
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in AMVIG Holdings Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers contained herein.

The Stock Exchange of Hong Kong Limited and Hong Kong Exchanges and Clearing Limited take no responsibility for the contents of this Composite 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 Composite Document.

GOLDEN VISION BUYOUT FUND SPC

*(Incorporated in the Cayman Islands
with limited liability)*

acting for and on behalf of

GOLDEN VISION BUYOUT FUND I SP

AMVIG HOLDINGS LIMITED
澳科控股有限公司*
(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2300)

**COMPOSITE DOCUMENT RELATING TO
CONDITIONAL MANDATORY CASH OFFERS BY
CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF
GOLDEN VISION BUYOUT FUND SPC ACTING FOR AND ON BEHALF OF
GOLDEN VISION BUYOUT FUND I SP FOR ALL THE ISSUED SHARES IN
AMVIG HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT) AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS OF
AMVIG HOLDINGS LIMITED**

Financial adviser to the Offeror



CCB INTERNATIONAL CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee



上古證券有限公司
Shanggu Securities Limited

SHANGGU SECURITIES LIMITED

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

A letter from CCBI is set out on pages 8 to 19 of this Composite Document. A letter from the Board is set out on pages 20 to 27 of this Composite Document. A letter from the Independent Board Committee containing its advice to the Offer Shareholders and the Optionholders is set out on pages 28 to 29 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers is set out on pages 30 to 70 of this Composite Document.

The procedures for acceptance of the Offers and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Form(s) of Acceptances of the Offers should be received by the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (in relation to the Share Offer) or the company secretary of the Company (in relation to the Option Offer) by no later than 4:00 p.m. on Wednesday, 9 December 2020 or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard as contained in the paragraph headed "NOTICE TO OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS" under the section headed "IMPORTANT NOTICES" in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder and Overseas Optionholder wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including obtaining any governmental, exchange control or other consents which may be required, compliance with other necessary formalities or legal requirements, and the payment of any transfer or other taxes due in respect of such jurisdiction. Overseas Shareholders and Overseas Optionholders are advised to seek professional advice on deciding whether to accept the Offers.

This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <https://www.amvig.com> as long as the Offers remain open.

* *For identification purpose only*

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable. All references to times and dates contained in this Composite Document are to Hong Kong time and dates.

Events	Time and Date 2020 (unless otherwise stated)
Despatch date of this Composite Document and the accompanying Form(s) of Acceptance (<i>Note 1</i>)	Wednesday, 18 November
Offers open for acceptance (<i>Note 1</i>)	Wednesday, 18 November
Latest time for lodging transfers of Shares in order to qualify for entitlement to the Interim Dividend	by 4:00p.m. on Tuesday, 1 December 2020
Register of members of Company closed for determining Shareholders' entitlements to the Interim Dividend	from Wednesday, 2 December 2020 to Friday, 4 December 2020
Latest time and date for acceptance of the Offers on the First Closing Date (<i>Notes 2 and 7</i>)	by 4:00 p.m. on Wednesday, 9 December
Announcement of the results of the Offers as at the First Closing Date, to be posted on the website of the Stock Exchange (<i>Note 2</i>)	by 7:00 p.m. on Wednesday, 9 December
Payment of Interim Dividend to Shareholders whose name appear on the register of members of the Company at the close of business at 4:30 p.m. on Friday, 4 December 2020 (<i>Note 3</i>)	Friday, 11 December
Latest date of posting of remittances in respect of valid acceptances received on or before 4:00 p.m. on the First Closing Date assuming the Offers become or are declared unconditional on the First Closing Date (<i>Notes 4 and 7</i>)	Friday, 18 December

EXPECTED TIMETABLE

Latest time and date for the Offers remaining open
for acceptance on the Final Closing Date assuming
the Offers become or is declared unconditional on
the First Closing Date (*Notes 5, 7, 8 and 9*)by 4:00 p.m. on
Wednesday, 23 December

Announcement of the results of the Offers as at
the Final Closing Date, to be posted on
the Stock Exchange's websiteby 7:00 p.m. on
Wednesday, 23 December

Latest date of posting of remittances for the amounts
due in respect of valid acceptances received under
the Offers after the First Closing Date but on or
before 4:00 p.m. on Wednesday, 23 December 2020,
being the latest date on which the Offers remains open
for acceptances assuming the Offers become or are
declared unconditional on the First
Closing Date (*Notes 4 and 7*) Tuesday, 5 January 2021

Latest time and date by which the Offers
can become or declared unconditional as
to acceptances (*Note 6*)Monday, 18 January 2021

Notes:

1. The Offers, which are conditional, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Final Closing Date, unless the Offeror revise or extend the Offers in accordance with the Takeovers Code. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed "7. RIGHT OF WITHDRAWAL" in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offers will initially remain open for acceptance for at least 21 days following the date on which this Composite Document is posted until 4:00 pm on Wednesday, 9 December 2020 unless the Offeror revise or extend the Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). In accordance with the Takeovers Code, an announcement must be jointly issued by the Company and the Offeror through the Stock Exchange's website by 7:00 p.m. on Wednesday, 9 December 2020 stating the results of the Offers and whether the Offers have been revised or extended, have expired or have become or been declared unconditional. The Offeror will issue an announcement in relation to any extension of the Offers, which announcement will state either the next closing date or, if the Offers are at that time unconditional as to acceptances, a statement that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offers are closed to those Shareholders and Optionholders who have not accepted the Offers. The Offers will not be extended beyond the First Closing Date unless the Offers become unconditional and the Offers would then remain open for acceptance for not less than 14 days thereafter in accordance with the Takeovers Code.
3. As disclosed in the results announcement for the six months ended 30 June 2020 published by the Company on 28 August 2020, the Board has declared the Interim Dividend of HK6 cents per Share for the interim period to the Shareholders whose names appear on the register of members of the Company at the close of business at 4:30 p.m. on 4 December 2020. The Interim Dividend will be paid on or about 11 December 2020. In the

EXPECTED TIMETABLE

event that the relevant Offer Shares are acquired by the Offeror before the Record Date, the declared Interim Dividend in respect of such Offer Shares will become the entitlement of the Offeror. In the event that the relevant Offer Shares are acquired by the Offeror after the Record Date, the declared Interim Dividend in respect of such Offer Shares will become the entitlement of the Shareholders whose names appear on the register of members of the Company at 4:30 p.m. on the Record Date, and the Share Offer Price after deducting the net dividend will become the consideration for each Offer Share for such Shareholders.

4. Subject to the Offers becoming unconditional, remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Share Offer and remittances in respect of the cash consideration payable for the Option Offer will be despatched to the Independent Shareholders and Optionholders (to the address specified on the relevant Form(s) of Acceptance) respectively accepting the Offers by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the later of the date of receipt by the Registrar (in the case of the Share Offer) and/or the company secretary of the Company (in the case of the Option Offer) of the duly completed Form(s) of Acceptance together with all relevant documents required to render such acceptance under the Offers complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and the date on which the Offers become or are declared unconditional in all respects.
5. In accordance with the Takeovers Code, where the Offers become or are declared unconditional in all respects, the Offers should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offers are closed. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as it may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror will issue an announcement in relation to any extension of the Offers, which will state the next closing date or, if the Offers have become or are unconditional at that time, then the Offers will remain open until further notice.
6. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this Composite Document is posted. As the 60th day after the posting of the Composite Document is a public holiday, 17 January 2021, which is not a Business Day, the latest date by which the Offers can become or declared unconditional as to acceptances is therefore set on the next Business Day which is Monday, 18 January 2021. Accordingly, unless the Offers have previously become unconditional as to acceptances, the Offers will lapse on Monday, 18 January 2021 unless extended with the consent of the Executive and in accordance with the Takeovers Code.
7. The latest time and date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning", in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances. Instead, the latest time for acceptance of the Offers and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.
8. Beneficial owners of the Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
9. Acceptance of the Offers would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code which is administered by the Executive.

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

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Overseas Shareholders and Overseas Optionholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such person who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including obtaining any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities or legal requirements, and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror, the Company, CCBI and Shanggu Securities and the Registrar, their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please refer to the paragraph headed “Overseas Shareholders and Overseas Optionholders” in the Letter from the Independent Financial Adviser and the paragraph headed “9. Overseas Shareholders and Overseas Optionholders” in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

DEFINITIONS

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

“2004 Share Option Scheme”	the share option scheme of the Company conditionally adopted by the Company on 10 March 2004 which has expired on 9 March 2014
“2014 Share Option Scheme”	the share option scheme of the Company conditionally adopted by the Company on 12 June 2014 which became effective on 16 June 2014
“acting in concert”	has the meaning ascribed to it under the Takeovers Code, and “persons acting in concert” and “concert parties” should be construed accordingly
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CCBI”	CCB International Capital Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror
“CCBIS”	CCB International Securities Limited, a corporation licensed to carry on type 1 (dealing in securities), type 2 (dealing in future contracts) and type 4 (advising on securities) regulated activities under the SFO

DEFINITIONS

“CCBIS Finance Documents”	the loan facility agreement entered into between, among others, CCBIS as lender and the Offeror as borrower in relation to a loan facility for financing the consideration payable by the Offeror for the Offers and the transaction under the Sale and Purchase Agreement, and the relevant security documents, including a share charge given by the Offeror to CCBIS relating to the said loan facility and in respect of, among others, the Sale Shares and Offer Share(s) to be acquired by the Offeror in the Offers
“Closing Date”	the First Closing Date or the Final Closing Date (as the case maybe)
“Companies Law”	the Companies Law (2020 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Company”	AMVIG Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2300)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	1 October 2020, being the date of Completion
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to all the Shareholders and the Optionholders in accordance with the Takeovers Code, setting out, among others, details of the Offers
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Encumbrances”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Facilities Agreement”	the facilities agreement dated 12 August 2020 entered into, among others, the Company as borrower, two subsidiaries of the Company as guarantors, and various financial institutions as agent, arrangers and lenders, for a term loan facility of HK\$850,000,000 and a revolving loan facility of HK\$500,000,000
“Facility”	the facility under the Facilities Agreement
“Facility Agent”	Australia and New Zealand Banking Group Limited, the facility agent in the Facilities Agreement
“Final Closing Date”	the date falling 14 days after the Offers become or are declared unconditional or if the Offers are extended, any subsequent closing date as and may be jointly announced by the Offeror and the Company in accordance with the Takeovers Code and approved by the Executive
“First Closing Date”	Wednesday, 9 December 2020, being the first closing date of the Offers, which is 21 days after the date of this Composite Document is posted
“Form(s) of Acceptance”	the WHITE Form of Share Offer Acceptance and the PINK Form of Option Offer Acceptance, and “Form of Acceptance” means either of them
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Au Yeung Tin Wah, Ellis, Mr. Oh Choon Gan, Eric and Mr. Ching Yu Lung, established to give recommendation to the Offer Shareholders and to the Optionholders as to whether the Offers are respectively fair and reasonable and as to acceptance

DEFINITIONS

“Independent Financial Adviser” or “Shanggu Securities”	Shanggu Securities Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee in connection with the Offers and, in particular, as to whether the Offers are respectively fair and reasonable and as to acceptance
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Interim Dividend”	the interim dividend of HK\$0.06 per Share declared by the Company and referred to in its interim results announcement on 28 August 2020
“Joint Announcement”	the announcement jointly published by the Company and the Offeror dated 24 September 2020 in relation to, among other things, the Sale and Purchase Agreement and the Offers
“Last Trading Day”	21 September 2020, being the last trading day in the Shares prior to the publication of the Joint Announcement
“Latest Practicable Date”	13 November 2020, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information in this Composite Document
“Lenders”	the original lenders of the Facilities Agreement and any bank, financial institution, trust, fund or other entity which has become a lender pursuant to the terms of the Facilities Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange

DEFINITIONS

“New Prospect Capital”	New Prospect Capital Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, in the capacity as the investment manager of Golden Vision Buyout Fund I SP
“Offer Period”	the period from 24 September 2020, being the date of the Joint Announcement, to 4:00 p.m. on the Final Closing Date or the date when the Offers lapse or are withdrawn, whichever is the later
“Offer Share(s)”	Share(s) subject to the Share Offer
“Offer Shareholder(s)”	holder(s) of Share(s), other than the Offeror and parties acting in concert with it
“Offeror”	Golden Vision Buyout Fund SPC, a segregated portfolio company incorporated in the Cayman Islands with limited liability which is acting for and on behalf of Golden Vision Buyout Fund I SP
“Offers”	the Share Offer and the Option Offer
“Option(s)”	the outstanding share option(s) granted by the Company pursuant to the 2004 Share Option Scheme to subscribe for up to an aggregate of 1,794,949 Shares as at the Latest Practicable Date
“Option Offer”	the conditional mandatory cash offer by CCBI on behalf of the Offeror to the Optionholders for cancellation of the Options at the Option Offer Price in accordance with Rule 13 of the Takeovers Code
“Option Offer Price”	the cash amount of HK\$0.001 per Option, payable by the Offeror to the relevant Optionholders for each Option accepted under the Option Offer
“Optionholder(s)”	registered grantee(s)/holder(s) for the time being of the Option(s)
“Overseas Optionholder(s)”	Optionholder(s) whose addresses, as shown on the register of Optionholder(s) of the Company, are outside Hong Kong

DEFINITIONS

“Overseas Shareholder(s)”	Offer Shareholder(s) whose address(es) as shown on the register of members of the Company is/(are) outside Hong Kong
“ PINK Form of Option Offer Acceptance”	the PINK form of acceptance in respect of the Option Offer accompanying this Composite Document
“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
“Record Date”	4 December 2020, being the record date for determining the Shareholders’ entitlement to the Interim Dividend
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, located at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing six months immediately prior to 24 September 2020 (being the date of the Joint Announcement) up to and including the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 23 September 2020 between the Vendor and the Offeror pursuant to which the Vendor has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, the Sale Shares
“Sale Shares”	the 442,550,000 Shares legally and beneficially owned by the Vendor, representing approximately 47.63% of the issued share capital of the Company as at the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the issued share capital of the Company

DEFINITIONS

“Share Offer”	the conditional mandatory cash offer by CCBI on behalf of the Offeror to acquire all of the issued and to be issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it at the time the Share Offer is made) at the Share Offer Price in accordance with the Takeovers Code
“Share Offer Price”	the cash amount of HK\$2.18 per Share payable by the Offeror to the relevant Offer Shareholders for each Share accepted under the Share Offer
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Ancor Fibre Packaging-Asia Pte Limited, a company incorporated in Singapore with limited liability, being the controlling shareholder of the Company (as defined in the Listing Rules) immediately before Completion
“ WHITE Form of Share Offer Acceptance”	the WHITE form of acceptance and transfer in respect of the Share Offer accompanying this Composite Document
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

The English translation of Chinese names or words in this Composite Document, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

LETTER FROM CCBI



CCB INTERNATIONAL CAPITAL LIMITED

18 November 2020

To the Independent Shareholders and Optionholders,

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFERS BY
CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF
GOLDEN VISION BUYOUT FUND SPC ACTING FOR AND ON BEHALF OF
GOLDEN VISION BUYOUT FUND I SP FOR ALL THE ISSUED SHARES IN
AMVIG HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT) AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS OF
AMVIG HOLDINGS LIMITED**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Sale and Purchase Agreement, the Share Offer and the Option Offer. It was mentioned in the Joint Announcement that on 23 September 2020, the Vendor and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase 442,550,000 Shares, representing approximately 47.63% of the total issued Shares as at the Latest Practicable Date, for a total cash consideration of HK\$964,759,000 (being HK\$2.18 per Share). Reference is also made to the announcement jointly published by the Offeror and the Company on 4 October 2020 which announced that the sale and purchase of the Sale Shares contemplated in the Sale and Purchase Agreement was completed on 1 October 2020.

Immediately prior to the Completion, neither the Offeror nor any person acting in concert with it was interested in any Shares. Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it beneficially own 442,550,000 Shares, representing approximately 47.63% of the total issued Shares as at the Latest Practicable Date.

Upon Completion, the Offeror is required under Rule 26.1 of the Takeovers Code to make the Share Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). The Offeror is also required to make a comparable offer to the Optionholders pursuant to Rule 13.5 of the Takeovers Code to cancel all the outstanding Options.

LETTER FROM CCBI

The Share Offer will be conditional upon the Offeror having received (and, where permitted, such acceptances not having been withdrawn), at or before 4:00 pm on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide), valid acceptances in respect of the Shares which, together with the Sale Shares, will result in the Offeror and any person acting in concert with it holding more than 50% of the voting rights of the Company. The Option Offer will be subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

This letter forms part of this Composite Document and sets out, among other things, details of the Offers, information on the Offeror, and the Offeror's intentions in relation to the Offers. Further details on the terms and the procedures for acceptance of the Offers are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance. The Independent Shareholders and Optionholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser", the appendices to this Composite Document and the accompanying Forms of Acceptance, and to consult their own professional advisers before reaching a decision as to whether or not to accept the Offers.

PRINCIPAL TERMS OF THE OFFERS

The Share Offer

Subject to and upon Completion, the Share Offer will be made on the following basis:

HK\$2.18 in cash for each Share accepted under the Share Offer

The Share Offer Price will be equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. For the possible adjustment of the Share Offer Price for the Interim Dividend, please refer to the paragraph headed "Terms of the Share Offer" below.

The Offeror will not increase the Share Offer Price for the Share Offer as set out above. 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 Share Offer Price and the Offeror does not reserve the right to increase the Share Offer Price.

The Option Offer

The consideration for the cancellation of each Option would normally be the see-through price which represents the excess of the Share Offer Price per Offer Share and the exercise price of each Option. All the Options are exercisable at an exercise price of HK\$3.64. As the exercise price of all the Options is above the Share Offer Price, the "see-through" price is zero and the Option Offer Price will be a nominal value of HK\$0.001 per Option.

LETTER FROM CCBI

COMPARISONS OF VALUE

The Share Offer

Before taking into account any adjustments to the quoted prices for the Interim Dividend, the Share Offer Price represents:

- (a) a premium of approximately 51.39% over the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 51.39% over the average closing price of HK\$1.44 per Share as quoted on the Stock Exchange over the five trading days up to and including the Last Trading Day;
- (c) a premium of approximately 56.83% over the average closing price of HK\$1.39 per Share as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 57.97% over the average closing price of HK\$1.38 per Share as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 55.71% over the average closing price of HK\$1.40 per Share as quoted on the Stock Exchange over the 90 trading days up to and including the Last Trading Day;
- (f) a discount of approximately 46.04% to the audited net asset value per Share (after deducting non-controlling interests) in the Company of approximately HK\$4.04 as at 31 December 2019, based on the 929,047,000 Shares in issue as at the Latest Practicable Date;
- (g) a discount of approximately 45.91% to the unaudited net asset value per Share (after deducting non-controlling interests) in the Company of approximately HK\$4.03 as at 30 June 2020, based on the 929,047,000 Shares in issue as at the Latest Practicable Date; and
- (h) an equivalent to the closing price of HK\$2.18 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

After taking into account adjustment to the quoted prices for the Interim Dividend, the Share Offer Price after deducting the net dividend represents:

- (a) a premium of approximately 47.22% over the closing price of HK\$1.44 per Share as quoted on the Stock Exchange on the Last Trading Day;

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- (b) a premium of approximately 47.22% over the average closing price of HK\$1.44 per Share as quoted on the Stock Exchange over the five trading days up to and including the Last Trading Day;
- (c) a premium of approximately 52.52% over the average closing price of HK\$1.39 per Share as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 53.62% over the average closing price of HK\$1.38 per Share as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 51.43% over the average closing price of HK\$1.40 per Share as quoted on the Stock Exchange over the 90 trading days up to and including the Last Trading Day;
- (f) a discount of approximately 47.52% to the audited net asset value per Share (after deducting non-controlling interests) in the Company of approximately HK\$4.04 as at 31 December 2019, based on the 929,047,000 Shares in issue as at the Latest Practicable Date;
- (g) a discount of approximately 47.39% to the unaudited net asset value per Share (after deducting non-controlling interests) in the Company of approximately HK\$4.03 as at 30 June 2020, based on the 929,047,000 Shares in issue as at the Latest Practicable Date; and
- (h) a discount of approximately 2.75% to the closing price of HK\$2.18 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest trading prices

During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$2.18 on 29 October 2020, 9 November 2020, 12 November 2020, and 13 November 2020 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.34 on 31 July 2020, 4 August 2020, 5 August 2020, 6 August 2020, 2 September 2020, 4 September 2020, 7 September 2020, and 8 September 2020.

Total consideration for the Offers

On the basis of the Share Offer Price, 486,497,000 Shares which will be subject to the Share Offer (representing the Shares not already held or to be acquired by the Offeror and parties acting in concert with it) and 1,794,949 outstanding Options as at the Latest Practicable Date, in the event that the Share Offer is accepted in full, the aggregate amount payable by the Offeror under the Share Offer will be HK\$1,060,563,460 (assuming that no Options are exercised) and HK\$1,064,476,448.82 (assuming that all the Options are exercised and no Options are surrendered pursuant to the Option Offer) respectively.

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On the basis of the Option Offer Price and 1,794,949 outstanding Options as at the Latest Practicable Date, in the event that the Option Offer is accepted in full, the aggregate amount payable under the Option Offer will be approximately HK\$1,794.95.

Based on the foregoing, the aggregate amount payable under the Offers (assuming full acceptances under the Offers) will be approximately HK\$1,060,565,254.95.

