other information available to the Board, the Group expects to incur a loss after tax in the range of HK\$1.9 billion to HK\$2.0 billion for the financial year ending 31 December 2026 (the “**Profit Warning**”), as compared with a profit after tax of HK\$80 million for the financial year ended 31 December 2025.”*

The Profit Forecast is required to be reported on under Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission.

Directors' Responsibilities

The Profit Forecast has been prepared by the Directors based on the unaudited financial information of the Group for the nine months ended 30 September 2026 and a forecast of the three months consolidated results of the Group from 1 October 2026 to 31 December 2026.

The Directors are solely responsible for the Profit Forecast.

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 behaviour.

Our firm applies Hong Kong Standard on Quality Management 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 Forecast 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 as issued by the HKICPA. These 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 Directors have properly compiled the Profit Forecast in accordance with the bases and assumptions adopted by the Directors and as to whether the Profit Forecast 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 Forecast has been properly compiled in accordance with the bases and assumptions adopted by the Directors as set out in the Profit Warning Announcement 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 audited consolidated financial statements of the Group for the year ended 31 December 2025.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

30 October 2026

The Board of Directors
Public Financial Holdings Limited
2/F, Public Bank Centre
120 Des Voeux Road Central
Central, Hong Kong

Dear Sir/Madam,

We refer to the announcement dated 16 October 2026 (the “**Profit Warning Announcement**”) issued by Public Financial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). Capitalised terms used in this letter shall have the same meanings as defined in the Profit Warning Announcement unless otherwise specified.

We also refer to the statement made by the Directors in the Profit Warning Announcement that, based on the assessment of (i) the latest unaudited consolidated management accounts of the Group for the nine months ended 30 September 2026, (ii) the projected financial performance in the fourth quarter of 2026 taking into account the aforesaid goodwill impairment, the change in market interest rate on the Group’s net interest income, the change in market value of investment properties, and the impairment provision on loan portfolio, and (iii) other information available to the Board, the Group expected to incur a loss after tax in the range of HK\$1.9 billion to HK\$2.0 billion for the financial year ending 31 December 2026 (the “**Profit Forecast**”), as compared with a profit after tax of approximately HK\$80 million for the financial year ended 31 December 2025. The Profit Forecast is regarded as a profit forecast under the Takeovers Code and therefore, is required to be reported on pursuant to Rule 10 of the Takeovers Code.

We have discussed with you the bases and assumptions upon which the Profit Forecast was prepared. We have also considered the report on the Profit Forecast dated 30 October 2026 issued by Ernst & Young, the auditor of the Company, to you, the text of which is set out in the Appendix III to the Scheme Document to be jointly issued by the Offeror and the Company, which stated that, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the Directors as set out in the Profit Warning Announcement 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 audited consolidated financial statements of the Group for the year ended 31 December 2025.

Based on the above, we are satisfied that the Profit Forecast, for which the Directors are solely responsible, has been made after due care and consideration.

Our opinion has been given for the sole purpose of compliance with Note 1(c) to Rules 10.1 and 10.2 and Rule 10.4 of the Takeovers Code and for no other purpose. We do not accept any responsibility to any person(s), other than the Company, in respect of, arising out of, or in connection with this letter.

Yours faithfully,
For and on behalf of
SOMERLEY CAPITAL LIMITED
Calvin Leung
Director

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大眾金融控股有限公司 *

PUBLIC FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 626)

PROFIT WARNING

This announcement is made by Public Financial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROFIT WARNING

The Board wishes to inform the Shareholders and potential investors of the Company that the Group has conducted an impairment assessment on goodwill with carrying amount of HK\$1,964 million as at 31 December 2025 and expects to make a full impairment on the carrying amount of the goodwill.

* For identification purpose only

The impairment of goodwill takes into consideration:

- (i) the observed surge in the long-term market interest rates since the third quarter of 2026 causing the upward adjustment of discount factor used for conducting goodwill assessment; and
- (ii) downward adjustment on the cashflow projections in the medium term affected by the adverse impact of the escalated market interest rates on the funding cost and net interest margin of the Group as the majority of the Group's lending portfolio is priced at fixed rate or referenced to Hong Kong dollar (HKD) Prime Rate which tends to be stable across interest rate cycle.