Terms of the Share Offer

Under the terms of the Share Offer, upon the Share Offer becomes or is declared unconditional, the Offer Shares will be acquired fully paid and free from all Encumbrances together with all rights attached thereto on or after the date on which the Share Offer is made, being the date of the Composite Document, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date on which the Share Offer is made (provided that if the record date for determining any accepting Offer Shareholder's entitlement to dividends falls between the date on which the Share Offer is made and the date on which the relevant Shares of such Offer Shareholder accepting the Share Offer are actually transferred to the Offeror, the total consideration payable to such accepting Offer Shareholder for those Shares will be reduced by the net dividends payable on such Shares).

As disclosed in the results announcement for the six months ended 30 June 2020 published by the Company on 28 August 2020, the Board has declared the Interim Dividend of HK6 cents per Share for the interim period to the Shareholders whose names appear on the register of members of the Company at the close of business at 4:30 p.m. on 4 December 2020. The Interim Dividend will be paid on or about 11 December 2020. In the event that the relevant Offer Shares are acquired by the Offeror before the Record Date, the declared Interim Dividend in respect of such Offer Shares will become the entitlement of the Offeror. In the event that the relevant Offer Shares are acquired by the Offeror after the Record Date, the declared Interim Dividend in respect of such Offer Shares will become the entitlement of the Shareholders whose names appear on the register of members of the Company at 4:30 p.m. on the Record Date, and the Share Offer Price after deducting the net dividend will become the consideration for each Offer Share for such Shareholders. The Company confirms that as at the Latest Practicable Date, save for the Interim Dividend, it does not have any intention to make, declare or pay any future dividend/make other distributions from the date of the Joint Announcement until the close of the Share Offer.

Terms of the Option Offer

As at the Latest Practicable Date, the Company has 1,794,949 outstanding Options under the 2004 Share Option Scheme, each relating to one Share with an exercise price of HK\$3.64. No option has been granted under the 2014 Share Option Scheme.

LETTER FROM CCBI

In accordance with the terms of the 2004 Share Option Scheme, Optionholders are entitled to exercise their Options in full (to the extent not already exercised) at any time within one month after the date on which the Offers become or are declared unconditional, after which the Options will lapse automatically (to the extent not exercised).

Save for the Options, as at the Latest Practicable Date, the Company does not have any outstanding convertible securities, warrants, options or derivatives in respect of any Shares.

Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the Optionholders to cancel their Options. As the exercise price of all the Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be a nominal value of HK\$0.001 per Option.

Under the terms of the Option Offer, the Options of the accepting Optionholders (together with all rights attaching thereto) will be cancelled.

If the Option Offer is not accepted, any unexercised Options will lapse after one month from the date on which the Offers become or are declared unconditional.

Pre-conditions to the Offers

The Offers will not be made unless and until Completion occurs. If the Conditions to the Sale and Purchase Agreement are not satisfied or waived in accordance with the terms of the Sale and Purchase Agreement, the Offers will not be made. As announced by the Company and the Offeror on 4 October 2020, the Completion took place on 1 October 2020.

Conditions of the Offers

The Share Offer will be conditional upon the Offeror having received (and, where permitted, such acceptances not having been withdrawn), at or before 4:00 pm on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide), valid acceptances in respect of the Shares which, together with the Sale Shares, will result in the Offeror and any person acting in concert with it holding more than 50% of the voting rights of the Company. If such condition is not satisfied on or before the First Closing Date, the Share Offer will lapse unless the offer period is extended by the Offeror in accordance with the Takeovers Code. Under Rule 15.5 of the Takeovers Code, the latest time on which the Offers may become or may be declared unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

The Option Offer will be subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

LETTER FROM CCBI

Confirmation of financial resources

The Offeror intends to finance and satisfy the total maximum consideration payable (including the stamp duty payable) under the Offers primarily from a loan facility, with the support of the Offeror's own internal resources. The loan facility is provided by CCBIS pursuant to the CCBIS Finance Documents for financing the consideration payable by the Offeror for the Offers and the transaction under the Sale and Purchase Agreement, and which is to be secured by, among others, the Offer Shares to be acquired by the Offeror in the Offers. CCBI has been appointed as the financial adviser to the Offeror in respect of the Offers. CCBI is satisfied that sufficient financial resources are, and will continue to be, available to the Offeror to satisfy the amount payable upon full acceptance of the Offers.

The Offeror does not expect that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the abovementioned loan will depend to any significant extent on the business of the Group.

Effect of accepting the Offers

By accepting the Share Offer, the accepting Offer Shareholders will sell their Shares fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Share Offer is made, being the date of the Composite Document, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date on which the Share Offer is made (provided that if the record date for determining any accepting Offer Shareholder's entitlement to dividends falls between the date on which the Share Offer is made and the date on which the relevant Shares of such Offer Shareholder accepting the Share Offer are actually transferred to the Offeror, the total consideration payable to such accepting Offer Shareholder for those Shares will be reduced by the net dividends payable on such Shares). For the possible adjustment of the Share Offer Price for the Interim Dividend, please refer to the paragraph headed "Terms of the Share Offer" above.

By accepting the Option Offer, Optionholders will cancel their Options and all rights attached thereto with effect from the date on which the Option Offer is made, being the date of the Composite Document.

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

Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by each Offer Shareholder at the rate of 0.1% of (i) the consideration payable by the Offeror for such person's Shares or, (ii) if higher, the market value of the Offer Shares subject to such acceptance, and will be deducted from the cash amount due to such accepting Offer Shareholder. The Offeror will arrange for payment of sellers' ad valorem stamp duty on

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behalf of such accepting Offer Shareholders and pay the buyer's ad valorem stamp duty and will account to the Stamp Office of Hong Kong for all stamp duty payable on the sale and purchase of Offer Shares in respect of which valid acceptances are received under the Share Offer.

No stamp duty is payable in connection with the acceptances of the Option Offer.

Payment

Payment in cash in respect of acceptances of the Offers (after deducting the accepting Offer Shareholders' share of stamp duty) will be made as soon as possible but in any event within seven Business Days of the date of receipt of a duly completed acceptance, or the date on which the Offers become or are declared unconditional in all aspects, whichever is later. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offers complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

Overseas Shareholders and Optionholders

The making of the Offers to persons not resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable legal, tax and regulatory requirements in their own jurisdictions. It is the responsibility of any overseas Shareholders or Optionholders wishing to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection with the Offers, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any acceptance by any Shareholder or Optionholder will be deemed to constitute a representation and warranty from such Shareholder or Optionholder to the Offeror that the local laws and requirements have been complied with. The Shareholders and Optionholders should consult their professional advisers if in doubt.

Tax advice

Shareholders and Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Procedures for acceptance

Your attention is drawn to "Further terms and procedures of acceptance of the Offers" as set out in Appendix I to this Composite Document and the accompanying **WHITE** Form of Share Offer Acceptance and **PINK** Form of Option Offer Acceptance.

LETTER FROM CCBI

INFORMATION ON THE GROUP

Your attention is drawn to the section headed “Information on the Company and the Group” in the “Letter from the Board” contained in this Composite Document.

INFORMATION ON THE OFFEROR

Golden Vision Buyout Fund SPC, is a segregated portfolio company incorporated in the Cayman Islands acting for and on behalf of one of its segregated portfolios Golden Vision Buyout Fund I SP (being a fund incorporated in the Cayman Islands), in relation to the sale and purchase of the Sale Shares and the Offers. It is a legal person which may establish one or more segregated portfolios. Golden Vision Buyout Fund I SP, as a segregated portfolio of Golden Vision Buyout Fund SPC, is not a legal entity. Any action of Golden Vision Buyout Fund I SP shall be taken by Golden Vision Buyout Fund SPC acting on behalf of and for the account of Golden Vision Buyout Fund I SP. Golden Vision Buyout Fund I SP is managed by New Prospect Capital in its capacity as the investment manager. The Offeror is principally engaged in investment holding. As at the Latest Practicable Date, the total issued share capital of the Offeror comprises (i) one (1) share of management share (a voting non-redeemable non-participating share) which was issued to an entity indirectly wholly-owned by Mr. Chan Chor Kwong; and (ii) 12,948.71795 shares of non-redeemable participating shares which were issued to an entity wholly-owned by Mr. Jackson Wijaya Limantara.

Mr. Chan Chor Kwong is a businessman principally engaged in pulp trading, jewelry business and investment in Southeast Asia. Mr. Jackson Wijaya Limantara is the founder of a pulp and paper product company headquartered in Netherlands.

New Prospect Capital has been engaged by Golden Vision Buyout Fund I SP to act as its investment manager, which shall, subject to the overall supervision, review and control of the directors of the Offeror, provide full investment services to the fund to manage its investment portfolio, by complying with the determinations, instructions or directions given by the investment committee of the fund from time to time. The investment committee shall be established in accordance with the memorandum and articles of association of Golden Vision Buyout Fund SPC and the composition of which shall be determined by the directors of Golden Vision Buyout Fund SPC. The investment committee will comprise of the directors of Golden Vision Buyout Fund SPC as well as one industry expert. Approval of such investment committee shall be obtained by New Prospect Capital before any acquisition or disposition, whether in part or in whole, of a portfolio of the fund.

New Prospect Capital is a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. It is the wholly-owned subsidiary of New Prospect Capital Management Holdings Limited. Mr. Wang Hui and Mr. Gong Shen-Yu, being the only two directors of New Prospect Capital (with Mr. Wang Hui also being a responsible officer of New Prospect Capital), are appointed as the directors of Golden Vision Buyout Fund SPC primarily to supervise the management of the fund.

LETTER FROM CCBI

OFFEROR'S INTENTION IN RELATION TO THE GROUP

It is the intention of the Offeror that the Group will retain the existing management to continue with its existing principal activities upon the close of the Offers.

Upon close of the Offers, the Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating a sustainable business plan and strategy for the Group's long-term development.

As at the Latest Practicable Date, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; (ii) dispose of or re-deploy the fixed assets of the Company other than in its ordinary and usual course of business; and (iii) introduce any major changes in the existing operations and business of the Group.

Change of control under the Facilities Agreement

Under the terms of the Facilities Agreement, in the event that any person or group of persons acting in concert hold more votes that might be cast at a general meeting of the Company than Amcor Plc (being a parent company of the Vendor), or Amcor Plc fails to maintain its beneficial ownership, direct or indirect, of not less than 35% of the shareholding interest of the Company, the Facility Agent may demand immediate payment of the loans granted under the Facilities Agreement.

Further, under the terms of the Facilities Agreement, if the Shares are (a) suspended from trading for more than ten (10) consecutive days on the Stock Exchange; or (b) the listing of the Shares on the Stock Exchange is terminated or otherwise ceases, it would also constitute an event of default under the Facilities Agreement. In the event of that the listing status of the Company is withdrawn as described in the below paragraph headed "The listing status of the Company", the Share would no longer be listed and traded on the Stock Exchange, and hence trigger an event of default under the Facilities Agreement.

As Completion would otherwise give rise to a right to demand repayment by the Facility Agent as described above, and hence technically trigger an event of default under the Facilities Agreement (the "**Default**"), the Offeror has been working together with the Company to seek consent, waiver or confirmation in favour of the Company to the effect that Completion and the potential withdrawal of listing status of the Company, if materialises, will not be treated as an event of default under the Facility requiring early repayment of the amounts due under the Facility (the "**Amounts Due**") as soon as practicable after the date of the Sale and Purchase Agreement.

As at the Latest Practicable Date, a waiver application has already been submitted by the Company to the relevant Lenders under the Facilities Agreement (the "**Waiver Application**"). The Waiver Application is currently subject to internal review of the relevant Lenders in favour of the Company in this regard. It is expected that the Company will receive the decision from the relevant Lenders by the end of November 2020 or by early December, and a further announcement will be issued in this regard. In the meanwhile, the Offeror and the Company have arranged a back-stop plan to repay the loan granted under the Facilities Agreement in the event that the Waiver Application is not approved. Such plan includes seeking alternative

LETTER FROM CCBI

financing and/or repayment through the Company's internal resources and/or other means. Further announcement will be issued as soon as practicable when the consent, waiver or confirmation from the Lenders has been sought pursuant to the Facilities Agreement.

In addition, the Offeror irrevocably and unconditionally undertakes to the Vendor in favour of the Company to secure and maintain, or cause to secure or maintain, in place available funding of an amount no less than HK\$1,350,000,000 to be advanced to the Company on normal commercial terms or better (in any event not materially less favourable than the Facility), to repay any Amounts Due at such time as required by the Lenders in the event of (i) the Default; and (ii) the Company having insufficient cash to satisfy the Amounts Due after setting aside the operating cash needed for the Group's ordinary course of business.

Proposed change to the board composition of the Company

The Board currently comprises one non-executive chairman, two executive Directors, two non-executive Directors and three independent non-executive Directors. The Offeror intends to nominate new Directors for appointment to the Board with effect from the earliest time permitted under the Takeovers Code. As at the Latest Practicable Date, the Offeror has not reached any final decisions as to who will be nominated as new Directors.

Mr. Chan Chew Keak, Billy, Mr. Michael Casamento and Mr. Jerzy Czubak (all being nominated by the Vendor to the Board) have tendered resignation from their offices as a Director to take effect from the date immediately after the First Closing Date or the date when the Share Offer becomes or is declared unconditional (whichever is later) (or any such earlier date as permitted under the Takeovers Code or by the Executive). Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and a further announcement will be made accordingly.

Compulsory acquisition and withdrawal of listing of the Company

The Offeror intends to avail itself of exercising the right under section 88 of the Companies Law to compulsorily acquire those Shares not acquired by the Offeror under the Share Offer if, within four months after the despatch of the Composite Document, it has acquired not less than 90% of the Shares subject to the Share Offer in accordance with Rule 2.11 of the Takeovers Code. On completion of the compulsory acquisition (if applicable), the Company will become a wholly-owned subsidiary of the Offeror and an application will then be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares not acquired by the Offeror under the Share Offer, whether by reason of the level of acceptances of the Share Offer not reaching the prescribed thresholds under the Companies Law or the Takeovers Code or otherwise, after the close of the Offers, the Offeror will take, or procure the Company to take, such steps as are necessary, such as disposal of Shares held

LETTER FROM CCBI

by the Offeror or parties acting in concert with it and/or issue of additional Shares by the Company to independent third parties, to ensure, that the Company will have an adequate public float so as to comply with the applicable requirements under the Listing Rules.

PUBLIC FLOAT OF THE COMPANY

To the best knowledge, belief and information of the Directors, the Company has sufficient public float in compliance with the Listing Rules.

If the Offeror does not effect the compulsory acquisition set out above and, at the close of the Share Offer, less than 25% of the Shares are held by the public or if the Stock Exchange believes that:

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

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares. In that connection, it should be noted that, upon completion of the Share Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a prescribed level of public float is attained.

GENERAL

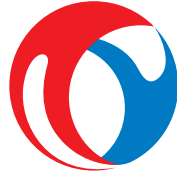
All documents and remittances to be sent to the Shareholders and the Optionholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Shareholders and the Optionholders at their respective addresses as they appear in the registers of the members or Optionholders (as the case may be) of the Company and in the case of joint holders, to such holder whose name appears first in the relevant registers. The Offeror and parties acting in concert with it, the Company, CCBI, Shanggu Securities, the Registrar and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates or any other parties involved in the Offers will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offers set out in the appendices to this Composite Document and the accompanying **WHITE** Form of Share Offer Acceptance and **PINK** Form of Option Offer Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” contained in this Composite Document.

Yours faithfully,
for and on behalf of
CCB International Capital Limited
Gilman Siu
Managing Director

LETTER FROM THE BOARD



AMVIG HOLDINGS LIMITED

澳科控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2300)

Non-executive Chairman:

Mr. Chan Chew Keak, Billy

Executive Directors:

Mr. Ge Su (*Chief Executive Officer*)

Mr. Liu Shun Fai

Non-executive Directors:

Mr. Jerzy Czubak

Mr. Michael Casamento

Independent non-executive Directors:

Mr. Au Yeung Tin Wah, Ellis

Mr. Oh Choon Gan, Eric

Mr. Ching Yu Lung

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
Cayman Islands
British West Indies

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

Room 601-602, 6th Floor
COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

18 November 2020

To the Offer Shareholders and the Optionholders

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFERS BY
CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF
GOLDEN VISION BUYOUT FUND SPC ACTING FOR AND ON BEHALF OF
GOLDEN VISION BUYOUT FUND I SP FOR ALL THE ISSUED SHARES IN
AMVIG HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT) AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS OF
AMVIG HOLDINGS LIMITED**

INTRODUCTION

On 24 September 2020, the Company and the Offeror jointly announced that on 23 September 2020, the Vendor and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase 442,550,000 Shares, representing approximately 47.63% of the issued Shares as at

* For identification purpose only

LETTER FROM THE BOARD

the Latest Practicable Date, for a total cash consideration of HK\$964,759,000 (being HK\$2.18 per Share). On 4 October 2020, the Company and the Offeror jointly announced that Completion had taken place on 1 October 2020.

The purpose of this Composite Document, of which this letter forms part, is to provide you with, among other things, (i) information relating to the Group and the Offeror; (ii) further details of the Offers; (iii) a letter of recommendation from the Independent Board Committee containing its recommendation to the Offer Shareholders and the Optionholders in respect of the terms of the Offers and as to the acceptance of the Offers; and (iv) a letter of advice from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the Offers.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer, or is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance or voting. The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Au Yeung Tin Wah, Ellis, Mr. Oh Choon Gan, Eric and Mr. Ching Yu Lung, has been established to make a recommendation to the Offer Shareholders and Optionholders in this regard. As the non-executive Chairman and the two non-executive Directors were nominated by the Vendor to the Board, they are not included in the Independent Board Committee.

As announced by the Company on 29 September 2020, the Independent Financial Adviser has also been appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee in respect of the Offers and in particular, as to whether or not the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

MANDATORY CONDITIONAL CASH OFFERS

Immediately after the Completion and as at the Latest Practicable Date, the Offeror and its concert parties held 442,550,000 Shares, representing approximately 47.63% of the issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Share Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it at the time the Share Offer is made). The Offeror is also required to make the Option Offer for the cancellation of all outstanding Options pursuant to Rule 13 of the Takeovers Code.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company had 929,047,000 Shares in issue and options outstanding entitling the holders thereof to subscribe for an aggregate of 1,794,949 new Shares, save as to the aforementioned options, the Company did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities of the Company.

THE OFFERS

The Share Offer

CCBI has been appointed as the financial adviser to the Offeror to make the Offers, which are conditional, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For every Share accepted under the Share Offer HK\$2.18 in cash

The Share Offer Price of HK\$2.18 per Offer Share under the Share Offer is the same as the purchase price per Sale Share under the Sale and Purchase Agreement.

Under the terms of the Share Offer, upon the Share Offer becomes or is declared unconditional, the Offer Shares will be acquired fully paid and free from all Encumbrances together with all rights attached thereto on or after the date on which the Share Offer is made, being the date of the Composite Document, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date on which the Share Offer is made (provided that if the record date for determining any accepting Offer Shareholder's entitlement to dividends falls between the date on which the Share Offer is made and the date on which the relevant Shares of such Offer Shareholder accepting the Share Offer are actually transferred to the Offeror, the total consideration payable to such accepting Offer Shareholder for those Shares will be reduced by the net dividends payable on such Shares).

As disclosed in the results announcement for the six months ended 30 June 2020 published by the Company on 28 August 2020, the Board has declared the Interim Dividend of HK6 cents per Share for the interim period to the Shareholders whose names appear on the register of members of the Company at the close of business at 4:30 p.m. on 4 December 2020. The Interim Dividend will be paid on or about 11 December 2020. In the event that the relevant Offer Shares are acquired by the Offeror before the Record Date, the declared Interim Dividend in respect of such Offer Shares will become the entitlement of the Offeror. In the event that the relevant Offer Shares are acquired by the Offeror after the Record Date, the declared Interim Dividend in respect of such Offer Shares will become the entitlement of the Shareholders whose names appear on the register of members of the Company at 4:30 p.m. on the Record Date, and the Share Offer Price after deducting the net dividend will become the consideration for each Offer Share for such Shareholders. The Company confirms that as at the Latest Practicable Date, save for the Interim Dividend, it does not have any intention to make, declare or pay any future dividend/make other distributions from the date of the Joint Announcement until the close of the Share Offer.

LETTER FROM THE BOARD

The Option Offer

Pursuant to Rule 13 of the Takeovers Code, the Offeror is required to make comparable offers for all the outstanding Options as part of the Offers.

As at the Latest Practicable Date, there are Options outstanding entitling the holders thereof to subscribe for an aggregate of 1,794,949 new Shares. All the Options are exercisable at an exercise price of HK\$3.64 per Share.

The consideration for the cancellation of each Option would normally be the see-through price which represents the excess of the Share Offer Price per Offer Share and the exercise price of each Option. As the exercise price of all the Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be a nominal value of HK\$0.001 per Option.

Further details of the Offers

Further details of the Offers including, among others, the terms and conditions and the procedures for acceptance and settlement are set out in the “Letter from CCBI”, Appendix I to this Composite Document and the accompanying Forms of Acceptance.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on the Main Board of the Stock Exchange (stock code: 2300). The Company is an investment holding company. The principal activities of the Group are printing of cigarette packages and manufacturing of transfer papers and laser film. The Shares have been listed on the Main Board of the Stock Exchange since March 2004.

Set out below is a summary of the audited consolidated results of the Group for each of the two financial years ended 31 December 2018 and 2019, and its unaudited consolidated results for the six months ended 30 June 2020, as extracted from the Company’s 2019 annual report and the Company’s 2020 interim report, respectively:

	For the six months ended 30 June 2020 (unaudited) HK\$’000	For the year ended 31 December	
		2019 (audited) HK\$’000	2018 (audited) HK\$’000
Turnover	1,132,503	2,407,532	2,502,665
Profit before tax	188,301	470,848	446,440
Profit for the period/year	139,422	363,621	327,125
Profit attributable to owners of the Company	112,597	313,317	266,516

LETTER FROM THE BOARD

The unaudited consolidated net assets of the Group (after deducting non-controlling interests) as at 30 June 2020 were approximately HK\$3,739,985,000. The audited consolidated net assets of the Group (after deducting non-controlling interests) as at 31 December 2019 and 2018 were approximately HK\$3,749,647,000 and HK\$3,663,990,000, respectively.

Your attention is drawn to Appendices II and III to this Composite Document which contain further financial and general information of the Group.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 929,047,000 Shares in issue and 1,794,949 outstanding Options under the 2004 Share Option Scheme. No option has been granted under the 2014 Share Option Scheme. Save for the Shares in issue and the outstanding Options, there are no relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company in issue.

The shareholding structure of the Company as at the Latest Practicable Date is as follows:

Name of Shareholders	Number of Shares held	Approximate% of Shares in issue
The Offeror and its concert parties	442,550,000	47.63%
Public Shareholders	486,497,000	52.37%
Total Shares in issue	929,047,000	100.00%

INFORMATION ON THE OFFEROR

Your attention is drawn to the paragraph headed “Information on the Offeror” in the “Letter from CCBI”.

OFFEROR’S INTENTION IN RELATION TO THE GROUP

Your attention is drawn to the paragraph headed “Offeror’s intention in relation to the Group” in the “Letter from CCBI” which sets out more information on the intention of the Offeror in respect of the Group, its business and employees. The Board is aware of the intentions of the Offeror in respect of the Group and its employees and welcomes the decision of the Offeror to retain the existing management to continue with the existing principal activities of the Group and maintain stability of the management and operation. The Board is willing to render reasonable cooperation in the best interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Change of control under the Facilities Agreement

Under the terms of the Facilities Agreement, in the event that any person or group of persons acting in concert hold more votes that might be cast at a general meeting of the Company than Amcor Plc (being a parent company of the Vendor), or Amcor Plc fails to maintain its beneficial ownership, direct or indirect, of not less than 35% of the shareholding interest of the Company, the Facility Agent may demand immediate payment of the loans granted under the Facilities Agreement. The Completion would give rise to a right to demand repayment by the Facility Agent as described above, and hence technically trigger an event of default under the Facilities Agreement (the “**Default**”). As at the Latest Practicable Date, there is no indication from the Lender demanding repayment from the Company for the amounts due under the Facility.

Further, under the terms of the Facilities Agreement, if the Shares are (a) suspended from trading for more than ten consecutive days on the Stock Exchange; or (b) the listing of the Shares on the Stock Exchange is terminated or otherwise ceases, it would also constitute an event of default under the Facilities Agreement. In the event of that the listing status of the Company is withdrawn as described in the below paragraph headed “The listing status of the Company”, the Share would no longer be listed and traded on the Stock Exchange, and hence trigger an event of default under the Facilities Agreement.

As at the Latest Practicable Date, applications have already been submitted by the Company to the relevant Lenders under the Facilities Agreement for a waiver in favour of the Company to the effect that Completion and the potential withdrawal of listing status of the Company, if it materialises, will not be treated as events of default under the Facility requiring early repayment of the amounts due under the Facility. The applications are currently subject to internal review by the relevant Lenders in favour of the Company in this regard. The Company has also applied for new facilities from other financial institutions to refinance the Facility. As at the Latest Practicable Date, the Company has not yet received the waiver and has not yet entered into any other facility agreements for refinancing the Facility.

It is expected that the Company will receive the decision from the relevant Lenders by the end of November 2020 or by early December 2020, and a further announcement will be issued in this regard. In the meanwhile, the Offeror and the Company have arranged a back-stop plan to repay the loan granted under the Facilities Agreement in the event that the waiver applications are not approved. Such plan includes seeking alternative financing and/or repayment through the Company’s internal resources and/or other means.

In addition, as set out in the “Letter from CCBI”, the Offeror has irrevocably and unconditionally undertaken to the Vendor in favour of the Company to secure and maintain, or cause to secure or maintain, in place available funding of an amount no less than HK\$1,350,000,000 to be advanced to the Company on normal commercial terms or better (in any event not materially less favourable than the Facility), to repay any amounts due under the

LETTER FROM THE BOARD

Facility at such time as required by the Lenders in the event of (i) the Default; and (ii) the Company having insufficient cash to satisfy the amounts due under the Facility after setting aside the operating cash needed for the Group's ordinary course of business.

Proposed change to the board composition of the Company

The Board is aware of the intentions of the Offeror in respect of the Group and the proposed appointment of new Directors with effect from the earliest time permitted under the Takeovers Code. As at the Latest Practicable Date, the Offeror has not reached any final decisions as to who will be nominated as new Directors.

Mr. Chan Chew Keak, Billy, Mr. Michael Casamento and Mr. Jerzy Czubak (all being Directors nominated by the Vendor to the Board) have tendered resignation from their offices as a Director with effect from the date immediately after the First Closing Date or the date when the Share Offer becomes or is declared unconditional (whichever is later) (or any such earlier date as permitted under the Takeovers Code or by the Executive). Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and a further announcement will be made accordingly.

THE LISTING STATUS OF THE COMPANY

As mentioned in the "Letter from CCBI", the Offeror intends to avail itself of exercising the right under section 88 of the Companies Law to compulsorily acquire those Shares not acquired by the Offeror under the Share Offer if, within four months after the despatch of the Composite Document, it has acquired not less than 90% of the Shares subject to the Share Offer in accordance with Rule 2.11 of the Takeovers Code. On completion of the compulsory acquisition (if applicable), the Company will become a wholly-owned subsidiary of the Offeror and an application will then be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares not acquired by the Offeror under the Share Offer, whether by reason of the level of acceptances of the Share Offer not reaching the prescribed thresholds under the Companies Law or the Takeovers Code or otherwise, after the close of the Offers, the Offeror will take, or procure the Company to take, such steps as are necessary, such as disposal of Shares held by the Offeror or parties acting in concert with it and/or issue of additional Shares by the Company to independent third parties, to ensure, that the Company will have an adequate public float so as to comply with the applicable requirements under the Listing Rules.

PUBLIC FLOAT OF THE COMPANY

To the best knowledge, belief and information of the Directors, the Company has sufficient public float in compliance with the Listing Rules.

LETTER FROM THE BOARD

If the Offeror does not effect the compulsory acquisition set out above and, at the close of the Share Offer, less than 25% of the Shares are held by the public or if the Stock Exchange believes that:

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

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares. In that connection, it should be noted that, upon completion of the Share Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a prescribed level of public float is attained.

RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and Independent Financial Adviser, respectively, which set out their recommendations and opinions in relation to the Offers and the principal factors considered by them before arriving at their recommendation.

ADDITIONAL INFORMATION

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

By Order of the Board
AMVIG Holdings Limited
Liu Shun Fai
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



AMVIG HOLDINGS LIMITED

澳科控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2300)

18 November 2020

To the Offer Shareholders and the Optionholders

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFERS BY
CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF
GOLDEN VISION BUYOUT FUND SPC ACTING FOR AND ON BEHALF OF
GOLDEN VISION BUYOUT FUND I SP FOR ALL THE ISSUED SHARES IN
AMVIG HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT) AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS OF
AMVIG HOLDINGS LIMITED**

We refer to the composite offer document dated 18 November 2020 (the “**Composite Document**”) jointly issued by the Company and the Offeror, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you whether the terms of the Offers are fair and reasonable so far as the Offer Shareholders and the Optionholders are concerned.

Shanggu Securities Limited has been appointed to advise the Independent Board Committee as to whether the terms of the Offers are fair and reasonable so far as the Offer Shareholders and the Optionholders are concerned and to give a recommendation to the Offer Shareholders as to whether or not to accept the Offers. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 30 to 70 of the Composite Document.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Offers and the advice of the Independent Financial Adviser, we concur with the Independent Financial Adviser's advice and consider that: (a) the terms of the Share Offer and Share Offer Price are fair and reasonable and we recommend the Offer Shareholders to accept the Share Offer; and (b) the Option Offer and Option Offer Price are fair and reasonable and we recommend the Optionholders to accept the Option Offer.

However, Offer Shareholders, in particular those who intend to accept the Share Offer, are reminded to note the recent fluctuation in the price of the Shares. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offers. The Offer Shareholders who intend to accept the Share Offer and the Optionholders who intend to accept the Option Offer are reminded to closely monitor the trading price and the liquidity of the Shares during the Offer Period and shall, having regard to their own circumstances, consider exercising the Options (for the Optionholders) and/or selling their Shares in the open market, if the net proceeds after deducting all relevant transaction costs as obtained from such disposal of the Shares would be higher than the net proceeds expected to be received under the Offers.

Furthermore, Offer Shareholders and the Optionholders are reminded that their decisions to dispose of or hold their investment in the Shares and/or Options are subject to their individual circumstances and investment objectives.

Notwithstanding our recommendation, the Offer Shareholders and the Optionholders should consider carefully the terms of the Offers and the "Letter from the Independent Financial Adviser" in this Composite Document.

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

Mr. Au Yeung Tin Wah, Ellis
Independent non-executive
Director

Mr. Oh Choon Gan, Eric
Independent non-executive
Director

Mr. Ching Yu Lung
Independent non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offers for the purpose of inclusion in this Composite Document.



SHANGGU SECURITIES LIMITED
Suite 1812B, 18th Floor
Tower 2, Lippo Centre
89 Queensway, Admiralty
Hong Kong

18 November 2020

To: the Independent Board Committee of AMVIG Holdings Limited

Dear Sirs,

**CONDITIONAL MANDATORY CASH OFFERS BY
CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF
GOLDEN VISION BUYOUT FUND SPC ACTING FOR AND ON BEHALF OF
GOLDEN VISION BUYOUT FUND I SP FOR ALL THE ISSUED SHARES IN
AMVIG HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS OF
AMVIG HOLDINGS LIMITED**

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Offers. Details of the Offers are contained in the Composite Document dated 18 November 2020, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Au Yeung Tin Wah, Ellis, Mr. Oh Choon Gan, Eric and Mr. Ching Yu Lung, has been established pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Offer Shareholders and the Optionholders in respect of the Offers, and in particular as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers. As the non-executive Chairman and the two non-executive Directors were nominated by the Vendor to the Board, they are not included in the Independent Board Committee. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise them as regards their recommendation on the Offers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the past two years immediately preceding the commencement of the Offer Period and up to the date of our appointment as the Independent Financial Adviser, except for the engagement as the Independent Financial Adviser, there were no engagements between us and the Company, the Offeror or the parties acting in concert with any of them. Other than our appointment as the Independent Financial Adviser, we have no connection with the Company, the Offeror 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 Offers. Apart from normal professional fees paid or payable to us in connection with our appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them. We are not aware of any relationship or interest between us and the Company or other parties which would be reasonably considered to affect our independence to act as the independent financial adviser to the Independent Board Committee in respect of the Offers.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Company (the “**Management**”) and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material respects at the time they were provided and expressed, and continue to be true, accurate and complete in all material respects up to the Latest Practicable Date. We have also assumed that all representations contained or referred to in the Composite Document were true, accurate and complete at the time they were made and remain so at the Latest Practicable Date. The Offer Shareholders and the Optionholders will be informed by the Company and us as soon as possible if there is any material change to the information disclosed in this Composite Document during the Offer Period, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee, the Offer Shareholders and the Optionholders accordingly as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us by them. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to doubt the truth, accuracy or completeness of the information provided to us. We have not, however, conducted any independent investigation into the business and affairs of the Group, the Offeror or the associates of any of them, nor have we carried out any independent verification of the information supplied to us.

In relation to the Offers, we have not considered the tax implications on the Offer Shareholders and the Optionholders for the acceptance or non-acceptance of the Offers since these depend on their individual circumstances. In particular, the Offer Shareholders and the Optionholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

II. BACKGROUND OF THE OFFERS

References are made to the Joint Announcement and the joint announcement issued by the Offeror and the Company dated 4 October 2020 in relation to the Completion.

On 24 September 2020, the Company and the Offeror jointly announced that on 23 September 2020, the Vendor and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase 442,550,000 Shares, representing approximately 47.63% of the total issued Shares as at the Latest Practicable Date, for a total cash consideration of HK\$964,759,000 (being HK\$2.18 per Share). On 4 October 2020, the Company and the Offeror jointly announced that Completion had taken place on 1 October 2020. Immediately after the Completion and as at the Latest Practicable Date, the Offeror and its concert parties held 442,550,000 Shares, representing approximately 47.63% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Share Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it at the time the Share Offer is made). The Offeror is also required to make the Option Offer for the cancellation of all outstanding Options pursuant to Rule 13 of the Takeovers Code.

As at the Latest Practicable Date, the Company had 929,047,000 Shares in issue and options outstanding entitling the holders thereof to subscribe for an aggregate of 1,794,949 new Shares. Except for the aforementioned options, the Company did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities of the Company.

III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Share Offer, we have taken into consideration the following principal factors and reasons:

1. Principal terms and condition of the Offers

The Offers are being made by CCBI on behalf of the Offeror on the following basis:

(a) *The Share Offer*

The Share Offer will be made on the following basis:

HK\$2.18 in cash **for each Share accepted under the Share Offer**

The Share Offer Price will be equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. As disclosed in the “Letter from CCBI”, the Offeror will not increase the Share Offer Price for the Share Offer as set out above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders and potential investors of the Company should be aware that, following the making of such statement, the Offeror will not be allowed to increase the Share Offer Price and the Offeror does not reserve the right to increase the Share Offer Price.

Upon the Share Offer becomes or is declared unconditional, the Offer Shares will be acquired fully paid and free from all encumbrances together with all rights attached thereto on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date on which the Share Offer is made (provided that if the record date for determining any accepting Offer Shareholder's entitlement to dividends falls between the date on which the Share Offer is made and the date on which the relevant Shares of such Offer Shareholder accepting the Share Offer are actually transferred to the Offeror, the total consideration payable to such accepting Offer Shareholder for those Shares will be reduced by the net dividends payable on such Shares).

As disclosed in the results announcement for the six months ended 30 June 2020 published by the Company on 28 August 2020, the Board has declared the Interim Dividend of HK6 cents per Share for the interim period to the Shareholders whose names appear on the register of members of the Company at the close of business at 4:30 p.m. on 4 December 2020. The Interim Dividend will be paid on or about 11 December 2020. In the event that the relevant Offer Shares are acquired by the Offeror before the Record Date, the declared Interim Dividend in respect of such Offer Shares will become the entitlement of the Offeror. In the event that the relevant Offer Shares are acquired by the Offeror after the Record Date, the declared Interim Dividend in respect of such Offer Shares will become the entitlement of the Shareholders whose names appear on the register of members of the Company at 4:30 p.m. on the Record Date, and the Share Offer Price after deducting the net dividend will become the consideration for each Offer Share for such Shareholders, i.e. HK\$2.12 per Share. In this connection, the Company confirms that, as at the Latest Practicable Date, save for the Interim Dividend, it did not have any intention to make, declare or pay any future dividend/make other distributions from the date of the Joint Announcement until the close of the Share Offer;

(b) The Option Offer

As the exercise price of all the Options, being HK\$3.64, is above the Share Offer Price, the "see-through" price is zero and the Option Offer Price will be a nominal value of HK\$0.001 per Option in cash. Under the terms of the Option Offer, the Options of the accepting Optionholders (together with all rights attaching thereto) will be cancelled.

Further details of the terms and the procedures for acceptance of the Offers are set out in the "Letter from CCBI" and the "Letter from the Board" contained in the Composite Document and in Appendix I to the Composite Document and the accompanying Forms of Acceptance.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) Condition of the Offers

As at the Latest Practicable Date, the Offeror and its concert parties held 442,550,000 Shares, representing approximately 47.63% of the issued share capital of the Company. The Share Offer will be conditional upon the Offeror having received (and, where permitted, such acceptances not having been withdrawn), at or before 4:00 p.m. on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide), valid acceptances in respect of the Shares which, together with the Sale Shares, will result in the Offeror and any person acting in concert with it holding more than 50% of the voting rights of the Company. If such condition is not satisfied on or before the First Closing Date, the Share Offer will lapse unless the offer period is extended by the Offeror in accordance with the Takeovers Code. Under Rule 15.5 of the Takeovers Code, the latest time on which the Offers may become or may be declared unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent). The Option Offer will be subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

The Offer Shareholders and the Optionholders are reminded that the Offeror does not have any obligation to keep the Offers open for acceptance beyond the offer period in accordance with the requirements of the Takeovers Code, and the Offeror reserves the right to revise the terms of the Offers in accordance with the Takeovers Code.

2. Background and information of the Company

(a) Principal business of the Group

The Group is principally engaged in the printing of cigarette packages and manufacturing of transfer paper and laser film. Substantially all the Group's turnover was derived from the printing of cigarette packages. The Company has been listed on the Stock Exchange since 2004.

Over 90% of the Group's turnover and assets are derived from customers and operations based in the PRC. The Company has cigarette packaging printing plants in Anhui, Beijing, Dongguan, Hangzhou, Kunming, Nanjing, Qingdao and Zhaotong.

The operations of the Group consist of two major businesses, namely (i) printing of cigarette packages; and (ii) manufacturing of transfer paper and laser film.

(b) Shareholding of the Company

As at the Latest Practicable Date, the Company has 929,047,000 Shares in issue and 1,794,949 outstanding Options granted under the 2004 Share Option Scheme. No option has been granted under the 2014 Share Option Scheme. The Offeror and parties acting in concert with it held 442,550,000 Shares, representing approximately 47.63% of the issued share capital of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table sets forth the shareholding structure of the Company as at the Latest Practicable Date:

Name of Shareholders	Number of Shares held	Approximate% of Shares in issue
The Offeror and its concert parties	442,550,000	47.63%
Public Shareholders	486,497,000	52.37%
Total Shares in issue	929,047,000	100.00%

(c) Financial performance of the Group

Set out in the table below is a summary of the financial results of the Group for the years ended 31 December 2017, 2018, and 2019 and the six months ended 30 June 2019 and 2020.

	For the year ended 31 December			For the six months ended 30 June	
	2017 HK\$'000 (audited)	2018 HK\$'000 (audited)	2019 HK\$'000 (audited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Turnover	2,448,316	2,502,665	2,407,532	1,181,497	1,132,503
Cost of goods sold	(1,725,223)	(1,761,098)	(1,710,508)	(815,285)	(811,289)
Gross profit	723,093	741,567	697,024	366,212	321,214
Other income	135,411	57,123	52,871	32,582	22,743
Gain on deemed disposal of an associate	–	–	35,403	–	–
Gain on disposal of a subsidiary	–	–	19,557	–	–
Reversal of impairment losses/(impairment losses) on trade receivables	(5,015)	76	39	–	–
Selling and distribution costs	(65,772)	(85,405)	(90,624)	(33,571)	(24,902)
Administrative expenses	(210,390)	(178,163)	(178,838)	(77,739)	(81,726)
Other operating expenses	(5,770)	(70,689)	(34,958)	(2,408)	(29,466)
Finance costs	(55,150)	(82,129)	(88,377)	(40,945)	(25,483)
Share of profits of associates	16,521	64,060	58,751	41,542	5,921

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	For the year ended 31 December			For the six months ended 30 June	
	2017	2018	2019	2019	2020
	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>
Profit before tax	532,928	446,440	470,848	285,673	188,301
Income tax expenses	(130,279)	(119,315)	(107,227)	(69,165)	(48,879)
Profit for the year/period	<u>402,649</u>	<u>327,125</u>	<u>363,621</u>	<u>216,508</u>	<u>139,422</u>
Profit for the year/period attributable to:					
Owners of the Company	345,785	266,516	313,317	187,844	112,597
Non-controlling interests	56,864	60,609	50,304	28,664	26,825
	<u>402,649</u>	<u>327,125</u>	<u>363,621</u>	<u>216,508</u>	<u>139,422</u>
Gross profit margin	29.5%	29.6%	29.0%	31.0%	28.4%
Net profit margin (Note)	14.1%	10.6%	13.0%	15.9%	9.9%

Note: The net profit margin is calculated as the profit attributable to owners of the Company divided by the turnover of the relevant year or period.

(i) *Turnover*

More than 98% of all the Group's turnover was derived from printing of cigarette packages for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 (together the "**Review Period**"). Over 90% of the Group's turnover are derived from customers based in the PRC.

The turnover of the Group recorded a mild increase of approximately HK\$54.3 million or 2.2% to approximately HK\$2,502.7 million for the year ended 31 December 2018 from that of approximately HK\$2,448.3 million for the year ended 31 December 2017. The mild increase was primarily attributable to the slowdown of the rate of growth in the second half due to the initiatives taken by certain customers to replace old products with new designs which caused a temporary decline in the overall sales of certain products.

The turnover of the Group recorded a slight decrease of approximately HK\$95.1 million or 3.8% to approximately HK\$2,407.5 million for the year ended 31 December 2019 from that of approximately HK\$2,502.7 million for the year

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ended 31 December 2018. The decline was mainly due to the impact of currency depreciation of Renminbi against Hong Kong dollars. The Group's turnover remained relatively steady for the year as a result of an increase in line with the market and the consolidation of the results of the Group's Nanjing plant entity, which has become a subsidiary of the Company since the second half of 2019 but offset by the temporary disruption to the operations resulted from the relocation of the Beijing plant of the Group.