Following the impairment made on goodwill, the consolidated asset value and net asset value will be both reduced by HK\$1,964 million or approximately HK\$1.8 per Share.

The Board would like to inform the Shareholders and potential investors of the Company that, based on the assessment of (i) the latest unaudited consolidated management accounts of the Group for the nine months ended 30 September 2026, (ii) the projected financial performance in the fourth quarter of 2026 taking into account the aforesaid goodwill impairment, the change in market interest rate on the Group's net interest income, the change in market value of investment properties, and the impairment provision on loan portfolio, and (iii) other information available to the Board, the Group expects to incur a loss after tax in the range of HK\$1.9 billion to HK\$2.0 billion for the financial year ending 31 December 2026 (the "**Profit Warning**"), as compared with a profit after tax of HK\$80 million for the financial year ended 31 December 2025.

The impairment of goodwill is a non-cash item and will not affect the Group's cash flows for operations. It is also recorded only at the Group level; and does not affect the financial positions nor the regulatory ratios to be complied by the two key operating subsidiaries of the Company, namely Public Bank (Hong Kong) Limited ("**Public Bank (Hong Kong)**") and Public Finance Limited ("**Public Finance**").

The consolidated Common Equity Tier 1 Capital Ratio and Total Capital Ratio of the Public Bank (Hong Kong) Group, inclusive of Public Bank (Hong Kong) as well as its principal subsidiary, Public Finance, are above 25.5% and 26.5%, respectively. The consolidated Liquidity Maintenance Ratio and Core Funding Ratio of the Public Bank (Hong Kong) Group are above 60% and 150%, respectively. The Group continues to maintain strong capital and liquidity positions, which are well above regulatory requirements, to meet its business and operational needs.

The information contained in this announcement represents an assessment based on the information that is currently available, including the latest unaudited consolidated management accounts of the Group for the nine months ended 30 September 2026, the projected financial performance in the fourth quarter of 2026, and other information made known to the Board, and such information has not been audited, confirmed or reviewed by the auditors of the Group and the Audit Committee of the Company and may be subject to change.

ANNOUNCEMENT UNDER RULE 10 OF THE TAKEOVERS CODE

Reference is made to (i) the joint announcement dated 8 September 2026 (the “**Joint Announcement**”) issued by Public Bank Berhad (the “**Offeror**”) and the Company in relation to, among others, the proposed privatisation of the Company by the Offeror by way of a scheme of arrangement under section 99 of the Companies Act (the “**Proposal**”) and (ii) the announcement dated 29 September 2026 jointly issued by the Company and the Offeror in relation to the delay in despatch of the Scheme Document. Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as those defined in the Joint Announcement.

The Profit Warning constitutes a profit forecast under Rule 10 of the Takeovers Code and shall be reported on by the financial advisers (or independent financial adviser) and the auditors of the Company in accordance with the requirements under Rule 10 of the Takeovers Code.

Since this announcement is made pursuant to Part XIVA of the SFO and Rule 13.09(2) of the Listing Rules, which require the Company to disclose any inside information as soon as reasonably practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the requirements set out in Rule 10.4 of the Takeovers Code. The Company would like to draw the attention of the Shareholders and potential investors of the Company that this announcement does not meet the standard required by Rule 10 of the Takeovers Code.

Pursuant to Rule 10.4 and Practice Note 2 of the Takeovers Code, the Profit Warning will be reported on as soon as reasonably practicable by the Independent Financial Adviser and the auditors of the Company (the “**Profit Forecast Reports**”), and the Profit Forecast Reports will be included in the Scheme Document, being the next document to be sent to the Shareholders by the Company.