For the six months ended 30 June 2020, the Group's turnover amounted to approximately HK\$1,132.5 million, representing a decrease of approximately 4.1% as compared to that for the corresponding period in 2019 of approximately HK\$1,181.5 million. The decrease in the Group's turnover was mainly due to impact of the COVID-19 outbreak during the period, as well as the changes in the tendering rules of Yunnan China National Tobacco Corporation, a customer of the Group, to place more emphasis on price. The COVID-19 pandemic caused suspension in a number of the Group's operations and delays in orders. In addition, the revision of the tendering rules in Yunnan posed pricing pressure for the Group's business in Yunnan. However, the aforementioned factors which depressed the Group's turnover were offset partially by the consolidation of the results of the Group's Nanjing plant entity, which has become a subsidiary of the Company since the second half of 2019.

(ii) Gross profit and gross profit margin

The gross profit of the Group for the year ended 31 December 2018 was approximately HK\$741.6 million, representing an increase of approximately HK\$18.5 million or approximately 2.6% as compared with that for the year ended 31 December 2017. The gross profit margin remained stable at approximately 29.5% and 29.6% for the years ended 31 December 2017 and 2018, respectively. The stable gross profit margin was contributed by a general improvement in product mix, which offset the negative impacts of reduction in selling prices as a result of the general effects of tendering in various markets in China, as well as rising labor and raw material costs as occurred in China in 2018.

The gross profit of the Group for the year ended 31 December 2019 declined to approximately HK\$697.0 million, representing a decrease of approximately HK\$44.5 million or approximately 6.0% from that of approximately HK\$741.6 million for the year ended 31 December 2018. The lower gross profit was primarily due to the comparatively high unit fixed costs resulted from a lower level of production during the relocation of both the Group's Beijing and Dongguan plants in the second half of the year. The gross profit margin declined slightly to approximately 29.0% for the year ended 31 December 2019 as compared with approximately 29.6% for the year ended 31 December 2018 for the reasons as mentioned above.

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The gross profit of the Group for the six months ended 30 June 2020 was approximately HK\$321.2 million, representing a decrease of approximately HK\$45.0 million or approximately 12.3% from approximately HK\$366.2 million for the corresponding period in 2019. The gross profit of the Group dropped as a result of the COVID-19 outbreak and the changes to the tendering rules in Yunnan as mentioned above. The Group experienced margin pressure due to higher unit fixed costs which was resulted from the temporary suspension of the Group's operation during the outbreak of COVID-19 causing a drop in the Group's total production quantities, as well as reduced unit selling prices for the Group's business in Yunnan. Gross profit margin dropped from approximately 31.0% for the six months ended 30 June 2019 to approximately 28.4% for the six months ended 30 June 2020.

(iii) Other income

Comprising mainly interest income, exchange gain and government grants, the other income of the Group for the year ended 31 December 2018 was approximately HK\$57.1 million, representing a decrease of approximately HK\$78.3 million or 57.8% from approximately HK\$135.4 million for the corresponding period in 2017. The significant decrease was mainly due to the absence of exchange gain of approximately HK\$66.8 million recognised during the year ended 31 December 2017 as derived from the appreciation of Renminbi against Hong Kong dollars.

The other income of the Group, comprising mainly interest income, subcontracting fee income and government grants, was approximately HK\$52.9 million for the year ended 31 December 2019 as compared with approximately HK\$57.1 million for the year ended 31 December 2018. The subcontracting fee income was earned by the Group when other printing companies did not have the special equipment and techniques to perform certain printing jobs and hence subcontracted such part of work to the Group. During the year ended 31 December 2018, the Group obtained special government grants for promoting enterprise development in the PRC as received by the Group's subsidiary in Xiaogan City of Hubei province, Hubei Jinghua Colour Printing Co., Ltd., and the amounts of such government grants being non-recurring in nature were reduced in the year ended 31 December 2019, which was the main reason for the decrease in the Group's other income in 2019.

The other income of the Group, comprising mainly exchange gain, interest income and subcontracting fee income, was approximately HK\$22.7 million for the six months ended 30 June 2020 as compared with approximately HK\$32.6 million in the corresponding period in 2019. The decrease was mainly due to less subcontracting works in one of the Group's plants located in Hubei, which was affected by the COVID-19 outbreak, as well as the absence of any exchange gain during the period. Whereas in the first half of 2019, approximately HK\$3.2 million of exchange gain was recognised on the Group's Hong Kong dollar denominated borrowings.

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(iv) Operating expenses (including selling and distribution costs and administrative expenses)

The Group's operating expenses decreased by approximately HK\$12.6 million from approximately HK\$276.2 million for the year ended 31 December 2017 to approximately HK\$263.6 million for the year ended 31 December 2018. The decrease was resulted from the Management's efforts in containing costs and expenses.

The operating expenses of the Group increased slightly by approximately HK\$5.9 million from approximately HK\$263.6 million for the year ended 31 December 2018 to approximately HK\$269.5 million for the year ended 31 December 2019. The increase was mainly due to the consolidation of the expenses of the Group's Nanjing plant, which the Group acquired its remaining 52% equity interests in the second half of the year. Excluding the operating expenses of the Nanjing plant consolidated into the accounts of the Group which amounted to approximately HK\$11.8 million, operating expenses decreased by approximately HK\$5.9 million as a result of the Management's efforts in containing costs and expenses.

The operating expenses of the Group reduced by approximately HK\$4.7 million from approximately HK\$111.3 million for the six months ended 30 June 2019 to approximately HK\$106.6 million for the six months ended 30 June 2020. The decrease was against the background of additional operating expenses of the Group's Nanjing plant being consolidated in the first half of 2020, whereas those expenses were equity accounted for in the first half of 2019. The reduction in the operating expenses was resulted from the Management's continuous efforts in containing expenses, as well as less travel and entertainment expenses being incurred since the COVID-19 outbreak.

(v) Other operating expenses

The other operating expenses of the Group increased significantly from approximately HK\$5.8 million for the year ended 31 December 2017 to approximately HK\$70.7 million for the year ended 31 December 2018, mainly due to an exchange loss of approximately HK\$67.2 million recognised during the year ended 31 December 2018 while there was an exchange gain of approximately HK\$66.8 million reflected as other income during the year ended 31 December 2017. This was because, in relation to the Group's Hong Kong dollar denominated borrowings, there was a general trend of appreciation of Renminbi against Hong Kong dollars in 2017, while depreciation of Renminbi against Hong Kong dollars occurred in general in 2018.

The other operating expenses of the Group decreased from approximately HK\$70.7 million for the year ended 31 December 2018 to approximately HK\$35.0 million for the year ended 31 December 2019 primarily due to the decrease in

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exchange loss, which was resulted from the depreciation of Renminbi against Hong Kong dollars arising from the Group's Hong Kong dollar denominated borrowings, of approximately HK\$60.1 million, from approximately HK\$67.2 million for the year ended 31 December 2018 to approximately HK\$7.1 million for the year ended 31 December 2019. The effect of the decrease in exchange loss was partly offset by the one-off expenses related to the relocation of the Group's Beijing plant and the Dongguan plant, which in aggregate amounted to approximately HK\$24.2 million.

The other operating expenses increased significantly from approximately HK\$2.4 million for the six months ended 30 June 2019 to approximately HK\$29.5 million for the six months ended 30 June 2020, mainly due to an exchange loss of approximately HK\$26.4 million incurred on the Group's Hong Kong dollar denominated borrowings as Renminbi depreciated against Hong Kong dollars. There was no exchange loss recognised in the corresponding period of 2019.

(vi) Finance costs

The finance costs of the Group increased from approximately HK\$55.2 million for the year ended 31 December 2017 to approximately HK\$82.1 million for the year ended 31 December 2018, as a result of (i) an increase in market interest rate; (ii) additional bank borrowings drawn to finance the acquisition of Qiaotong plant and Qiaofeng plant of the Group; and (iii) an increase in the costs for hedging of Renminbi against Hong Kong dollars because the Group entered into an additional hedging contract in 2018 in view of additional bank borrowings raised in 2018.

The finance costs of the Group increased from approximately HK\$82.1 million for the year ended 31 December 2018 to approximately HK\$88.4 million for the year ended 31 December 2019 primarily due to an increase in market interest rate.

The finance costs decreased from approximately HK\$40.9 million for the six months ended 30 June 2019 to approximately HK\$25.5 million for the six months ended 30 June 2020, mainly due to less outstanding bank borrowings as well as less costs incurred in hedging during the period.

(vii) Profit for the year/period attributable to owners of the Company

The Group achieved a profit attributable to owners of the Company of approximately HK\$266.5 million for the year ended 31 December 2018, representing a decrease of approximately 22.9% from approximately HK\$345.8 million for the year ended 31 December 2017. The decrease was due to a combination of effects from the decrease in profit due to the net impact of exchange differences, which was partly offset by the increase in profit resulted from organic growth of the Group's existing business, and the additional profit contribution from the newly acquired associates, Qiaotong plant and Qiaofeng plant of the Group.

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The Group achieved a profit attributable to owners of the Company of approximately HK\$313.3 million for the year ended 31 December 2019, representing an increase of approximately 17.6% from approximately HK\$266.5 million for the year ended 31 December 2018, which was mainly caused by exchange differences as well as one-off disposal gains relating to a subsidiary and an associate of the Company and one-off expenses relating to the relocation of the Group's Beijing plant and Dongguan plant during the year.

The Group's profit attributable to owners of the Company reduced by approximately 40.1% from approximately HK\$187.8 million for the six months ended 30 June 2019 to approximately HK\$112.6 million for the six months ended 30 June 2020. The decrease was mainly due to the impacts of the outbreak of COVID-19 and the pricing pressure derived from the revision of the tendering rules in Yunnan as discussed above, as well as exchange difference recorded in relation to the Group's Hong Kong dollar denominated borrowings. As discussed above, the impact of exchange differences, the outbreak of COVID-19 and the revision of the tendering rules in Yunnan had adverse effects on the Group's profitability, which led to a decrease in the Group's gross profit margin and a significant decrease in the Group's profit attributable to owners of the Company, which in turn caused a drop in the Group's net profit margin from approximately 15.9% for the six months ended 30 June 2019 to approximately 9.9% for the six months ended 30 June 2020.

(d) *Historical dividend payout*

The Company has a consistent track record of paying dividends for over a decade. According to the dividend policy of the Company as set out in the Annual Report 2019, the declaration and payment of dividends by the Company depend on a number of factors including, among other things, financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans of the Group. Accordingly, the Company paid dividends of varying amounts in the past.

The following table summarises the dividend payout of the Company during the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020:

	For the year ended 31 December			For the six months ended 30 June	
	2017	2018	2019	2019	2020
Dividend per Share (HK cents)	14.9	14.4	17.5	12.1	6.0
Dividend payout ratio (Note)	40.1%	50.2%	51.9%	59.9%	49.6%

Note: Dividend payout ratio is calculated by dividing dividend per Share by earnings per Share for the relevant year or period. Dividends for the year ended 31 December 2019 and for the six months ended 30 June 2019 included a special dividend of HK\$4 cents which was declared for the interim period ended 30 June 2019.

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As shown above, the Company did not pay any fixed amount of dividend for a particular year or interim period during the Review Period. The Company's dividend payout ratios were approximately 40.1%, 50.2% and 51.9% for the years ended 31 December 2017, 2018 and 2019 respectively, and the dividend payout ratios were approximately 59.9% and 49.6% for the six months ended 30 June 2019 and 2020 respectively.

As mentioned above, the dividend payout of the Company varied. In view of the decline in profit attributable to owners of the Company for the six months ended 30 June 2020 and the challenges to the business and prospects of the Group as discussed in our discussion in the section headed "Principal Factors and Reasons Considered – Prospects of the Company" in this letter, taking account of the Company's dividend policy, we consider that there is no guarantee that the Company will maintain the past level of dividend payout or continue to pay dividends in the future.

(e) Financial position of the Group

Set out in the table below is a summary of the financial position of the Group as at 31 December 2017, 2018, and 2019 and 30 June 2020.

	As at 31 December			As at
	2017	2018	2019	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Assets				
Non-current assets				
Property, plant and equipment	701,633	662,469	854,361	826,352
Prepaid land lease payments	152,438	156,263	–	–
Right-of-use assets	–	–	185,900	182,275
Goodwill	2,740,810	2,592,255	2,559,487	2,510,702
Interests in associates	131,294	863,647	762,579	750,753
Derivative financial instruments	–	12,553	–	–
Other non-current assets	48,197	16,228	16,755	14,071
	<u>3,774,372</u>	<u>4,303,415</u>	<u>4,379,082</u>	<u>4,284,153</u>

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	As at 31 December			As at
	2017	2018	2019	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Current assets				
Inventories	275,751	294,488	383,759	409,411
Trade and other receivables	1,074,458	651,498	603,296	639,091
Contract assets	–	37,157	1,257	5,392
Prepaid land lease payments	4,618	4,432	–	–
Prepayments and deposits	44,166	46,205	21,298	19,392
Current tax assets	20,439	13,007	16,755	8,333
Pledged bank deposits	2,398	6,896	6,970	4,933
Bank and cash balances	<u>1,242,769</u>	<u>1,270,781</u>	<u>1,173,482</u>	<u>1,208,492</u>
	2,664,599	2,324,464	2,206,817	2,295,044
Assets classified as held for sale				
	<u>–</u>	<u>127,434</u>	<u>–</u>	<u>–</u>
	2,664,599	2,451,898	2,206,817	2,295,044
Total assets	6,438,971	6,755,313	6,585,899	6,579,197
Liabilities				
Non-current liabilities				
Bank borrowings	1,466,760	1,762,292	–	–
Derivative financial instruments	20,687	4,458	–	–
Lease liabilities	–	–	4,810	5,712
Deferred tax liabilities	<u>10,627</u>	<u>12,147</u>	<u>25,450</u>	<u>20,785</u>
	1,498,074	1,778,897	30,260	26,497

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	As at 31 December			As at
	2017	2018	2019	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Current liabilities				
Trade and other payables	829,167	909,005	956,838	949,921
Contract liabilities	–	5,084	1,430	3,498
Current tax liabilities	35,214	25,952	3,709	18,655
Bank borrowings	3,597	–	1,549,091	1,548,983
Lease liabilities	–	–	2,862	4,425
Derivative financial instruments	14,291	17,496	–	–
	<u>882,269</u>	<u>957,537</u>	<u>2,513,930</u>	<u>2,525,482</u>
Liabilities directly associated with assets classified as held for sale	<u>–</u>	<u>30,116</u>	<u>–</u>	<u>–</u>
	882,269	987,653	2,513,930	2,525,482
Total liabilities	2,380,343	2,766,550	2,544,190	2,551,979
Equity				
Equity attributable to owners of the Company	3,741,978	3,663,990	3,749,647	3,739,985
Non-controlling interests	316,650	324,773	292,062	287,233
Total equity	4,058,628	3,988,763	4,041,709	4,027,218
Net asset value (“NAV”) per Share				
<i>(Note)</i>	4.03	3.94	4.04	4.03

Note: NAV per Share is calculated based on the equity attributable to owners of the Company divided by the number of Shares in issue as at the respective balance sheet date.

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(i) Property, plant and equipment

The Group owns several factories where its manufacturing facilities are primarily located. The property, plant and equipment of the Group mainly consisted of buildings held for use in the production or supply of goods and services, or for administrative purposes, leasehold improvements, plant and machinery, office equipment, motor vehicles and construction in progress of the Group for production purpose. The construction in progress of the Group mainly comprised buildings under construction and plant and machinery pending installation. The property, plant and equipment of the Group were generally increasing during the Review Period as a result of the Group's acquisitions of property, plant and equipment.

(ii) Right-of-use assets

The Group leases various offices and factory premises for its operations. Lease contracts were entered into for fixed term ranging from two years to ten years. The prepayments for leasehold lands in the PRC were classified as prepaid land lease payments as at 31 December 2018. The Group applied HKFRS 16 for the first time in the financial year ended 31 December 2019. Upon application of HKFRS 16, the current and non-current portion of prepaid land lease payments amounting to approximately HK\$4.4 million and approximately HK\$156.3 million respectively were reclassified to right-of-use assets.

(iii) Goodwill

Goodwill of the Group arose mainly from business combination and acquisitions by the Group, and the Group's goodwill balance was accumulated over years through various acquisitions done prior to the Review Period, as well as those done during the Review Period including the acquisition of further stakes in a then associated company of the Group, Nanjing Sanlong Packing Co., Ltd., which consequently became a wholly owned subsidiary of the Group in 2019. The Group had goodwill of approximately HK\$2,740.8 million, HK\$2,592.3 million, HK\$2,559.5 million and HK\$2,510.7 million as at 31 December 2017, 2018, 2019 and 30 June 2020, respectively. The movement in the Group's goodwill balance during the Review Period was resulted from the combined effects of (i) exchange differences arising from exchange translation of balance at year/period end rate; (ii) disposal of a subsidiary by the Group in 2018; and (iii) acquisition of further stakes in a then associated company of the Group in 2019.

(iv) Inventories

Inventories of the Group represented largely raw materials, work-in-progress and finished goods. The inventories increased in general during the Review Period. The Group had inventories of approximately HK\$275.8 million, HK\$294.5 million, HK\$383.8 million and HK\$409.4 million as at 31 December 2017, 2018, 2019 and 30 June 2020, respectively.

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(v) *Trade and other receivables*

The trade and other receivables of the Group mainly comprises: (i) trade receivables; (ii) bills receivables; and (iii) other receivables. The general credit terms of the Group granted to its trade customers range from one to three months. The majority of the trade receivables were receivable within 90 days throughout the Review Period. The trade and other receivables decreased from approximately HK\$1,074.5 million as at 31 December 2017 to approximately HK\$651.5 million as at 31 December 2018 and further declined to approximately HK\$603.3 million as at 31 December 2019. It was slightly increased to approximately HK\$639.1 million as at 30 June 2020.

(vii) *Bank borrowings*

The majority of the bank borrowings of the Group were unsecured during the Review Period. The bank borrowings of the Group increased from approximately HK\$1,470.4 million as at 31 December 2017 to approximately HK\$1,762.3 million as at 31 December 2018 and decreased to approximately HK\$1,549.1 million as at 31 December 2019. The increase in the bank borrowings in 2018 was mainly due to the additional bank borrowings drawn for the acquisition of Qiaotong plant and Qiaofeng plant of the Group. The decrease in the bank borrowings in 2019 was mainly due to the repayment of bank borrowings to reduce the overall currency risks. The bank borrowing of the Group as at 30 June 2020 was approximately HK\$1,549.0 million, remaining the same as the end of the previous year. Such bank borrowings as at 30 June 2020 were repayable within one year. As disclosed in the interim report of the Company for the six months ended 30 June 2020 (the “**Interim Report 2020**”), subsequently on 12 August 2020, the Group had entered into the Facilities Agreement pursuant to which loan facilities in aggregate principal amount of HK\$1,350,000,000 was made available to the Group for the purpose of refinancing the Group’s then existing loan facilities.

(viii) *Net assets*

As at 31 December 2019, the NAV attributable to owners of the Company was approximately HK\$3,749.6 million. The increase in the NAV attributable to owners of the Company as compared with that of approximately HK\$3,664.0 million as at 31 December 2018 was mainly attributable to the profit generated for the year ended 31 December 2019 and the offset by dividend distribution during the year. Based on 929,047,000 Shares in issue as at 31 December 2019 and the Latest Practicable Date, the NAV per Share as at 31 December 2019 was approximately HK\$4.04.

As at 30 June 2020, the NAV attributable to owners of the Company decreased slightly to approximately HK\$3,740.0 million, the decrease of which was the combined result of the profit generated and the dividend distribution made during the six months ended 30 June 2020. Based on the 929,047,000 Shares in issue as at 30 June 2020 and the Latest Practicable Date, the NAV per Share was approximately HK\$4.03 as at 30 June 2020.

3. Prospects of the Company

Based on our discussion with the Management as well as our review of the annual report of the Company for the year ended 31 December 2019 (the “**Annual Report 2019**”) and the Interim Report 2020, we understand the Management considers that there are two major events posing challenges to the business and prospects of the Group, namely the outbreak of the COVID-19 and the revision of the tendering rules in Yunnan, further details of which are discussed below. As disclosed in the Interim Report 2020, the Group’s performance was adversely impacted by such two events during the first half of 2020.

(a) The outbreak of COVID-19

As disclosed in the Annual Report 2019, the Management considered that the COVID-19 outbreak posed unprecedented threats to the Group, the Group’s staff and customers, and also had impacted the operations of the businesses worldwide due to the absence of workers and disruption of supplies of raw materials. The shortage of raw materials and restrictions on movements of goods in China may impact the production of the Group’s customers, which in turn impacts the Group’s business. In addition, both the Group and the Group’s customers had taken extended leave in the first quarter of 2020 due to the lockdown in China, which caused suspension of operations of the Group and the Group’s customers. All of the Group’s production plants were temporarily closed during the lockdown in China after Chinese New Year until mid- to late-February 2020 in response to the outbreak of COVID-19, except for the Group’s Hubei plant which had to re-open even later in mid-March 2020. The full extent of financial impact the COVID-19 outbreak has on the Group might not have been seen yet. In this connection, the Group had reviewed and made sure its health and safety measures across its entire operation were adequate, and had implemented contingency plans to ensure any potential impacts on its business operations can be minimised. The contingency plans implemented by the Group included, among other things, maintaining relatively higher level of raw materials as backup inventories, human resource planning including split of teams, rotation of in-office or work-from-home arrangements, and centrally sourcing protective and disinfecting supplies, such as masks and hand sanitizers, to ensure all the Group’s plants have sufficient resources to protect the Group’s staff.