WARNING

Shareholders and potential investors of the Company should be aware that: (i) the Profit Warning in this announcement does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code; and (ii) the implementation of the Proposal and the Scheme is subject to all of the Conditions being fulfilled or (if capable of being waived) waived on or before the Long Stop Date, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By Order of the Board
Public Financial Holdings Limited
Chan Sau Kuen
Company Secretary

Hong Kong, 16 October 2026

As at the date of this announcement, the Board comprises Mr. Lai Wan, Mr. Quah Poh Keat and Mr. Lee Huat Oon as Non-Executive Directors, Mr. Chong Yam Kiang as Executive Director, and Mr. Lee Chin Guan, Mr. Lim Chao Li and Ms. Phe Kheng Peng as Independent Non-Executive Directors.

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

THE SCHEME

IN THE SUPREME COURT OF BERMUDA

CIVIL JURISDICTION

COMMERCIAL COURT

2026: NO. 257

IN THE MATTER OF

PUBLIC FINANCIAL HOLDINGS LIMITED

AND

IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981

SCHEME OF ARRANGEMENT

BETWEEN

PUBLIC FINANCIAL HOLDINGS LIMITED

AND

THE SCHEME SHAREHOLDERS
(as defined below)

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

"acting in concert"	has the meaning given to it in the Takeovers Code
"Board"	the board of directors of the Company
"Business Day"	a day on which the Stock Exchange is open for the transaction of business
"Cancellation Price"	the cancellation price of HK\$2.50 per Scheme Share payable in cash to the Scheme Shareholders pursuant to the Scheme

THE SCHEME

"Companies Act"	the Companies Act 1981 of Bermuda (as revised, supplemented or otherwise modified from time to time)
"Company"	Public Financial Holdings Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 626)
"Condition(s)"	the conditions to the implementation of the Proposal and the Scheme as set out in the section headed " <i>3. Conditions of the Proposal and the Scheme</i> " in the Explanatory Statement in the Scheme Document
"Court"	the Supreme Court of Bermuda
"Court Meeting"	a meeting of the Scheme Shareholders convened at the direction of the Court to be held at 10:00 a.m. on 23 November 2026 at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong, at which the Scheme (with or without modifications) will be voted upon, or any adjournment thereof
"Director(s)"	the director(s) of the Company
"Effective Date"	the date on which the Scheme becomes effective in accordance with the Companies Act and the terms of the Scheme
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
"Explanatory Statement"	the explanatory statement in relation to the Scheme as set out in the Scheme Document
"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

THE SCHEME

"Latest Practicable Date"	27 October 2026, being the latest practicable date for the purpose of ascertaining certain information contained in the Scheme Document
"Long Stop Date"	8 March 2027, or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Court may direct and, in all cases, as permitted by the Executive and/or the Court
"Offeror"	Public Bank Berhad, a public limited liability company incorporated in Malaysia, the ordinary shares of which are currently listed on Bursa Securities (stock code: 1295)
"Offeror Concert Party"	any person acting in concert or presumed to be acting in concert with the Offeror under the Takeovers Code
"Proposal"	the proposal for the privatisation of the Company and the withdrawal of the listing of Shares on the Stock Exchange by the Offeror by way of the Scheme on the terms and subject to the Conditions set out in the Scheme Document
"Quam Capital"	Quam Capital Limited, the Hong Kong financial adviser to the Offeror in connection with the Proposal, which is a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
"Quam Capital Group"	Quam Capital and persons controlling, controlled by or under the same control as Quam Capital (for which purpose "control", "controlling" and "controlled" have the meaning given to them in the Takeovers Code)
"Registrar of Companies"	the Registrar of Companies in Bermuda

THE SCHEME

"Scheme"	a scheme of arrangement between the Company and the Scheme Shareholders under section 99 of the Companies Act with or subject to any modification, addition or condition which may be approved or imposed by the Court
"Scheme Document"	the composite scheme document dated 30 October 2026 issued by the Offeror and the Company containing, among other things, each of the letters, statements, appendices and notices in it
"Scheme Record Date"	7 December 2026 or such other date as shall have been announced to the Scheme Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to the Cancellation Price under the Scheme
"Scheme Shareholder(s)"	registered holder(s) of Scheme Shares
"Scheme Share(s)"	all of the Shares in issue and any further Shares as may be issued prior to the Scheme Record Date, other than those beneficially owned by the Offeror
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be held at 10:30 a.m. on 23 November 2026 (or immediately after the conclusion or adjournment of the Court Meeting) at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong for the purpose of considering and (if thought fit) approving the necessary resolution(s) for, among other things, the implementation of the Proposal and the Scheme, or any adjournment thereof

<p style="text-align: center;">THE SCHEME</p>
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"Share(s)"	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
"Share Registrar"	Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers (as revised, supplemented or otherwise modified from time to time)
"trading day"	any day on which the Shares are traded on the Stock Exchange

- (B) The Company is an exempted company with limited liability incorporated in Bermuda on 16 August 1991. As at the Latest Practicable Date, the Company had an authorised share capital of HK\$200,000,000 divided into 2,000,000,000 Shares of HK\$0.10 each, of which 1,097,917,618 Shares had been issued and were fully paid or credited as fully paid.
- (C) As at the Latest Practicable Date, the Offeror and the Offeror Concert Party held 804,367,920 Shares (representing approximately 73.26% of the issued Shares). The Offeror will procure that any Shares legally or beneficially owned by it will not be represented nor voted at the Court Meeting.
- (D) The Offeror has agreed to appear by Conyers Dill & Pearman Limited at the hearing of the petition to sanction this Scheme and has undertaken to the Court to be bound by this Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to this Scheme.

THE SCHEME

THE SCHEME

PART I

CANCELLATION OF THE SCHEME SHARES

1. On the Effective Date:
 - (a) all of the Scheme Shares shall be cancelled; and
 - (b) contemporaneously with the cancellation of the Scheme Shares, the Company shall issue to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled such that the issued share capital of the Company will be maintained at the amount in issue immediately prior to the cancellation of the Scheme Shares. The reserve created in the books of account of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued.

PART II

CONSIDERATION FOR CANCELLATION OF THE SCHEME SHARES

2. In consideration of the cancellation of all Scheme Shares, each Scheme Shareholder shall be entitled to receive the Cancellation Price for each Scheme Share cancelled.

PART III

GENERAL

3. Cheques in respect of the Cancellation Price shall be despatched to Scheme Shareholders whose names appear in the register of members of the Company as at the Scheme Record Date as soon as possible but in any event no later than seven Business Days following the Effective Date. If any severe weather condition is in force in Hong Kong: (a) at any time before 12:00 noon (Hong Kong time) but no longer in force at or after 12:00 noon (Hong Kong time) on the latest date to despatch cheques for the payment of the Cancellation Price, the latest date to despatch cheques will remain on the same day; or (b) at any time at or after 12:00 noon (Hong Kong time) on the latest date to despatch cheques for the payment of the Cancellation Price, the latest date to despatch cheques will be rescheduled to the following Business Day which does not have any of those warnings in force at 12:00 noon (Hong Kong time) and/or thereafter (or another Business Day thereafter that does not have any severe weather condition at 12:00 noon (Hong Kong time) or thereafter). For this purpose, "severe weather" refers to the scenario where a Typhoon Signal No. 8 or above is hoisted, a Black Rainstorm Warning Signal and/or "Extreme Conditions" as announced by the Hong Kong Government is/are in force in Hong Kong.

THE SCHEME

4. Cheques for payment of the Cancellation Price will be despatched by ordinary post in pre-paid envelopes addressed to the Scheme Shareholders at their respective registered addresses as appearing in the register of members of the Company as at the Scheme Record Date or, in the case of joint holders, at the registered address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding. All such cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, Quam Capital Group, the Independent Financial Adviser, the Share Registrar, their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal or the Scheme shall be responsible for any loss or delay in despatch.
5. On or after the day falling six calendar months after the date of posting the cheques for the Cancellation Price, the Offeror shall have the right to cancel or countermand payment of any cheque which has not been cashed or which has been returned uncashed and shall place all monies represented thereby in a deposit or custodian account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror. Any interest earned on such monies shall belong to the Offeror absolutely.
6. The Offeror shall hold monies represented by uncashed cheques until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and shall be subject to, if applicable, the deduction of interest, tax or any withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.
7. On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and expenses incurred. This paragraph 7 shall take effect subject to any prohibition or condition imposed by law.
8. Share certificates relating to the Scheme Shares shall cease to be valid for any purpose on the Effective Date.