According to the Interim Report 2020, all of the Group’s production facilities had resumed operations and the disruptions to the supply of certain products were also largely resolved in the second quarter of the year. Also, despite the COVID-19 outbreak, sales of cigarettes in China improved in the first half of 2020 with cigarettes sold in volume and value increasing by 1.95% and 5.6%, respectively, which showed a relatively inelastic demand in cigarette products in China. As such, the Management remains positive on the long-term outlook of Chinese tobacco industry and the related packaging business.

However, the threat of COVID-19 is still widespread around the world and resurgence of COVID-19 has been seen in various countries recently. Due to the disruption to the Group’s business which could have if resurgence of COVID-19 occurs

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in China, we consider that in short to medium term of future, the threat of COVID-19 would still pose uncertainty over the prospect of the Group. In the longer term, we consider the adverse impact of COVID-19 on the Group's operation may gradually diminish when effective vaccines will be available. However, at present, it is still unclear when effective vaccines would be made available by pharmaceutical industry practitioners and to what extent the effective vaccines would be accessible to the general public, and so we consider that the potential adverse impacts on the Group's business by the threat of COVID-19 may prolong for a longer period.

(b) The revision of the tendering rules in Yunnan

As disclosed in the Interim Report 2020, in late 2019, Yunnan China National Tobacco Corporation, a major customer of the Group, announced changes to tendering rules, placing more emphasis on price as opposed to other factors such as technical elements, with an aim to stem out corruption. For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020, the revenue derived from Yunnan China National Tobacco Corporation represented approximately 13.2%, 10.4%, 10.8% and 12.2% of the Group's turnover respectively. This affects all the tobacco packaging suppliers of Yunnan China National Tobacco Corporation including the Group. The revision of the tendering rules in Yunnan poses pressure on profit margin for the Group. As disclosed in the Interim Report 2020, although the sales volume of the Group increased as a result of the new tendering rules, the Group's orders in Yunnan inevitably suffered margin pressure.

In response to the pricing outcome of the Yunnan tendering process, the Group will continue to implement a mitigation plan to address the expected near-term impact of lower prices. These measures include reducing raw material costs, increasing automation, and working with customers in using more cost-efficient materials and designs. While the Management hopes that the impact of the measures would be fully reflected in the second half of 2020 when those measures are fully in place, it may still take some time for such measures to be in place and to ramp up cost savings. In addition, the Management believes stamping out corruption by the revision of the tendering rules would have a positive impact on the industry and the Group over time as new businesses are to be won on merits. It is because with the Group's long-term track record in providing high-quality cigarette packages capable of being run on high-speed machines and having maintained high corporate governance standards, the Management considers the Group is well placed to maintain a strong presence in the market in long term.

However, in short to medium term of future, the changes in the tendering rules in Yunnan may continue to exert pressure on the price of the Group's products in Yunnan which could hinder recovery in gross profit margin back to the level previously achieved by the Group. Accordingly, we consider that in short to medium term of future, the revision of tendering rules in Yunnan would still pose uncertainty over the prospect of the Group. In the longer term, we consider the pricing pressure resulted from the changes in the tendering rules in Yunnan could bring a more fundamental adverse impact to the

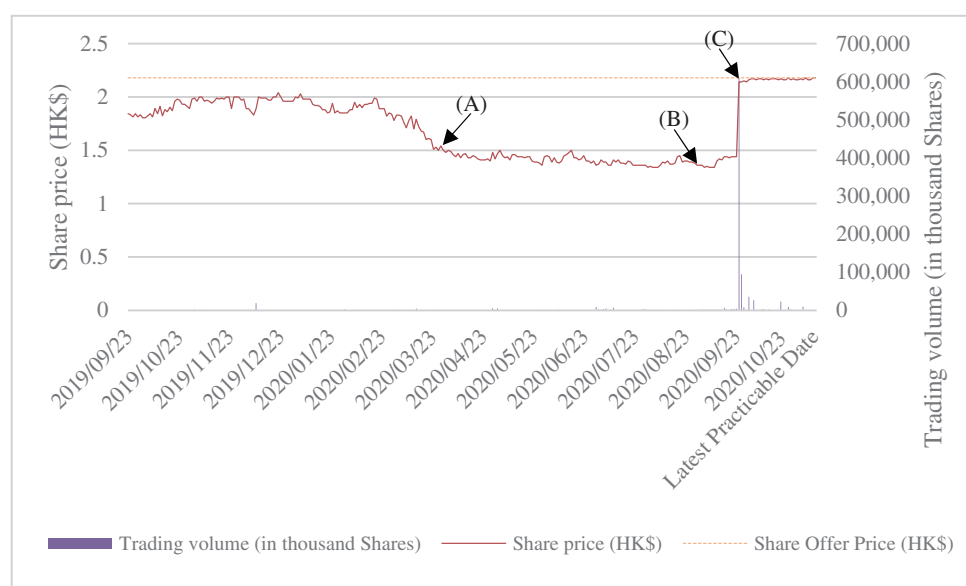
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Group’s business, and such adverse impact may only be mitigated by the Group by adopting effective strategies to, among other things, enhance its competitiveness against other industry players, increase its market share and better implement cost saving measures in the long run, the results of which remain to be seen.

4. Analysis of Share price

(a) Historical Share price performance

Set out in the chart below are the daily closing prices and trading volumes of the Shares on the Stock Exchange during the period from 22 September 2019, being the date falling 12 months preceding the Last Trading Day, up to and including the Latest Practicable Date (the “Share Price Review Period”).



Source: the Stock Exchange’s website

During the Share Price Review Period, the Company published certain announcements (as summarised below) that may be relevant in shaping the market price of the Shares.

Date of announcement	Description of the event
(A) 27 March 2020	Announcement of annual results for the year ended 31 December 2019
(B) 28 August 2020	Announcement of interim results for the six months ended 30 June 2020
(C) 24 September 2020	Publication of the Joint Announcement

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Out of the 248 trading days during the period from 22 September 2019 to the Last Trading Day (the “**Pre-Announcement Period**”), the Shares closed between HK\$1.34 and HK\$2.04, which had been lower than the Share Offer Price of HK\$2.18 per Offer Share.

The closing Share price had been staying at a relatively higher level and oscillating in the range of HK\$1.804 and HK\$2.04 following the publication of the Interim Report 2019 on 23 September 2019 till January 2020. The closing Share price saw a downward trend since mid-February 2020 and dropped to as low as HK\$1.50 around late-March 2020, which was generally in line with the performance of the Hang Seng Index which had plummeted as a result of, among other things, the outbreak of COVID-19. The drop persisted following the announcement of the Company’s annual results for the year ended 31 December 2019 on 27 March 2020 which reported a decrease of 3.8% in turnover. Since then, the Share price had started fluctuating at a relatively lower level in the range of HK\$1.34 and HK\$1.50 for a sustained period until the publication of the Joint Announcement on 24 September 2020.

Trading of the Shares was suspended from 22 September 2020 to 24 September 2020 pending the release of the Joint Announcement. The Shares closed at HK\$2.14 on 25 September 2020 (being the first trading day after the release of the Joint Announcement), representing an increase of approximately 48.61% from the last closing price before the trading halt and a discount of approximately 1.83% to the Share Offer Price. After the release of the Joint Announcement and up to the Latest Practicable Date, the closing price of the Shares was staying in a relatively high level in the range of HK\$2.14 and HK\$2.18. As at the Latest Practicable Date, the price of the Shares closed at HK\$2.18. We consider the considerable increase in the closing Share price subsequent to the release of the Joint Announcement was mainly due to the investors’ reaction to the publication of the Joint Announcement. However, the Offer Shareholders and the Optionholders should be aware that there can be no assurance for the Shares to trade at the recent level of Share prices in the future.

It is noted that the closing Share prices throughout the Share Price Review Period had not exceeded the Share Offer Price, and were below the exercise price of the Options so the Options had remained out-of-money during such period.

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(b) Historical Share price performance and NAV per Share compared to the Share Offer Price of HK\$2.18 per Offer Share

A comparison of the Share Offer Price of HK\$2.18 per Offer Share with the recent closing prices of the Shares and NAV per Share is set out as follows:

	Closing price or approximate average closing price of the Shares or NAV per Share	Premium/(Discount) of Share Offer Price of HK\$2.18 per Offer Share over/to the closing price or approximate average closing price of the Shares or NAV per Share
Last Trading Day	HK\$1.44	51.39%
5 trading days (<i>Note 1</i>)	HK\$1.44	51.39%
10 trading days (<i>Note 1</i>)	HK\$1.42	53.52%
30 trading days (<i>Note 1</i>)	HK\$1.39	56.83%
60 trading days (<i>Note 1</i>)	HK\$1.38	57.97%
90 trading days (<i>Note 1</i>)	HK\$1.40	55.71%
120 trading days (<i>Note 1</i>)	HK\$1.41	54.61%
180 trading days (<i>Note 1</i>)	HK\$1.55	40.65%
Latest Practicable Date	HK\$2.18	nil
Audited NAV attributable to owners of the Company per Share as at 31 December 2019:		
(i) Based on the total number of issued Shares as at 31 December 2019 (<i>Note 2</i>)	HK\$4.04	(46.04%)
(ii) Based on the total number of issued Shares of the Company as at the Latest Practicable Date (<i>Note 2</i>)	HK\$4.04	(46.04%)
Unaudited NAV attributable to owners per Share as at 30 June 2020 (<i>Note 2</i>)	HK\$4.03	(45.91%)

Source: the Stock Exchange's website, the Annual Report 2019 and the Interim Report 2020

Notes:

1. Up to and including the Last Trading Day.
2. The total number of issued Shares as at 31 December 2019, 30 June 2020 and the Latest Practicable Date were 929,047,000 Shares.

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The Share Offer Price of HK\$2.18 per Offer Share represents a premium of approximately 40.65% to 57.97% over the closing Share price on the Last Trading Day and the average closing price of the Shares for the 5-, 10-, 30-, 60-, 90-, 120- and 180-trading day periods (up to and including the Last Trading Day) before the release of the Joint Announcement. The closing Share price as at the Latest Practicable Date was HK\$2.18 per Share which was equivalent to the Share Offer Price and the corresponding premium reduced to zero. We consider that the Share price as at the Latest Practicable Date and the corresponding reduction in premium were affected by the publication of the Joint Announcement in relation to the Share Offer.

The Share Offer Price represents a discount of approximately 46.04% to the NAV attributable to owners of the Company per Share as at 31 December 2019 and approximately 45.91% to the NAV attributable to owners of the Company per Share as at 30 June 2020.

(c) Trading liquidity of the Shares

Set out in the table below are the monthly total trading volumes of the Shares and the percentages of such monthly total trading volumes to the total issued Shares and the Shares held by the Offer Shareholders in the Share Price Review Period:

	Monthly total trading volume of the Shares	Percentage of the total trading volume of the Shares for the month/period to the total issued Shares <i>(Note 1)</i>	Percentage of the total trading volume of the Shares for the month/period to the Shares held by the Offer Shareholders <i>(Note 2)</i>
2019			
September	5,175,000	0.6%	1.1%
October	4,496,000	0.5%	0.9%
November	5,582,166	0.6%	1.1%
December	21,714,000	2.3%	4.5%
2020			
January	3,167,251	0.3%	0.7%
February	5,818,800	0.6%	1.2%
March	11,539,001	1.2%	2.4%
April	7,856,869	0.8%	1.6%
May	11,180,000	1.2%	2.3%

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	Monthly total trading volume of the Shares	Percentage of the total trading volume of the Shares for the month/period to the total issued Shares (Note 1)	Percentage of the total trading volume of the Shares for the month/period to the Shares held by the Offer Shareholders (Note 2)
June	8,980,196	1.0%	1.8%
July	40,499,092	4.4%	8.3%
August	16,558,623	1.8%	3.4%
September (Note 3)	748,836,494	80.6%	153.9%
October	108,792,940	11.7%	22.4%
From 1 November 2020 up to and including the Latest Practicable Date	12,096,130	1.3%	2.5%

Source: the Stock Exchange's website

Notes:

1. The calculation is based on the total trading volume of the Shares for the month or period divided by the total issued Shares of 929,047,000 as at the end of the corresponding month or the Latest Practicable Date.
2. The calculation is based on the total trading volume of the Shares for the month or period divided by the total number of Shares of 929,047,000 as at end of the corresponding month or the Latest Practicable Date after subtracting the total number of Shares of 442,550,000 held by the Offeror and parties acting in concert with it. This is to provide additional information on the trading liquidity of the Shares from the perspective of the Offer Shareholders by discounting the Shares held by the Offeror and its concert parties.
3. Trading in the Shares was suspended from 22 September 2020 to 24 September 2020 pending the release of the Joint Announcement.

As noted from the above table, prior to the publication of the Joint Announcement in September 2020, the monthly trading volume of the Shares as a percentage of the total issued Shares had been thin in general during the Pre-Announcement Period, which ranged from approximately 0.3% to 4.4%. During the same period, the corresponding monthly trading volume of the Shares as a percentage of the total issued Shares held by the Offer Shareholders ranged from approximately 0.7% to 8.3%. Taking account of the above, we consider that, from the Offer Shareholders' perspective, the trading liquidity of the Shares had been thin during the Pre-Announcement Period. Subsequent to the release of the Joint Announcement, it is noted that there were surges in trading volume of the Shares recorded in late-September and early October 2020. In particular, it is noted that, on 25 September 2020 being the first trading day after the Joint Announcement was published, approximately 609 million Shares were traded, which considerably contributed to the significant increase in the trading volume of the Shares in September 2020. We consider such surges were mainly caused by the potential effects of the Offers, and it is

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uncertain whether the trading volume of the Shares will maintain at such level in the future. Apart from the surges in trading volume of the Shares subsequent to the release of the Joint Announcement, we are of the view that the liquidity of the Shares had been generally low during the Share Price Review Period.

As discussed above, given the trading of the Shares has been generally inactive, we consider there is considerable uncertainty as to whether there would be sufficient liquidity in the Shares for the Offer Shareholders to dispose of a significant number of the Shares in the open market without putting pressure on the Share price.

(d) Discount of the Share price to the NAV per Share

The Share Offer Price of HK\$2.18 per Offer Share represents a discount of approximately 46.04% and 45.91% to the NAV attributable to owners of the Company per Share of approximately HK\$4.04 and HK\$4.03 as at 31 December 2019 and 30 June 2020 respectively (calculated based on a total of 929,047,000 Shares in issue as at 31 December 2019 and 30 June 2020 respectively). We have reviewed the historical discounts of the Share price to the NAV attributable to owners of the Company per Share as at 31 December 2019 and 30 June 2020, based on information contained in the Annual Report 2019, Interim Report 2020 and monthly returns of the Company, as set out below:

	Closing price of the Shares or the Share Offer Price	Discount of the closing price or the Share Offer Price to the NAV per Share as at 31 December 2019
31 December 2019	HK\$1.96	51.49%
Share Offer Price	HK\$2.18	46.04%

	Closing price of the Shares or the Share Offer Price	Discount of the closing price or the Share Offer Price to the NAV per Share as at 30 June 2020
30 June 2020	HK\$1.40	65.26%
Share Offer Price	HK\$2.18	45.91%

As seen above, the Shares traded at considerable discount to the NAV attributable to owners of the Company per Share as at 31 December 2019 and 30 June 2020 and the closing prices of the Shares as at 31 December 2019 and 30 June 2020 had discounts of approximately 51.49% and 65.26% to the NAV attributable to owners of the Company per Share as at 31 December 2019 and 30 June 2020 respectively. The Share Offer Price represents discount of approximately 46.04% and 45.91% to the NAV attributable to owners of the Company per Share as at 31 December 2019 and 30 June 2020 respectively, being lower than the historical discount as shown above, which means that the Share Offer Price gives a more favourable valuation of the Company to the Offer Shareholders and the investing public in this regard.

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In addition, as discussed in the section headed “Principal Factors and Reasons Considered – Comparable Companies analysis” in this letter, the Company can be considered as relatively asset-heavy. We consider that, for companies engaging in production of more traditional products like cigarette package printing business as operated by the Company, those which are asset-heavy may be valued by investors in the stock market with a considerable discount to NAV because, among other reasons, the asset-heavy companies may possess more non-current assets, such as properties, plants and equipment and also goodwill, which are less readily convertible into cash equivalents. Taking account of the above, although the Share Offer Price represents a discount to the NAV attributable to owners of the Company per Share (and hence the implied PBR of the Share Offer Price is below one time), since the Share Offer Price gives a lower discount than historical discounts of the closing Share prices as at 31 December 2019 and 30 June 2020 to the NAV attributable to owners of the Company per Share as at 31 December 2019 and 30 June 2020, we consider the Share Offer Price fair and reasonable in this respect.

5. Information on and Intention of the Offeror

(a) Background of the Offeror

Golden Vision Buyout Fund SPC, is a segregated portfolio company incorporated in the Cayman Islands acting for and on behalf of one of its segregated portfolios Golden Vision Buyout Fund I SP (being a fund incorporated in the Cayman Islands), in relation to the sale and purchase of the Sale Shares and the Offers. It is a legal person which may establish one or more segregated portfolios. Golden Vision Buyout Fund I SP, as a segregated portfolio of Golden Vision Buyout Fund SPC, is not a legal entity. Any action of Golden Vision Buyout Fund I SP shall be taken by Golden Vision Buyout Fund SPC acting on behalf of and for the account of Golden Vision Buyout Fund I SP. Golden Vision Buyout Fund I SP is managed by New Prospect Capital in its capacity as the investment manager.

The Offeror is principally engaged in investment holding. As at the Latest Practicable Date, the total issued share capital of the Offeror comprises (i) one (1) share of management share (a voting non-redeemable non-participating share) which was issued to an entity indirectly wholly-owned by Mr. Chan Chor Kwong; and (ii) 12,948.71795 shares of non-redeemable participating shares which were issued to an entity wholly-owned by Mr. Jackson Wijaya Limantara. Mr. Chan Chor Kwong is a businessman principally engaged in pulp trading, jewelry business and investment in Southeast Asia. Mr. Jackson Wijaya Limantara is the founder of a pulp and paper product company headquartered in the Netherlands.

New Prospect Capital has been engaged by Golden Vision Buyout Fund I SP to act as its investment manager, which shall, subject to the overall supervision, review and control of the directors of the Offeror, provide full investment services to the fund to manage its investment portfolio, by complying with the determinations, instructions or directions given by the investment committee of the fund from time to time. The investment committee shall be established in accordance with the memorandum and

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articles of association of Golden Vision Buyout Fund SPC and the composition of which shall be determined by the directors of Golden Vision Buyout Fund SPC. The investment committee will comprise of the directors of Golden Vision Buyout Fund SPC as well as one industry expert. Approval of such investment committee shall be obtained by New Prospect Capital before any acquisition or disposition, whether in part or in whole, of a portfolio of the fund. New Prospect Capital is a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. It is the wholly-owned subsidiary of New Prospect Capital Management Holdings Limited. Mr. Wang Hui and Mr. Gong Shen-Yu, being the only two directors of New Prospect Capital (with Mr. Wang Hui also being a responsible officer of New Prospect Capital), are appointed as the directors of Golden Vision Buyout Fund SPC primarily to supervise the management of the fund.

(b) Intention of the Offeror in relation to the Group

As set out in the “Letter from CCBI”, it is the intention of the Offeror that the Group will retain the existing management to continue with its existing principal activities upon the close of the Offers. As at the Latest Practicable Date, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; (ii) dispose of or re-deploy the fixed assets of the Company other than in its ordinary and usual course of business; and (iii) introduce any major changes in the existing operations and business of the Group. Upon close of the Offers, the Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating a sustainable business plan and strategy for the Group’s long-term development. Further information in relation to the intention of the Offeror is set out below.

(i) Change of control under the Facilities Agreement

As disclosed in the “Letter from the Board”, under the terms of the Facilities Agreement, in the event that any person or group of persons acting in concert hold more votes that might be cast at a general meeting of the Company than Amcor Plc (being a parent company of the Vendor), or Amcor Plc fails to maintain its beneficial ownership, direct or indirect, of not less than 35% of the shareholding interest of the Company, the Facility Agent may demand immediate payment of the loans granted under the Facilities Agreement. As the Completion gave rise to a right to demand repayment by the Facility Agent as described above, and hence technically triggered an event of default under the Facilities Agreement (the “**Default**”). Further, under the terms of the Facilities Agreement, if the Shares are (a) suspended from trading for more than ten consecutive days on the Stock Exchange; or (b) the listing of the Shares on the Stock Exchange is terminated or otherwise ceases, it would also constitute an event of default under the Facilities Agreement. In the event of that the listing status of the Company is withdrawn as a result of compulsory acquisition by the Offeror as described in the paragraph headed “The listing status of the Company” of the “Letter from the Board”, the Share would no longer be listed and traded on the Stock Exchange, and hence trigger an event of default under the

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Facilities Agreement. As at the Latest Practicable Date, applications have already been submitted by the Company to the relevant Lenders under the Facilities Agreement for a waiver in favour of the Company to the effect that Completion and the potential withdrawal of listing status of the Company if it materializes will not be treated as an event of default under the Facility. The applications are currently subject to internal review by the relevant Lenders. The Company has also applied for new facilities from other financial institutions to refinance the Facility. As at the Latest Practicable Date, the Company had not yet received the waiver and had not yet entered into any other facility agreements for refinancing the Facility. It is expected that the Company will receive the decision from the relevant lenders by the end of November 2020 or by early December 2020. In the meanwhile, the Offeror and the Company have arranged a back-stop plan to repay the loan granted under the Facilities Agreement in the event that the waiver applications are not approved. Such plan includes seeking alternative financing and/or repayment through the Company's internal resources and/or other means.

As stated in the "Letter from CCBI", the Offeror has irrevocably and unconditionally undertaken to the Vendor in favour of the Company to secure and maintain, or cause to secure or maintain, in place available funding of an amount no less than HK\$1,350,000,000 to be advanced to the Company on normal commercial terms or better (in any event not materially less favourable than the Facility), to repay any amounts due under the Facility at such time as required by the Lenders in the event of (i) the Default; and (ii) the Company having insufficient cash to satisfy the amounts due under the Facility after setting aside the operating cash needed for the Group's ordinary course of business.

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(ii) Proposed change to the board composition of the Company

As at the Latest Practicable Date, the Board comprises one non-executive chairman, two executive Directors, two non-executive Directors and three independent non-executive Directors. The Offeror intends to nominate new Directors for appointment to the Board with effect from the earliest time permitted under the Takeovers Code. As noted from the “Letter from CCBI”, as at the Latest Practicable Date, the Offeror has not reached any final decisions as to who will be nominated as new Directors.

As stated in the “Letter from the Board”, Mr. Chan Chew Keak, Billy, Mr. Michael Casamento and Mr. Jerzy Czubak (all being Directors nominated by the Vendor to the Board) will resign from their offices as a Director with effect from the date immediately after the First Closing Date or the date when the Share Offer becomes or is declared unconditional (whichever is later) (or any such earlier date as permitted under the Takeovers Code or by the Executive).

(iii) Compulsory acquisition and withdrawal of listing of the Company

As stated in the “Letter from CCBI”, the Offeror intends to avail itself of exercising the right under section 88 of the Companies Law to compulsorily acquire those Shares not acquired by the Offeror under the Share Offer if, within four months after the despatch of the Composite Document, it has acquired not less than 90% of the Shares subject to the Share Offer in accordance with Rule 2.11 of the Takeovers Code. On completion of the compulsory acquisition (if applicable), the Company will become a wholly-owned subsidiary of the Offeror and an application will then be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares not acquired by the Offeror under the Share Offer, whether by reason of the level of acceptances of the Share Offer not reaching the prescribed thresholds under the Companies Law or the Takeovers Code or otherwise, the Offeror will take, or procure the Company to take, such steps as are necessary, such as disposal of Shares held by the Offeror or parties acting in concert with it and/or issue of additional Shares by the Company to independent third parties after the close of the Offers, to ensure that the Company will have an adequate public float so as to comply with the applicable requirements under the Listing Rules.

(iv) Our view

With reference to the above information relating to the Offeror, we note that the Offeror intends that the Group will retain the existing management to continue with its existing principal activities upon the close of the Offers. However, Mr. Chan Chew Keak, Billy, Mr. Michael Casamento and Mr. Jerzy Czubak, all being

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non-executive Directors, will resign from their offices as a Director. In addition, while we note that the ultimate shareholders of the Offeror, Mr. Chan Chor Kwong and Mr. Jackson Wijaya Limantara have experience in trading businesses, the Offeror has not reached any final decisions as to who will be nominated as new Directors as of the Latest Practicable Date. While the Offeror has no intention as at the Latest Practicable Date to (i) discontinue the employment of any employees of the Group; (ii) dispose of or re-deploy the fixed assets of the Company other than in its ordinary and usual course of business; and (iii) introduce any major changes in the existing operations and business of the Group, the Offeror indicated that, upon close of the Offers, it will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating a sustainable business plan and strategy for the Group's long-term development. In this respect, we are uncertain as to the influence on the Group by the Offeror in the foreseeable future.

As noted above, the Completion has technically triggered the Default, and also if the listing status of the Company is withdrawn as a result of compulsory acquisition by the Offeror so that the Share would no longer be listed and traded on the Stock Exchange, an event of default under the Facilities Agreement would also be triggered. Although the Offeror and the Company have been working together to take various actions to mitigate the potential impacts of the Default as noted above (including the Offeror's undertaking to the Vendor to secure and maintain, or cause to secure or maintain, in place available funding of an amount no less than HK\$1,350,000,000 to be advanced to the Company as mentioned above), however, the Company had not yet received any relevant waiver from the Lenders and also had not yet entered into any other facility agreements for refinancing the Facility as at the Latest Practicable Date. We consider that, as at the Latest Practicable Date, there still remained uncertainty whether the Company could in a timely manner deal with any demand from the Lenders, and hence whether the Company would experience adverse impacts arising from the Default, if they choose to require early repayment. Accordingly, the Offer Shareholders are reminded of such uncertainty which could lead to adverse development to the prospects of the Company.

As noted above, the Offeror intends to avail itself of exercising the right to compulsorily acquire those Shares not acquired by the Offeror under the Share Offer. In this connection, the Offer Shareholders who wish to retain part or all of their investments in the Shares are reminded that, should the Offeror exercise its right to compulsorily acquire those Offer Shares not already owned or to be acquired by the Offeror or parties acting in concert with it, the Offer Shareholders' Shares will also be compulsorily acquired by the Offeror.

As stated in the "Letter from the Board", if the Offeror does not effect the compulsory acquisition set out above, and at the close of the Share Offer less than 25% of the Shares are held by the public or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange may

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exercise its discretion to suspend dealings in the Shares. In this connection, the Offer Shareholders who wish to retain part or all of their investments in the Shares are reminded that, upon completion of the Share Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a prescribed level of public float is attained.

6. Comparable Companies analysis

The Group is principally engaged in the printing of cigarette packages and manufacturing of transfer paper and laser film. Substantially all the Group's turnover was derived from the printing of cigarette packages. For the purpose of assessing the reasonableness of the Share Offer Price, we have reviewed and identified three companies listed on the Main Board of the Stock Exchange engaging in and having majority (i.e. more than 50 percent) of their revenue derived from printing of cigarette packages and with the latest complete financial year comprising a full twelve-month period (the “Comparable Companies”). We consider the Comparable Companies to be exhaustive based on the selection criteria as set out above and, in general, would serve a fair and representative sample for the purpose of drawing a comparison to the Share Offer Price. Details of the Comparable Companies are set out below:

Company (Stock code)	Principal activities	Market Capitalisation as at the Latest Practicable Date <i>(HK\$ million)</i>	Revenue for the year ended 31 December 2019 <i>(million)</i>	Profit/(Loss) attributable to owners of the company for the year ended 31 December 2019 <i>(million)</i>	Unaudited NAV attributable to owners of the company as at 30 June 2020 <i>(million)</i>	Price-to- earnings ratio ("PER") <i>(times)</i> <i>(Note 1)</i>	Price-to- book ratio ("PBR") <i>(times)</i> <i>(Note 2)</i>
The Company (2300)	Printing of cigarette packages; and manufacturing of transfer paper and laser film.	1,337.8 <i>(Note 3)</i>	HK\$2,407.5	HK\$313.3	HK\$3,740.0	4.27	0.36
Brilliant Circle Holdings International Limited (1008)	Printing and manufacturing of cigarette packages and related materials; manufacturing of laminated paper; and sales of RFID products.	564.4	HK\$1,495.8	HK\$175.9	HK\$2,637.7	3.21	0.21
Jia Yao Holdings Limited (1626)	Design, printing and sale of paper cigarette packages and social product paper packages; and trade sale of goods including mainboards of cell phones.	336.0	RMB581.3	RMB4.2	RMB205.8	71.29 <i>(Note 4)</i>	1.49 <i>(Note 5)</i>

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Company (Stock code)	Principal activities	Market Capitalisation as at the Latest Practicable Date <i>(HK\$ million)</i>	Revenue for the year ended 31 December 2019 <i>(million)</i>	Profit/(Loss) attributable to owners of the company for the year ended 31 December 2019 <i>(million)</i>	Unaudited NAV attributable to owners of the company as at 30 June 2020 <i>(million)</i>	Price-to- earnings ratio ("PER") <i>(times)</i> <i>(Note 1)</i>	Price-to- book ratio ("PBR") <i>(times)</i> <i>(Note 2)</i>
Sheen Tai Holdings Group Company Limited (1335)	Manufacturing and sales of BOPP films; sales of sub- processing cigarette films; property development, generation of photovoltaic power and cloud-related business.	221.5	HK\$376.2	HK\$(47.9)	HK\$757.1	Not applicable <i>(Note 6)</i>	0.29
					Average	26.26	0.59
					Median	4.27	0.33
					Maximum	71.29	1.49
					Minimum	3.21	0.21
					Implied Market Capitalisation <i>(HK\$ million)</i>	Implied PER <i>(times)</i>	Implied PBR <i>(time)</i>
The Share Offer Price					2,025.3 <i>(Note 7)</i>	6.47 <i>(Note 8)</i>	0.54 <i>(Note 9)</i>

Source: the Stock Exchange's website, annual reports and interim reports of the Comparable Companies

Notes:

- The PERs of the Comparable Companies are calculated based on the market capitalisation of the respective Comparable Companies as at the Latest Practicable Date (except for the Company, which is based on the closing price of HK\$1.44 as at the Last Trading Day) divided by the earnings of the respective Comparable Companies for the latest financial year ended 31 December 2019 based on their most recently published annual reports.
- The PBRs of the Comparable Companies are calculated based on the market capitalisation of the respective Comparable Companies as at the Latest Practicable Date (except for the Company, which is based on the closing price of HK\$1.44 as at the Last Trading Day) divided by the NAV attributable to owners of the relevant Comparable Companies as at 30 June 2020 based on their most recently published interim reports.
- Market capitalisation of the Company is calculated as the closing price of HK\$1.44 as at the Last Trading Day multiplied by the number of Shares in issue at the Latest Practicable Date.
- Calculation of the PER of Jia Yao Holdings Limited is made with reference to the exchange rate of RMB1.00 = HK\$1.1163 as quoted by the People's Bank of China on 31 December 2019.
- Calculation of the PBR of Jia Yao Holdings Limited as at 30 June 2020 is made with reference to the exchange rate of RMB1.00 = HK\$1.0948 as quoted by the People's Bank of China on 30 June 2020.
- Since Sheen Tai Holdings Group Company Limited recorded a loss attributable to its owners during the latest financial year ended 31 December 2019, its PER is not applicable.

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7. The implied market capitalisation of the Company is calculated as the Share Offer Price of HK\$2.18 per Offer Share multiplied by the number of Shares in issue as at the Latest Practicable Date.
8. The implied PER of the Share Offer Price is calculated based on the Share Offer Price of HK\$2.18 per Offer Share divided by the earnings per Share for the latest financial year ended 31 December 2019 as referenced from the Annual Report 2019.
9. The implied PBR of the Share Offer Price is calculated based on the Share Offer Price of HK\$2.18 per Offer Share divided by the NAV attributable to owners per Share as at 30 June 2020 as referenced from the Interim Report 2020.

PER and PBR are the more commonly used benchmarks in assessing the financial valuation of a company as the data for calculating the ratios can be obtained fairly and directly from publicly available information and reflect the value of the companies determined by the open market. As noted in the table above, the PERs of the Comparable Companies ranged from approximately 3.21 times to approximately 71.29 times and the PBRs of the Comparable Companies ranged from approximately 0.21 time to approximately 1.49 times. The ranges of the PER and PBR of the Comparable Companies are seen to be wide and, in particular for the range of the PER of Comparable Companies, an extreme (i.e., Jia Yao Holdings Limited (“**Jia Yao**”) with an extreme PER of approximately 71.29 times) appear among the Comparable Companies. As shown above, Jia Yao Holdings Limited recorded only a profit attributable to owners of the company of approximately RMB4.2 million for the year ended 31 December 2019, which was relatively close to breakeven situation (i.e. zero profit). Under this circumstance, since the company would still have a market capitalisation of certain value as it is traded in the stock market, the resulted PER would normally be dragged to a relatively high value. We consider the relatively wide range may also be attributable to the fact that the Comparable Companies differ significantly in financial performance and financial positions. Also, due to the more specialised nature of the principal business of the Company, the number of the Comparable Companies available for conducting the comparative analysis is limited. Under these circumstances, the averages and, to a lesser extent, the medians of the PERs and PBRs are more prone to distortion among the Comparable Companies and limited number of the Comparable Companies available for comparison. In this connection, we consider the median of the PERs and PBRs may be more meaningful for the purpose of comparative analysis.

(a) Comparison of the PERs

As shown in the table above, the implied PER of the Share Offer Price of approximately 6.47 times falls within the range of the PERs of the Comparable Companies from approximately 3.21 times to approximately 71.29 times. It is higher than the median of the PERs of the Comparable Companies of approximately 4.27 times but lower than the average of the PERs of the Comparable Companies of approximately 26.26 times. As noted from the table above, among the Comparable Companies, those asset-heavy companies (including the Company and Brilliant Circle Holdings International Limited) which possess a relatively greater NAV had a relatively lower PER, while those asset-light companies with a relatively smaller NAV had a relatively higher PER. We consider it is commonly seen in the market that, for peer companies engaging in the same industry, investors may value with a higher PER for those more asset-light

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peer companies because, among other reasons, the asset-light companies require less capital contribution. Accordingly, since the Company is asset-heavy among the Comparable Companies, we consider it reasonable for the implied PER of the Share Offer Price to be lower than the average of the PERs of the Comparable Companies. In addition, the implied PER of the Share Offer Price is higher than the PER of Brilliant Circle Holdings International Limited which is also relatively asset-heavy among the Comparable Companies. In this respect, taking account of the above, the Share Offer Price may be considered fair and reasonable by reference to the Comparable Companies.

(b) Comparison of the PBRs

As shown in the table above, the implied PBR of the Share Offer Price of approximately 0.54 time falls within the range of the PBRs of the Comparable Companies from approximately 0.21 time to approximately 1.49 times. Meanwhile, the implied PBR is higher than the median of the PBRs of the Comparable Companies of approximately 0.33 time whilst lower than the average of the PBRs of the Comparable Companies of approximately 0.59 time. We consider that, for companies engaging in production of more traditional products like cigarette package printing business as operated by the Company, those which are asset-heavy may be valued by investors in the stock market with a relatively lower PBR below one time because, among other reasons, the asset-heavy companies may possess more non-current assets, such as properties, plants and equipment and also goodwill, which are less readily convertible into cash equivalents. As such, investors may tend less to value, in terms of stock price, the assets of the asset-heavy companies on a dollar-to-dollar basis, but give discount to the assets instead when valuing their stock prices, which in turn would lead to a lower PBR. As compared to Brilliant Circle Holdings International Limited which is also relatively asset-heavy among the Comparable Companies, the implied PBR of the Share Offer Price of approximately 0.54 time is higher than the PBR of Brilliant Circle Holdings International Limited of approximately 0.21 time. In this respect, taking account of the above, we consider the Share Offer Price fair and reasonable in this respect by reference to the Comparable Companies.

(c) Comparison of the PERs and PBRs excluding Jia Yao

As Jia Yao is considered as an extreme as discussed above, we have performed further comparative analysis with reference to the Comparable Companies excluding Jia Yao. The median and average of the PER of the Comparable Companies excluding Jia Yao are both approximately 3.74 time, while the median and average of the PBR of the Comparable Companies are both approximately 0.29 time. In this connection, the implied PER and the implied PBR of the Share Offer Price of approximately 6.47 times and 0.54 time respectively are above the median and averages of the PER and PBR of the Comparable Companies excluding Jia Yao respectively, which means that the Share Offer Price gives a more favourable valuation. Accordingly, we consider the Share Offer Price fair and reasonable in this respect by reference to the Comparable Companies excluding Jia Yao.

7. Analysis of the Option Offer

As at Latest Practicable Date, the Company has 1,794,949 outstanding Options granted under the 2004 Share Option Scheme, each relating to one Share with an exercise price of HK\$3.64. No option has been granted under the 2014 Share Option Scheme. In accordance with the terms of the 2004 Share Option Scheme, if the Option Offer is not accepted, any unexercised Options will lapse after one month from the date on which the Offers become or are declared unconditional.

The Option Offer is made by CCBI on behalf of the Offeror to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options in exchange for cash. The price for the cancellation of each Option accepted under the Option Offer would normally be the “see-through” price, which represents the difference between the Share Offer Price and the exercise price of each Option. As the Share Offer Price of HK\$2.18 per Offer Share is lower than the exercise price of HK\$3.64 of the Options, the Options are out-of-money and the “see-through” price is zero. As such, the Option Offer will be made at a nominal price of HK\$0.001 in cash for the cancellation of each outstanding Option.

As set out in our discussion in the section headed “Principal Factors and Reasons Considered – Analysis of Share price” in this letter, the closing Share prices in all trading days during the Share Price Review Period were below the exercise price of the Options that the Options had remained out-of-money during such period. We consider the Option Offer Price to be in line with the market practice and is determined in accordance with the Takeovers Code. In this respect, as the Options have been out-of-money throughout the Share Price Review Period, we consider that the Option Offer Price is fair and reasonable.

IV. DISCUSSION AND ANALYSIS

In forming our opinion and recommendation below, we have taken account of the factors set out under the section headed “Principal Factors and Reasons Considered” in this letter. In particular, we would like to draw the attention of the Offer Shareholders and the Optionholders to certain key points as summarised below:

1. Share Offer Price representing premium over the historical Share prices and lower discount to NAV per Share than the historical discounts during the Pre-Announcement Period

For the Shareholders, the realisable value of their investment in the Company mainly depends on the Share price, and hence one of the most important factors to assess the reasonableness and fairness of the Share Offer Price is the premium or discount of the Share Offer Price over or to historical Share prices. As set out in our discussion in the section headed “Principal Factors and Reasons Considered – Analysis of Share price” in this letter, the Share Offer Price is higher or equal to than the closing Share prices in all trading days during the Share Price Review Period, and in particular, the premium of the Share Offer Price over the closing Share price during the Pre-Announcement Period had been substantial. As set out in our discussion in the section headed “Principal Factors and Reasons Considered – Analysis of

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Share price” in this letter, the Share Offer Price offers a premium in the range of approximately 40.65% to 57.97% over the closing Share prices during various periods before the Last Trading Day. We also noted that after the release of the Joint Announcement, the closing price of the Shares increased substantially and had then stayed in the range of HK\$2.14 and HK\$2.18 up to the Latest Practicable Date, which was relatively close to the Share Offer Price. We consider the considerable increase in the closing Share price subsequent to the release of the Joint Announcement was mainly due to the investors’ reaction to the publication of the Joint Announcement. However, the Offer Shareholders and the Optionholders should be aware that there can be no assurance for the Shares to trade at the recent level of Share prices in the future. In this respect, taking account of the substantial premium of the Share Offer Price over the closing Share price during the Pre-Announcement Period, we consider that the Share Offer Price is fair and reasonable.

As set out in our discussion in the section headed “Principal Factors and Reasons Considered – Analysis of Share price” in this letter, the Share Offer Price represents a discount of approximately 46.04% to the NAV attributable to owners of the Company per Share as at 31 December 2019 and a discount of approximately 45.91% to the NAV attributable to owners of the Company per Share as at 30 June 2020. Such discounts are lower than the historical discounts of the closing Share price to the NAV attributable to owners of the Company per Share as at 31 December 2019 of approximately 51.49% and 30 June 2020 of approximately 65.26% respectively, which means that the Share Offer Price gives a more favourable valuation of the Company to the Offer Shareholders and the investing public in this regard. As discussed in the section headed “Principal Factors and Reasons Considered – Comparable Companies analysis” in this letter, the Company can be considered as relatively asset-heavy. We consider that, for companies engaging in production of more traditional products like cigarette package printing business as operated by the Company, those which are asset-heavy may be valued by investors in the stock market with a considerable discount to NAV because, among other reasons, the asset-heavy companies may possess more non-current assets, such as properties, plants and equipment and also goodwill, which are less readily convertible into cash equivalents. Taking account of the above, although the Share Offer Price represents a discount to the NAV attributable to owners of the Company per Share (and hence the implied PBR of the Share Offer Price is below one time), since the Share Offer Price gives a lower discount than historical discounts of the closing Share prices as at 31 December 2019 and 30 June 2020 to the NAV attributable to owners of the Company per Share as at 31 December 2019 and 30 June 2020, we consider the Share Offer Price fair and reasonable in this respect.

For the purpose of the analysis of the reasonableness and fairness of the terms of the Offers, as the Share price had surged significantly to become close to but not exceeding the Share Offer Price, we consider that the movement of the Share price during the period after the publication of the Joint Announcement already reflected the impact of the Offers, and discussion for the period after the publication of the Joint Announcement in this respect is less relevant and less meaningful, and we focused our discussion here on the Pre-Announcement Period.

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2. Recent decline in financial performance and business prospects remaining challenging

The Group is principally engaged in the printing of cigarette packages and manufacturing of transfer paper and laser film. During the Review Period, more than 98% of the Group's turnover was derived from the printing of cigarette packages. The Group has been profitable during the Review Period, but has experienced a more considerable decline in financial performance in the first half of 2020.