THE SCHEME

9. The Scheme shall become effective as soon as a copy of the order of the Court sanctioning the Scheme under section 99 of the Companies Act has been delivered to the Registrar of Companies for registration.
10. The Company and the Offeror may jointly consent for and on behalf of all Scheme Shareholders to any modification(s) of or addition(s) to the Scheme or to any Condition(s) which the Court may see fit to approve or impose.
11. Unless the Scheme becomes effective on or before the Long Stop Date, the Scheme shall lapse.
12. Subject to the requirements of the Takeovers Code, the parties shall bear their own costs, charges and expenses of and incidental to the Scheme.

Dated: 30 October 2026

NOTICE OF COURT MEETING

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大眾金融控股有限公司 *

PUBLIC FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 626)

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order (the “**Order**”) dated 23 October 2026, the Supreme Court of Bermuda (the “**Court**”) has directed a meeting (the “**Court Meeting**”) of the Scheme Shareholders (as defined in the Scheme hereinafter mentioned) to be convened and held for the purpose of considering and, if thought fit, approving (with or without modifications) a scheme of arrangement (the “**Scheme**”) proposed to be made between Public Financial Holdings Limited (the “**Company**”) and the Scheme Shareholders (as defined in the Scheme) and that the Court Meeting will be held at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Monday, 23 November 2026 at 10:00 a.m. (Hong Kong time) at which place and time all the Scheme Shareholders (as defined in the Scheme) are invited to attend.

A copy of the Scheme and a copy of the explanatory statement explaining the Scheme pursuant to section 100 of the Companies Act 1981 (as amended from time to time) of Bermuda are incorporated in the composite scheme document (the “**Scheme Document**”) of which this notice forms part. A copy of the Scheme Document can also be obtained by the Scheme Shareholders from the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, to attend, speak and vote in their stead. A **PINK** form of proxy for use at the Court Meeting (or any adjournment thereof) is enclosed with the Scheme Document. Completion and return of the **PINK** form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting or any adjournment thereof should he/she/it so wish and in such event, the **PINK** form of proxy will be revoked by operation of law.

* For identification purpose only

NOTICE OF COURT MEETING

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

In the case of a Scheme Shareholder which is a corporation, the Scheme Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Scheme Shareholder as if the corporate Scheme Shareholder was an individual Scheme Shareholder of the Company.

It is requested that **PINK** forms of proxy appointing proxies be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 10:00 a.m. on Saturday, 21 November 2026, but if the **PINK** forms of proxy are not so lodged they may alternatively be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion whether or not to accept it) before the taking of the poll.

By the Order, the Court has appointed Ms. Phe Kheng Peng, an Independent Non-Executive Director, or any person who is independent and disinterested under the Hong Kong Code on Takeovers and Mergers (as revised, supplemented or otherwise modified from time to time) as at the date of the Court Meeting or any other officer of the Company as at the date of the Court Meeting to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Court.

The Scheme will be subject to the subsequent approval of the Court.

Dated this 30th day of October 2026.

By Order of the Court
Conyers Dill & Pearman Limited
Richmond House,
12 Par-la-Ville Road
Hamilton HM 08
Bermuda
Attorneys for the Company

Notes:

1. Voting at the Court Meeting will be determined by way of poll.

NOTICE OF COURT MEETING

2. For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting, the register of members of the Company will be closed from Wednesday, 18 November 2026 to Monday, 23 November 2026, both days inclusive, during which period no transfer of shares will be registered. In order to qualify to attend and vote at the Court Meeting, all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 17 November 2026.

As at the date of this notice, the Board of Directors of the Company comprises Mr. Lai Wan, Mr. Quah Poh Keat and Mr. Lee Huat Oon as Non-Executive Directors, Mr. Chong Yam Kiang as Executive Director, and Mr. Lee Chin Guan, Mr. Lim Chao Li and Ms. Phe Kheng Peng as Independent Non-Executive Directors.