As discussed in the section headed "Principal Factors and Reasons Considered – Background and information of the Company – Financial performance of the Group" in this letter, the turnover and gross profit margin of the Group had been relatively stable during the three years ended 31 December 2019. The turnover of the Group increased slightly by approximately 2.2% for the year ended 31 December 2018 as compared to the year ended 31 December 2017, and decreased slightly by approximately 3.8% in the year ended 31 December 2019. The gross profit margin of the Group remained steady in the range from approximately 29.0% to 29.6% during such three years. However, the Group's profit attributable to owners of the Company showed fluctuation during the three years ended 31 December 2019. The Group's profit attributable to owners of the Company decreased by approximately 22.9% for the year ended 31 December 2018 as compared to the year ended 31 December 2017, and then showed improvement and increased by approximately 17.6% in the year ended 31 December 2019. According to the annual reports of the Company for the years ended 31 December 2018 and 2019, the fluctuation was mainly due to exchange gains and losses during such period, additional contribution from newly acquired associates in January 2018, as well as one-off disposal gains relating to a subsidiary and an associate of the Company and one-off expenses relating to the relocation of the Group's Beijing plant and Dongguan plant as recorded in 2019.

In the first half of 2020, the Group experienced a more considerable decline in financial performance. While the turnover of the Group for the six months ended 30 June 2020 decreased only slightly by approximately 4.1% as compared to the six months ended 30 June 2019, the gross profit margin of the Group dropped from 31.0% for the six months ended 30 June 2019 to 28.4% for the six months ended 30 June 2020. The Group's profit attributable to owners of the Company decreased from approximately HK\$187,844,000 for the six months ended 30 June 2019, by approximately 40.1% to approximately HK\$112,597,000 for the six months ended year ended 30 June 2020. The considerable decline in financial performance of the Group was mainly due to the combined effect of (i) the changes in the tendering rules of Yunnan China National Tobacco Corporation, a major customer of the Group, to place more emphasis on price, affecting all its tobacco packaging suppliers including the Group, which exerted profit margin pressure on the Group's orders in Yunnan; and (ii) the challenges of the COVID-19 pandemic faced by the whole China which has caused disruptions to supply chains and delays in productions and orders for the Group.

In respect of the business outlook of the Group, we consider the two main factors causing the recent decline in financial performance of the Group may continue to pose challenges to the Group's business. As disclosed in the Interim Report 2020, the Management of the

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Company has started taking measures which include reducing costs and expenses in order to mitigate the adverse impacts arising from both the COVID-19 outbreak and changes in the tendering rules in Yunnan, but it may take some time for such measures to be in place and to ramp up cost savings. Also, the changes in the tendering rules in Yunnan may continue to exert pressure on the price of the Group's products in Yunnan which could hinder recovery in gross profit margin back to the level previously achieved by the Group. In addition, the outbreak of COVID-19 has resulted in significant economic contraction worldwide as well as in China. The threat of COVID-19 is still widespread around the world and resurgence of COVID-19 has been seen in various countries recently. In the event that the resurgence of COVID-19 occurs in China, the Group may again be adversely affected by disruptions to supply chains and delays in productions and orders caused by COVID-19, as experienced by the Group in the first half of 2020. The aforesaid factors could eventually bring negative impact on the financial performance of the Group in short to medium term of future. In the longer term, we consider the adverse impact of COVID-19 on the Group's operation may gradually diminish when effective vaccines will be available. However, at present, it is still unclear when effective vaccines would be made available by pharmaceutical industry practitioners and to what extent the effective vaccines would be accessible to the general public, and so we consider that the potential adverse impacts on the Group's business by the threat of COVID-19 may prolong for a longer period. In addition, we consider the pricing pressure resulted from the changes in the tendering rules in Yunnan could bring a more fundamental adverse impact to the Group's business, and such adverse impact may only be mitigated by the Group by adopting effective strategies to, among other things, enhance its competitiveness against other industry players, increase its market share and better implement cost saving measures in the long run, the results of which remain to be seen. Taking account of all the above, we therefore consider that there is uncertainty over the prospect of the Group.

3. Opportunity to realise the Shares in view of inactive trading in the Shares historically

As discussed in the section headed "Principal Factors and Reasons Considered – Analysis of Share price" in this letter, we are of the view that during the Pre-Announcement Period, the trading liquidity of the Shares was generally thin. It is noted that there were surges in trading volume of the Shares recorded in late-September and early October 2020 following the release of the Joint Announcement. We consider such surges were mainly caused by the potential effects of the Offers, and it is uncertain for the trading volume of the Shares to maintain at such level in the future. Apart from the surges in trading volume of the Shares subsequent to the release of the Joint Announcement, we consider that the Shares cannot be regarded as having been actively traded during the Share Price Review Period. Given the inactive trading prior to the release of the Joint announcement, it is uncertain whether there would be sufficient trading liquidity of the Shares for the Offer Shareholders to realise their investment in the Shares by disposing of a significant number of the Shares in the open market without putting pressure on the Share price. Accordingly, the Share Offer provides an exit opportunity for the Offer Shareholders, particularly for those with sizeable shareholdings, who would like to realise their investments in the Shares at a fixed cash price without creating downward pressure on the market price of the Shares.

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4. Cross checks against the Comparable Companies

As analysed in the section headed “Principal Factors and Reasons Considered – Comparable Companies analysis” in this letter, the implied PER and PBR of the Share Offer Price are within the range of the corresponding ratios of the Comparable Companies. The Share Offer Price of HK\$2.18 per Offer Share represents an implied PBR of approximately 0.54 time, which is lower than the average of that of the Comparable Companies of approximately 0.59 time but higher than the median of that of the Comparable Companies of approximately 0.36 time, while the Share Offer Price represents an implied PER of approximately 6.47 times, which is lower than the average of that of the Comparable Companies of approximately 26.26 times but higher than the median of that of the Comparable Companies of approximately 4.27 times. However, as discussed in the said section, it is noted that the averages and, to a lesser extent, the medians of the PERs and PBRs are more prone to distortion as a result of the extreme among the Comparable Companies and limited number of Comparable Companies available for comparison, and thus we consider the median of the PERs and PBRs may be more meaningful for the purpose of comparative analysis. We consider that, for companies engaging in production of more traditional products like cigarette package printing business as operated by the Company, those which are asset-heavy may be valued by investors in the stock market with a relatively lower PBR below one time because, among other reasons, the asset-heavy companies may possess more non-current assets, such as properties, plants and equipment and also goodwill, which are less readily convertible into cash equivalents. As such, investors may tend less to value, in terms of stock price, the assets of the asset-heavy companies on a dollar-to-dollar basis, but give discount to the assets instead when valuing their stock prices, which in turn would lead to a lower PBR. As compared to Brilliant Circle Holdings International Limited which is also relatively asset-heavy among the Comparable Companies, the implied PBR of the Share Offer Price of approximately 0.54 time is higher than the PBR of Brilliant Circle Holdings International Limited of approximately 0.21 time. Also, as discussed in the said section, since the Company is relatively asset-heavy among the Comparable Companies, we consider it reasonable for the implied PER of the Share Offer Price to be lower than the average of the PERs of the Comparable Companies. Taking account of the above, from an overall perspective, the Share Offer Price may be considered as fair and reasonable with reference to comparison with the Comparable Companies.

As discussed in the section headed “Principal Factors and Reasons Considered – Comparable Companies analysis” in this letter, as Jia Yao is considered as an extreme, we have performed further comparative analysis with reference to the Comparable Companies excluding Jia Yao. Based on such further comparative analysis, we noted that the implied PER and the implied PBR of the Share Offer Price of approximately 6.47 times and 0.54 time respectively are above the median and averages of the PER and PBR of the Comparable Companies excluding Jia Yao respectively, which means that the Share Offer Price gives a more favourable valuation. Accordingly, we consider the Share Offer Price fair and reasonable in this respect by reference to the Comparable Companies excluding Jia Yao.

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However, as the Comparable Companies differ considerably in respect of financial performance and financial positions, the ranges of the PER and PBR of the Comparable Companies are relatively wide. Also, due to the more specialised nature of the principal business of the Company, the number of the Comparable Companies available for conducting the comparative analysis is limited. Accordingly, we consider that the comparable analysis should only be one of the factors taken into consideration in assessing the fairness and reasonableness of the Share Offer, but nevertheless is still relevant information for the consideration by the Offer Shareholders and the Optionholders.

V. OPINION AND RECOMMENDATION

After taking into account the principal factors and reasons considered as discussed in our letter, and based on our analysis set out above, we are of the opinion that the terms of the Share Offer and Share Offer Price are fair and reasonable, and recommend that the Offer Shareholders should accept the Share Offer.

Taking into account that the Share Offer is fair and reasonable and the Options have been out-of-money throughout the Share Price Review Period, we are of the opinion that the Option Offer and Option Offer Price is fair and reasonable. As the Options have been out-of-money throughout the Share Price Review Period, and any unexercised Options will lapse after one month from the date on which the Offers become or are declared unconditional for no consideration, the Optionholders can at least monetise the residual value of the Options, though for a very small amount, by accepting the Option Offer. If the Optionholders wish to invest in the Company, they may alternatively purchase the Shares in the open market at prices lower than the exercise price of their Options, instead of exercising their Options. Accordingly, we recommend that the Optionholders should accept the Option Offer.

The closing Share price on the Latest Practicable Date was HK\$2.18 per Share, which was equivalent to the Share Offer Price while below the exercise price of the Options. After the release of the Joint Announcement and up to the Latest Practicable Date, the closing price of the Shares had been staying in the range of HK\$2.14 and HK\$2.18. There is still a possibility during the Offer Period that the Share price may exceed the Share Offer Price, and, less likely in our view, exceed the exercise price of the Options. Accordingly, the Offer Shareholders and the Optionholders are reminded to monitor the trading price and liquidity of the Shares during the Offer Period and, having regard to their own circumstances, consider exercising the Options (for the Optionholders) and/or selling their Shares in the open market, if the net proceeds after deducting all relevant transaction costs as obtained from such disposal of the Shares would be higher than the net proceeds expected to be received under the Offers.

Yours faithfully,

For and on behalf of

SHANGGU SECURITIES LIMITED

Wiley O'Yang

Managing Director

Alvin Leung

Managing Director

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Mr. Wiley O'Yang is a licensed person registered with the SFC and a responsible officer of Shanggu Securities Limited, who 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 17 years of experience in the investment banking and corporate finance industry.

Mr. Alvin Leung is a licensed person registered with the SFC and a responsible officer of Shanggu Securities Limited, who is licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. He has over 20 years of experience in the investment banking and corporate finance industry.

To accept the Offers, you should complete and sign the accompanying Form(s) of Acceptance in accordance with the instructions printed thereon. The instructions set out in this Composite Document should be read together with the instructions printed on the Form(s) of Acceptance which form part of the terms of the Offers.

1. PROCEDURES FOR ACCEPTANCE

1.1 The Share Offer

- (a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "AMVIG Holdings Limited – Share Offer" on the envelope, as soon as possible and in any event no later than 4:00 p.m. on the First Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your holding of Shares (whether in full or in part), you must either:
 - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar by no later than 4:00 p.m. on the First Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the Takeovers Code;
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and signed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be delivered to the Registrar.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together

with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or CCBI or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.

- (f) Acceptance of the Offers will be treated as valid only if the duly completed **WHITE** Form of Share Offer Acceptance is received by the Registrar by no later than 4:00 p.m. on the First Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive) and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (h) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (i) The address of the Registrar, Tricor Investor Services Limited, is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

1.2 The Option Offer

- (a) To accept the Option Offer, you should complete and sign the accompanying **PINK** Form of Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer.
- (b) If you are an Optionholder and you wish to accept the Option Offer in respect of your Share Option, you must send the duly completed and signed **PINK** Form of Option Offer Acceptance together with the relevant Option certificate(s) (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) you intend to tender, stating the number of Options in respect of which you intend to accept the Option Offer, by post or by hand, to the company secretary at Room 601-602, 6th Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong marked “AMVIG Holdings Limited – Option Offer”, as soon as possible and in any event no later than 4:00 p.m. on the First Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code.
- (c) No stamp duty will be deducted from the amount paid or payable to the Optionholder who accepts the Option Offer.
- (d) No acknowledgment of receipt of any **PINK** Form(s) of Option Offer Acceptance, certificate(s) of the Options (if applicable) and/or any other documents of title (and/or any satisfactory indemnity/indemnities required in respect thereof) in respect of the Options will be given.

2. SETTLEMENT OF THE OFFERS**2.1 The Share Offer**

- (a) Pursuant to Rule 20.1 of the Takeovers Code, provided that a valid **WHITE** Form of Share Offer Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares are complete and in good order in all respects and have been received by the Registrar before the close of the Share Offer, a cheque for the amount (rounding up to the nearest cent) due to each of the Independent Shareholders who accepts the Share Offer less seller’s ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Share Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the later of (i) the date of receipt by the Registrar of the duly completed acceptances of the Share Offer and all relevant documents of title which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code; and (ii) the date the Share Offer becomes or is declared unconditional.

- (b) Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect to the payment of seller's ad valorem stamp duty), 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 accepting Independent Shareholder.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

2.2 The Option Offer

- (a) Pursuant to Rule 20.1 of the Takeovers Code, provided that a valid **PINK** Form of Option Offer Acceptance and the relevant Option certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the company secretary of the Company before the close of the Option Offer, a cheque for the amount (rounding up to the nearest cent) due to each of the Optionholders who accepts the Option Offer in respect of the Options tendered by him/her/it under the Option Offer will be despatched to such Optionholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the later of (i) the date of receipt by the company secretary of the Company of the duly completed acceptances of the Option Offer and all relevant documents which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code; and (ii) the date on which the Option Offer becomes or is declared unconditional in all respects.
- (b) Settlement of the consideration to which any accepting Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, 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 accepting Optionholder.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) In order to be valid for the Offers, the **WHITE** Form of Share Offer Acceptance and the **PINK** Form of Option Offer Acceptance must be received by the Registrar (in respect of the Share Offer) or the company secretary of the Company (in respect of the Option Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the First Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the Takeovers Code, or unless the Offers are extended or revised with the consent of the Executive.

- (b) The Offeror reserves the right to revise the terms of the Offers after the despatch of this Composite Document until such day as he may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offers, all the Independent Shareholders and the Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms. The Offers are conditional upon the Offeror having received valid acceptances in respect of the Offer Shares which, together with the Shares already owned or agreed to be acquired by the Offeror and persons acting in concert with it before or during the Offers, will result in the Offeror and persons acting in concert with it holding more than 50% of the voting rights in the Company. Pursuant to the Takeovers Code, where the Offers become or are declared unconditional, the Offers will remain open for acceptance for not less than fourteen (14) days thereafter. The Offeror will make an announcement as and when the Offers become or are declared unconditional.
- (c) If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date or the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to the Independent Shareholders and the Optionholders who have not accepted the Offers, and an announcement will be released. The revised Offers will be kept open for at least 14 days thereafter.
- (d) If the First Closing Date is extended, any reference in this Composite Document and in the Form(s) of Acceptance to the First Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.
- (e) **Notwithstanding the above, the Offeror will not increase the Share Offer Price. 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 Share Offer Price and the Offeror does not reserve the right to increase the Share Offer Price.**

4. EXERCISE OF OPTIONS

The Optionholder who wishes to accept the Share Offer may (i) exercise his/her/its Options (to the extent exercisable) by completing, signing and delivering a notice for exercising the Options together with a cheque for payment of the subscription monies and the related certificates (if applicable) for the Options, or any other methods of exercising the Options acceptable to the Company and become a Shareholder before the earlier of (a) the Offers close, or (b) the expiry date of one month after the date on which the Offers becomes or is declared unconditional; and (ii) at the same time, or in any event no later than 4:00 p.m. on the Final Closing Date, complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with a copy of the set of documents delivered to the

Company for exercising the Options. Exercise of the Options is subject to the terms and conditions of the 2004 Share Option Scheme and the terms attaching to the grant of the relevant Options. Delivery of the completed and signed **WHITE** Form of Share Offer Acceptance to the Registrar will not serve to complete the exercise of the Options but will only be deemed to be an irrevocable authority to the Offeror and/or CCBI and/or any of their respective agent(s) or such other person(s) as they may direct to collect from the Company or the Registrar on his/her/its behalf the relevant share certificate(s) when issued on exercise of the Options as if it/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.

Optionholders are reminded that according to the rules of the 2004 Share Option Scheme the Company may take up to 30 days after the date upon which an Option is effectively exercised (being the date of such receipt by the secretary of the Company) to allot the relevant Shares to the Optionholder and instruct the Registrar to issue a share certificate in respect of the Shares so allotted. If the Optionholder fails to exercise his/her/its Options as aforesaid and in accordance with the terms and conditions of the 2004 Share Option Scheme, while the Company will endeavour to expedite the process to accommodate the Optionholders in exercising the Options, there is no guarantee that the Company may issue the relevant share certificate in respect of the Shares allotted pursuant to his/her/its exercise of the Option(s) to such Optionholder in time for him/her/it to accept the Share Offer as a Shareholder of such Shares under the terms of the Share Offer.

5. LAPSE OF OPTIONS

Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced on the Final Closing Date.

Optionholders should note that according to the rules of the 2004 Share Option Scheme, the Optionholders are entitled to exercise their Options (to the extent not exercised) (i) in full or in part by notice in writing to the Company before the close of the Option Offer; or (ii) after the Offers become or are declared unconditional, in full by notice in writing to the Company at any time within one month after the date on which the Offers become or is declared unconditional. The Options (to the extent not exercised) will, subject to the rules of the 2004 Share Option Scheme, lapse automatically after the expiry of the aforementioned one-month period after the date on which the Offers become or is declared unconditional. Optionholders are reminded that acceptance of the Option Offer made in relation to any Option that has lapsed will not render acceptance to be valid. Optionholders are therefore recommended to consult their own professional advisers as to the exercise of the Options pursuant to the rules of the 2004 Share Option Scheme and the implications as to accepting or rejecting the Option Offer.

Nothing in this Composite Document or the Option Offer will serve to extend the life of any Option which lapses under the 2004 Share Option Scheme. No exercise of Options or acceptance of the Option Offer may be made in relation to any Option that has lapsed.

6. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of his decision in relation to the revision, extension or expiry of the Offers. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offers have been revised, extended, or have expired.

The announcement will state the total number of Shares and Options:

- (i) for which acceptances of the Offers have been received;
- (ii) held, controlled or directed by the Offeror and/or parties acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and/or parties acting in concert with it.

The announcement must include details of any relevant securities (as defined in the Note 4 to Rule 22 Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold. The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares and Options represented by acceptances, only valid acceptances that are in all respects complete, in good order and fulfill the acceptance conditions set out in paragraph 1 of this Appendix, and which have been received by the Registrar (in respect of the Share Offer) or the company secretary of the Company (in the case of the Option Offer) no later than 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offers must be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where appropriate.

7. RIGHT OF WITHDRAWAL

The Share Offer is conditional upon fulfilment of the Condition set out in the “Letter from CCBI” in this Composite Document and the Option Offer is conditional upon the Share Offer becoming and being declared unconditional in all respects. Acceptance of the Share Offer and the Option Offer tendered by Independent Shareholders and Optionholders, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the subparagraph (a) and (b) below:

- (a) in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offers shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date (being 30 December 2020) and if the Offers have not by then become unconditional as to acceptances. An acceptor of the Offers may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar (in relation to the Share Offer) or the company secretary of the Company (in relation to the Option Offer); or
- (b) in the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the paragraph headed “6. Announcements” above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Independent Shareholders and/or Optionholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or the certificate(s) of the Options and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent Shareholder(s) and/or Optionholders at their own risks. Save as aforesaid, acceptances of the Offers shall be irrevocable and not capable of being withdrawn.

8. STAMP DUTY

Sellers’ Hong Kong ad valorem stamp duty on acceptances of the Share Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptances by the Independent Shareholders or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the cash amount payable to the Independent Shareholders who accept the Share Offer. The Offeror will bear its own portion of buyers Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptance, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty

Ordinance (Chapter 117 of the Laws of Hong Kong), and would be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

No stamp duty is payable in connection with the acceptance Option Offer.

9. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The Offers will be made available to all the Independent Shareholders and Optionholders, including the Overseas Shareholders and the Overseas Optionholders. The availability of the Offers to any Overseas Shareholders and Overseas Optionholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders and Overseas Optionholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders and Overseas Optionholders who wish to accept the Share Offer and/or the Option Offer (as the case may be) to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes and duties due by such Overseas Shareholders and Overseas Optionholders in respect of the acceptance of the Offers in such jurisdictions).

Any acceptance by any Overseas Shareholder or Optionholders will be deemed to constitute a representation and warranty from such Overseas Shareholder or Optionholders to the Offeror that such Overseas Shareholders and Overseas Optionholders have observed and are permitted under all applicable laws and regulations to receive and accept the Mandatory General Offer and any revision thereof, and that such Overseas Shareholders and Overseas Optionholders have obtained all requisite governmental, exchange control or other consents and have made all requisite regulations and filing in compliance with all necessary formalities and regulatory or legal requirements and have paid all transfer or other taxes and duties or other required payments due from such Overseas Shareholders and Overseas Optionholders in connection with such acceptance in such jurisdiction, and the such acceptance shall be valid and binding in accordance with all applicable laws and regulations. The Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.

10. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders and Optionholders, those Independent Shareholders and Optionholders who hold Shares and Options as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares whose investments are registered in the names of nominees, to accept the Offers, it is essential that they provide instructions of their intentions with regard to the Offers to their nominees.

11. TAXATION ADVICE

Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with it, the Company, CCBI, the Independent Financial Advisor (as the case may be) and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

12. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, Share certificate(s), Option certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and the Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, parties acting in concert with it, CCBI, Independent Financial Advisor and any of their respective directors nor the Registrar or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form(s) of Acceptance form(s) part of the terms and conditions of the Offers.
- (c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, CCBI, Independent Financial Advisor or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares or the Options in respect of which such person or persons has/have accepted the Offers.
- (f) Due execution of the Form(s) of Acceptance will constitute the appointment of the Offeror and/or CCBI as the attorney of the person or persons accepting the Offers in respect of all the Share(s) to which the Form(s) of Acceptance relate(s).

- (g) Due execution of the Form(s) of Acceptance will constitute an agreement of the Independent Shareholders and Optionholders to ratify each and every act or thing which may be done or effected by the Offeror and/or CCBI and/or the Company or their respective agent(s) or such person or persons as any of them may direct on the exercise of any of the rights contained therein.
- (h) Acceptance of the Offers by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and CCBI that the Shares are sold to the Offeror fully paid and free from all Encumbrances and together with all rights attached thereto on or after the date on which the Share Offer is made, being the date of the Composite Document including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date on which the Share Offer is made (provided that if the record date for determining any accepting Offer Shareholder's entitlement to dividends falls between the date on which the Share Offer is made and the date on which the relevant Shares of such Offer Shareholder accepting the Share Offer are actually transferred to the Offeror, the total consideration payable to such accepting Offer Shareholder for those Shares will be reduced by the net dividends payable on such Shares). For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.
- (i) By accepting the Offers, the Independent Shareholders and the Optionholders will sell their Shares or tender their Options (as the case may be) to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights accruing or attaching to them, including, without limitation, the right to receive in full all dividends and distributions (as applicable) which may be recommended, declared, made or paid by reference to a record date on or after the date on which the Offers are made, that is, the date of this Composite Document. As at the Latest Practicable Date, save for the Interim Dividend, the Company has no intention to make, declare or pay any future dividend/distribution until the close of the Offers. For the possible adjustment of the Share Offer Price for the Interim Dividend, please refer to the paragraph headed "Terms of the Share Offer" in the "Letter from CCBI" in this Composite Document above.

The Offers are made available to all Independent Shareholders and Optionholders, including those who are residents outside Hong Kong. The availability of the Offers to persons not residing in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Such the Overseas Shareholders and the Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibilities, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due in such jurisdictions.

Any acceptance by the Independent Shareholders, the Optionholders and the beneficial owners of the Shares and/or Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Independent Shareholders and Optionholders should consult their respective professional advisers if in doubt. Independent Shareholders and Optionholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

- (j) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares or Options in respect of which as indicated in the Form(s) of Acceptance is the aggregate number of Shares or Options held by such nominee for such beneficial owner who is accepting the Offers.
- (k) Any Independent Shareholder or Optionholder accepting the Share Offer and/or the Option Offer, respectively, will be responsible for payment of any other transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (l) Reference to the Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.
- (m) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders and/or Optionholders in the Form(s) of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (n) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.
- (o) In making their decisions, the Independent Shareholders and the Optionholders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the

Forms of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror and parties acting in concert with it, the Company, CCBI, Independent Financial Advisor and the Registrar. The Independent Shareholders and the Optionholders should consult their own professional advisers for professional advice.

- (p) The Offers are made in accordance with the Takeovers Code.

1. FINANCIAL SUMMARY

The following is a summary of (i) the audited financial results of the Group for each of the three financial years ended 31 December 2017, 2018 and 2019 as extracted from the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019 respectively; and (ii) the unaudited financial results of the Group for the six months ended 30 June 2020 as extracted from the interim report of the Company for the six months ended 30 June 2020:

	Year ended 31 December			Six months ended
	2017	2018	2019	30 June
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(unaudited)
Turnover	2,448,316	2,502,665	2,407,532	1,132,503
Profit before tax	532,928	446,440	470,848	188,301
Income tax expenses	(130,279)	(119,315)	(107,227)	(48,879)
Profit for the year				
attributable to:				
Owners of the Company	345,785	266,516	313,317	112,597
Non-controlling interests	56,864	60,609	50,304	26,825
Comprehensive income for				
the period attributable to:				
Owners of the Company	603,041	64,156	257,531	40,507
Non-controlling interests	78,777	43,669	44,179	21,254
Dividend	138,428	133,783	162,584	55,743
	<u>HK cents</u>	<u>HK cents</u>	<u>HK cents</u>	<u>HK cents</u>
Earnings per Share				
– Basic	37.2	28.7	33.7	12.1
– Diluted (<i>note</i>)	N/A	N/A	N/A	N/A
Dividend per Share	14.9	14.4	17.5	6.0

Note: This reflects the dilution effect on earnings per Share assuming all Options are exercised.

Save for the gain on deemed disposal of an associate of HK\$35,403,000 and the gain on disposal of a subsidiary of HK\$19,557,000 for the year ended 31 December 2019, there were no items of income or expense which are material during each of the three years ended 31 December 2017, 2018 and 2019 or the six months ended 30 June 2020.

There were no qualifications in the auditor's report on the consolidated financial statements of the Company for each of the three years ended 31 December 2017, 2018 and 2019 as contained in the annual reports for these respective years.

2. FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out or refer to in this Composite Document the consolidated statement of profit or loss, the consolidated statement of financial position, the consolidated cash flow statement, the consolidated statement of changes of equity and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”); (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”); and (iv) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2020 (the “**2020 Interim Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2017 Financial Statements are set out from pages 91 to 174 in the annual report of the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”) which was published on 30 April 2018 on the websites of the Company (<https://doc.irasia.com/listco/hk/amvig/annual/ar193566-e101.pdf>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0430/ltn20180430167.pdf>);

The 2018 Financial Statements are set out from pages 99 to 206 in the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”) which was published on 24 April 2019 on the websites of the Company (<https://doc.irasia.com/listco/hk/amvig/annual/2018/ar2018.pdf>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0424/ltn20190424073.pdf>);

The 2019 Financial Statements are set out from pages 99 to 210 in the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”) which was published on 15 May 2020 on the websites of the Company (<https://doc.irasia.com/listco/hk/amvig/annual/ar230359-e101.pdf>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0515/2020051500179.pdf>).

The 2020 Interim Statements are set out from pages 30 to 52 in the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”) which was published on 21 September 2020 on the websites of the Company (<https://doc.irasia.com/listco/hk/amvig/interim/ir236780-e101.pdf>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0921/2020092100211.pdf>).

The 2017 Financial Statements, the 2018 Financial Statements, the 2019 Financial Statements and the 2020 Interim Statements (but not any other part of the 2017 Annual Report, the 2018 Annual Report, the 2019 Annual Report and the 2020 Interim Report in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2020, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Composite Document, the Group had total outstanding indebtedness of approximately HK\$1,193,314,000, comprising (i) unsecured interest-bearing bank borrowings of approximately HK\$1,184,299,000; and (ii) unsecured lease liabilities of approximately HK\$9,015,000.

The Group did not have any significant contingent liabilities as at 30 September 2020.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not have any debt securities, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and any liabilities under acceptances (other than normal trade bills) or other similar indebtedness, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 30 September 2020.

4. NO MATERIAL CHANGE

Save for (i) the slight drop in turnover as compared to same period last year as disclosed in the interim report of the Company for the six months ended 30 June 2020; and (ii) the technical breach on the part of the Company under the Facilities Agreement as disclosed under the paragraph headed “Offeror’s intention in relation to the Group – Change of control under the Facilities Agreement” in the “Letter from the Board”, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated accounts of the Group were made up, and up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

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

<i>Authorised</i>		<i>HK\$</i>
<u>2,000,000,000</u>	Shares	<u>20,000,000.00</u>
<i>Issued and fully paid</i>		
<u>929,047,000</u>	Shares	<u>9,290,470.00</u>

As at the Latest Practicable Date, the Company has Options outstanding entitling the holders thereof to subscribe for an aggregate of 1,794,949 new Shares.

Apart from the aforementioned Options, the Company had no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities of the Company as at the Latest Practicable Date.

All Shares in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital. The Company has not issued any Shares since 31 December 2019, the date to which the latest audited financial statements of the Company were made up.

3. DISCLOSURE OF INTERESTS

(a) Interests in the Offeror

As at the Latest Practicable Date, none of the Company nor any of its Directors had any interest in the equity share capital or any convertible securities, warrants, options or derivatives of the Offeror, and no such person (including the Company) had dealt in the equity share capital or any convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period.

(b) Directors' interests in the Shares

As at the Latest Practicable Date, the following Directors or chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions:

Long positions in the underlying shares of the Company:

Name of Director	Capacity and nature of interests	Number of Shares which may be issued pursuant to the exercise of Options	Percentage of the Company's issued share capital
Mr. Ge Su	Beneficial owner	168,285	0.02%
Mr. Liu Shun Fai	Beneficial owner	84,142	0.01%

(c) Substantial shareholders' interests in the Shares

As at the Latest Practicable Date, the following persons (not being Directors or the chief executives of the Company) had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein; or (iii) as otherwise notified to the Company and the Stock Exchange.:

Long positions in the Shares:

Name of Shareholder	Capacity and nature of interests	Number of Shares	Percentage of the Company's issued share capital
The Offeror	Beneficial owner	442,550,000	47.63%
Verico Investments Ltd	Interest of controlled corporation	442,550,000	47.63%
Chan Chor Kwong	Interest of controlled corporation	442,550,000	47.63%
Samson Rock Capital LLP	Beneficial owner	49,000,000	5.27%

(d) Other interests

As at the Latest Practicable Date:

- (i) the Company did not own any shares of the Offeror or any convertible securities, warrants, options, or derivatives in respect of the shares of the Offeror;
- (ii) none of the Directors was interested in any shares of the Offeror or any convertible securities, warrants, options, or derivatives in respect of the shares of the Offeror;
- (iii) save as disclosed in the paragraph headed "3. Disclosure of Interests" in this Appendix, none of the Directors was interested in any Shares, securities which carry voting rights in the Company, or any convertible securities, warrants, options, or derivatives in respect of the Shares or in respect of other securities which carry voting rights in the Company;

- (iv) no subsidiary of the Company, or pension fund of the Company or of any other member of the Group, or 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 person who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) and including the Independent Financial Adviser, owned or controlled any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (v) no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3), or (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), or (4) of the definition of “associate” under the Takeovers Code, owned or controlled any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (vi) no non-exempt discretionary fund managers connected with the Company owned, controlled, or managed any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (vii) neither the Company nor any of the Directors had borrowed or lent any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (viii) no person who owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company had irrevocably committed himself/herself to accept or not to accept the Offers; and
- (ix) Mr. Ge Su and Mr. Liu Shun Fai have indicated their intentions to accept the Offers in respect of their respective interests in the underlying shares of the Company as disclosed in the paragraph headed “3. Disclosure of Interests” in this Appendix.

4. DEALING IN SECURITIES OF THE COMPANY

During the Relevant Period,

- (i) none of the Directors had dealt for value in any Shares, securities which carry voting rights in the Company, or convertible securities, warrants, options, or derivatives in respect of the Shares or in respect of other securities which carry voting rights in the Company;

- (ii) no subsidiary of the Company, or pension fund of the Company or of any other member of the Group, or person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert”, or person who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers), dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (iii) no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3), or (5) of the definition of “acting in concert” under the Takeovers Code, or person who is an associate of the Company by virtue of classes (2), (3), or (4) of the definition of “associate” under the Takeovers Code, dealt for value in any Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options, or derivatives of the Company; and
- (iv) no non-exempt discretionary fund managers connected with the Company dealt for value in any Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options, or derivatives of the Company.

5. DEALING IN SECURITIES OF THE OFFEROR

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 the shares of the Offeror.

6. LITIGATION

A labour dispute claim was brought by a former director of a subsidiary of the Company, which was acquired by the Group in 2018, for salaries in an aggregate sum of HK\$1,164,000 in November 2018, which was dismissed by the Labour Tribunal of Hong Kong in May 2020. The claimant subsequently appealed the decision and the appeal hearing is fixed on 1 June 2021.

As at the Latest Practicable Date, save as disclosed above, none of the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

7. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which have been entered into by any member of the Group after the date falling two years before commencement of the Offer Period up to and including the Latest Practicable Date:

- (i) the sale and purchase agreement dated 30 July 2019 entered into between 南京金夢都工貿集團公司工會委員會 (Nanjing Jinqingdu Industrial and Trading Group Staff Association Committee[#]) as vendor and AMVIG Investment Limited (“**AMVIG Investment**”), a wholly-owned subsidiary of the Company, as purchaser in relation to the acquisition of 26% of the issued capital of 南京三隆包裝有限公司 (Nanjing Sanlong Packing Co., Ltd.[#]) for a cash consideration of RMB37,643,342; and
- (ii) the sale and purchase agreement dated 30 July 2019 entered into between 江蘇淮陰華新實業集團有限公司 (Jiangsu Huaiyin Huaxin Group Company Ltd.[#]) as vendor and AMVIG Investment as purchaser in relation to the acquisition of 26% of the issued capital of 南京三隆包裝有限公司 (Nanjing Sanlong Packing Co., Ltd.[#]) for a cash consideration of RMB37,643,342.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which are contained or referred to in this Composite Document:

Name	Qualification
Shanggu Securities Limited	a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter, advice or report as the case may be and references to its names in the form and context in which they respectively appear.

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

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2019 (the date to which the latest published audited financial statements of the Group were made up).

9. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES

- (a) As at the Latest Practicable Date, no benefit (other than statutory compensation) had been given or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offers.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any of the Directors and any other person which was conditional or dependent upon the outcome of the Offer or otherwise connected with the Offers.
- (c) As at the Latest Practicable Date, save for the Sale and Purchase Agreement, there was no material contract entered into by the Offeror or any party acting in concert with it in which any Director had a material personal interest.

10. DIRECTORS' SERVICE CONTRACTS

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

Name of Director	Term of the contract	Amount of fixed remuneration payable
Mr. Jerzy Czubak	Two years from 2 December 2019 to 1 December 2021	HK\$375,500 per annum
Mr. Au Yeung Tin Wah, Ellis	Two years from 26 May 2020 to 25 May 2022	HK\$874,300 per annum
Mr. Oh Choon Gan, Eric	Two years from 26 May 2020 to 25 May 2022	HK\$873,000 per annum

No variable remuneration is payable under the above service contracts.

11. MISCELLANEOUS

- (a) The registered office of the Company is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (b) The principal place of business of the Company in Hong Kong is located at Room 601-602, 6th Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.
- (c) The company secretary of the Company is Mr. Liu Shun Fai who is a member of the Hong Kong Institute of Certified Public Accountants.
- (d) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours (from 10: 00 a.m. to 12: 30 p.m. and from 2: 30 p.m. to 5: 30 p.m.) on any weekday (except for public holidays) at the principal place of business of the Company in Hong Kong from the date of this Composite Document until the end of the Offer Period and will be displayed on the website of the SFC (www.sfc.hk) and the website of the Company (www.amvig.com):

- (a) memorandum and articles of association of the Company;
- (b) the letter from the Board as set out on pages 20 to 27 of this Composite Document;
- (c) the letter from the Independent Board Committee as set out on pages 28 to 29 of this Composite Document;
- (d) the letter from the Independent Financial Adviser as set out on pages 30 to 70 of this Composite Document;
- (e) the written consent referred to in the paragraph headed "8. Expert and consent" in this Appendix;
- (f) the material contracts referred to in the paragraph headed "7. Material contracts" in this Appendix;

- (g) the annual reports of the Company for each of the three financial years ended 31 December 2017, 2018 and 2019;
- (h) the interim report of the Company for the six months ended 30 June 2020;
- (i) the service contracts as referred to in the section headed “10. Directors’ service contracts” in this Appendix; and
- (j) this Composite Document.

1. RESPONSIBILITY STATEMENT

The directors of Golden Vision Buyout Fund SPC, Mr. Wang Hui and Mr. Gong Shen-Yu, and the indirect shareholders of Golden Vision Buyout Fund SPC, Mr. Chan Chor Kwong and Mr. Jackson Wijaya Limantara, jointly and severally accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group) and confirms, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHAREHOLDINGS AND DEALINGS OF THE OFFEROR IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date, the Offeror held an aggregate of 442,550,000 Shares, representing approximately 47.63% of the entire issued share capital of the Company. All voting shares of the Offeror are held by Well Smart Holdings Limited, the entire issued shares of which are held by Verico Investment Ltd, which is in turn wholly owned by Mr. Chan Chor Kwong. As a result, Mr. Chan Chor Kwong is deemed to be interested in the same parcel of Shares held by the Offeror by virtue of the SFO.

Save for the above, the Offeror and parties acting in concert with it did not have any other interest in any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company carrying conversion of subscription rights into Shares.

3. OTHER ARRANGEMENTS

As at the Latest Practicable Date:

- (i) no directors of the Offeror were interested in any shares in the Company or any convertible securities, warrants, options or derivatives in respect of the Shares;
- (ii) neither the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept or reject the Offers;
- (iii) neither the Offeror nor any person acting in concert with it had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in the 6 months prior to the date of this Composite Document;

- (iv) save for the Sale and Purchase Agreement and the CCBIS Finance Documents, there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or shares of the Offeror which might be material to the Offers;
- (v) save for the Sale and Purchase Agreement and the CCBIS Finance Documents, there is no agreement or arrangement to which the Offeror (nor any person acting in concert with it) is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (vi) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror (or any person acting in concert with it) has borrowed or lent, save for any borrowed shares which have been either on-lent or sold;
- (vii) no benefit (other than statutory compensation required under the applicable laws) was or would be paid to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (viii) save for the consideration under the Sale and Purchase Agreement, there is no other consideration, compensation or benefits in whatever form paid or to be paid by any member of the Offeror or any parties acting in concert with it to the Vendor and any party acting in concert with it in connection with the sale and purchase of the Sale Shares under the Sale and Purchase Agreement;
- (ix) there was no agreement, arrangement, or understanding (including any compensation arrangement) between the Offeror or any parties acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offers;
- (x) save for the Sale and Purchase Agreement and the CCBIS Finance Documents, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or its associates or any parties acting in concert with it and any other person; and
- (xi) save as disclosed in the paragraph head “Confirmation of financial resources” under the section “Principal terms of the Offers” in the “Letter from CCBI” contained in this Composite Document, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons.

4. QUALIFICATIONS AND CONSENT OF EXPERTS

The following are the qualifications of the expert who has given its opinion and advice which are contained in this Composite Document:

Name	Qualification
CCBI	A corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror

CCBI has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text in its letter, advice and/or references to its name, in the form and context in which they appear herein.

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

5. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Date; and (c) the Latest Practicable Date.

Date	Closing price per Share (HK\$)
31 March 2020	1.48
29 April 2020	1.48
29 May 2020	1.36
30 June 2020	1.40
31 July 2020	1.34
31 August 2020	1.36
21 September 2020 (Last Trading Day)	1.44
30 September 2020	2.14
30 October 2020	2.16
13 November 2020 (Latest Practicable Date)	2.18

During the Relevant Period:

- a. the highest closing price of the Shares quoted on the Stock Exchange was HK\$2.18 per Share on 29 October 2020, 9 November 2020, 12 November 2020 and 13 November 2020; and
- b. the lowest closing price of the Shares quoted on the Stock Exchange was HK\$1.34 per Share on 31 July 2020, 4 August 2020, 5 August 2020, 6 August 2020, 2 September 2020, 4 September 2020, 7 September 2020 and 8 September 2020.

6. MISCELLANEOUS

As at the Latest Practicable Date,

- a. The principal members of the Offeror's concert group were the Offeror, Mr. Wang Hui, Mr. Gong Shen-Yu, Mr. Chan Chor Kwong and Mr. Jackson Wijaya Limantara.
- b. The registered office of the Offeror was at ICS Corporate Services (Cayman) Limited, P.O. Box 30746, #3-212 Governors Square, 23 Lime Tree Bay Avenue, West Bay, Grand Cayman KY1-1203, Cayman Islands. The correspondence address of the Offeror was situated at Level 7, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.
- c. The address of Mr. Wang Hui was Level 7, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.
- d. The address of Mr. Gong Shen-Yu was Level 7, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.
- e. The address of Mr. Chan Chor Kwong was Level 7, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.
- f. The address of Mr. Jackson Wijaya Limantara was Level 7, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.
- g. The registered office and correspondence address of New Prospect Capital is Level 7, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.
- h. The registered office and correspondence address of New Prospect Capital Management Holdings Limited is Floor 4, Willow House, Cricket Square, PO Box 2804, Grand Cayman KY1-1112, Cayman Islands.
- i. The shareholders of New Prospect Capital Management Holdings Limited are New Prospect Capital Partners Ltd., Ample Pacific Development Limited and Axiom Partners Inc. The ultimate controlling shareholder of New Prospect Capital Management Holdings Limited is Mr. Wang Hui.

- j. The director of New Prospect Capital Partners Ltd. is Mr. Wang Hui; the director of Ample Pacific Development Limited is Mr. Jackson Wijaya Limantara; and the director of Axiom Partners Inc. is Mr. Cho Te-chin.
- k. The main business address of CCBI was situated at 12/F CCB Tower, 3 Connaught Road Central, Central, Hong Kong.
- l. In case of inconsistency, the English text of this Composite Document and the Forms of Acceptance shall prevail over the Chinese text.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the websites of the SFC (<http://www.sfc.hk>) and the Company (<https://www.amvig.com>); and (ii) at the head office and principal place of business of the Company in Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturday, Sunday and public holidays) from the date of this Composite Document up to and including the Final Closing Date or the date on which the Offers lapse or are withdrawn, whichever is the earlier:

- a. the memorandum and articles of association of the Offeror;
- b. the letter from CCBI, the text of which is set out on pages 8 to 19 of this Composite Document; and
- c. the written consent as referred to in the section headed “4. Qualifications and Consents of Experts” in this Appendix IV.