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

NOTICE OF SGM

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大眾金融控股有限公司 *

PUBLIC FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 626)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Shareholders of Public Financial Holdings Limited (the “**Company**”) will be held at 10:30 a.m. on Monday, 23 November 2026 at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong (or immediately after the conclusion or adjournment of the Court Meeting convened at the direction of the Supreme Court of Bermuda for the same day and place, if later), for the purposes of considering and, if thought fit, passing the following resolution (with or without modifications) as a special resolution of the Company.

Unless otherwise defined, capitalised terms defined in the composite scheme document dated 30 October 2026 (the “**Scheme Document**”) of which this notice forms part shall have the same meanings when used herein.

SPECIAL RESOLUTION

“THAT:

- (a) for the purpose of giving effect to the Scheme (with any modifications thereof or additions thereto approved or imposed by the Court) between the Company and the Scheme Shareholders as set out in the Scheme Document and subject to the approval of the Scheme by the Scheme Shareholders at the Court Meeting, on the Effective Date, any reduction of the issued share capital of the Company associated with the cancellation of the Scheme Shares be and is hereby approved;
- (b) contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company shall be maintained at the amount in issue immediately prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled, credited as fully paid by the application of the credit arising in the books of account of the Company as a result of the cancellation of the Scheme Shares; and

* For identification purpose only

NOTICE OF SGM

- (c) any one Director be and is hereby unconditionally authorised to do all acts and things and/or sign such documents as considered by such Director to be necessary or desirable for or in connection with the implementation and completion of the Proposal and the Scheme, including (without limitation) (i) the making of an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange, subject to the Scheme taking effect; (ii) any reduction of issued share capital of the Company; (iii) the allotment and issue of the new Shares referred to above; and (iv) the giving, on behalf of the Company, of consent to any modification of, or addition to, the Scheme, which the Court may see fit to impose.”

By Order of the Board
Public Financial Holdings Limited
Chong Yam Kiang
Executive Director

Hong Kong, 30 October 2026

Notes:

1. A Shareholder entitled to attend and vote at the SGM or any adjournment is entitled to appoint one (or, if he/she/it holds two or more Shares, more than one) proxy to attend the SGM and vote on his/her/its behalf in accordance with the Company's Bye-laws. A proxy need not be a Shareholder. A **WHITE** form of proxy for use at the SGM or any adjournment is enclosed with the Scheme Document and is also available on the Company's website (www.publicfinancial.com.hk) and the Stock Exchange's website (www.hkexnews.hk).
2. To be valid, a **WHITE** form of proxy, duly signed and completed, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof), must be lodged with the branch share registrar and transfer office of the Company in Hong Kong (the "**Share Registrar**"), Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the SGM or any adjournment and in default, the proxy will not be valid. Completion and return of the **WHITE** form of proxy shall not preclude a Shareholder from attending and voting in person at the SGM or any adjournment should he/she/it so wish. In that event, his/her/its **WHITE** form of proxy will be revoked by operation of law.
3. To ascertain the entitlement to attend and vote at the SGM or any adjournment, Shareholders must lodge the relevant transfer document(s) and share certificate(s) at the Share Registrar's office at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 17 November 2026 for registration.

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4. Where there are joint registered holders of any Share, any one of such joint holders may attend and vote at the SGM or any adjournment, either in person or by proxy, in respect of such Shares as if he/she/it were solely entitled thereto; but if more than one of such joint holders are present at the SGM or any adjournment, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this notice will be decided by poll at the above meeting (or at any adjournment thereof).
6. Shareholders are advised to read the Scheme Document which contains information concerning the resolutions to be proposed in the SGM.

As at the date of this notice, the Board comprises Mr. Lai Wan, Mr. Quah Poh Keat and Mr. Lee Huat Oon as Non-Executive Directors, Mr. Chong Yam Kiang as Executive Director, and Mr. Lee Chin Guan, Mr. Lim Chao Li and Ms. Phe Kheng Peng as Independent Non-Executive Directors.

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