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## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in the Company, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered securities institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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### INTELLINSIGHT HOLDINGS LIMITED POLYTEC ASSET HOLDINGS LIMITED

*(Incorporated in the British Virgin Islands with limited liability)*

保利達資產控股有限公司\*  
*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 208)

#### SCHEME DOCUMENT RELATING TO

**(1) PROPOSED PRIVATIZATION OF POLYTEC ASSET HOLDINGS LIMITED  
BY INTELLINSIGHT HOLDINGS LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT; AND  
(2) PROPOSED WITHDRAWAL OF LISTING**

Joint Financial Advisers to Intellinsight Holdings Limited



BOCI ASIA LIMITED



SOMERLEY CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
波博資本有限公司

This Scheme Document is being issued jointly by the Offeror and the Company. The actions to be taken by the Shareholders are set out in Part II of this Scheme Document. Notices convening the Court Meeting to be held at 10:00 a.m. on Monday, 10 May 2021, and the EGM to be held at 11:00 a.m. on Monday, 10 May 2021 (or as soon as after the Court Meeting has been concluded or adjourned) are set out in Appendix VI and Appendix VII to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and return them to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated in the relevant form of proxy or Part II of this Scheme Document. If the **pink** form of proxy in respect of the Court Meeting is not so lodged, it may also be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion whether or not to accept it).

Unless the context requires otherwise, capitalized terms used in this Scheme Document take the meanings ascribed to them in Part I of this Scheme Document under the section headed "Definitions". This Scheme Document comprises also (1) a letter from the Board regarding the Proposal as set out in Part IV of this Scheme Document; (2) a letter from the Independent Board Committee, containing its advice to the Independent Shareholders regarding the Proposal, as set out in Part V of this Scheme Document; (3) a letter from Rainbow Capital, the independent financial adviser to the Independent Board Committee, containing its advice to the Independent Board Committee regarding the Proposal, as set out in Part VI of this Scheme Document; and (4) an Explanatory Statement regarding the Proposal as set out in Part VII of this Scheme Document. The English language text of this Scheme Document shall prevail over the Chinese language text for the purpose of interpretation.

#### PRECAUTIONARY MEASURES FOR THE COURT MEETING AND EGM

Please see page 31 of this Scheme Document for measures being taken to try to prevent and control the spread of the novel coronavirus ("COVID-19") at the Court Meeting and EGM, including:

- **Compulsory temperature checks**
- **Compulsory wearing of surgical face masks**
- **No distribution of refreshments**

**Any person who does not comply with the precautionary measures may be denied entry into the Court Meeting and EGM venue. In order to facilitate the prevention and control of the coronavirus disease, and to safeguard the health and safety of the Shareholders, the Company strongly advises the Shareholders, particularly the Shareholders who are unwell and or subject to quarantine in relation to COVID-19, that they may appoint any person (including Chairman of the relevant meeting) as a proxy to vote on the resolutions, instead of attending the Court Meeting and EGM in person. Physical attendance in the Court Meeting or the EGM by a Shareholder is not necessary for the purpose of exercising voting rights.**

\* For identification purpose only

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*In this Scheme Document, unless the context otherwise requires, the following expressions have the following meanings:*

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Announcement”	the announcement dated 21 January 2021 jointly issued by the Offeror and the Company in relation to the Proposal
“Announcement Date”	21 January 2021, being the date of the Announcement
“associate”	has the meaning ascribed to it in the Takeovers Code
“Beneficial Owner”	beneficial owner of relevant Shares
“Board”	the board of Directors
“BOCI”	BOCI Asia Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and joint financial adviser to the Offeror
“Cancellation Price”	the cancellation price of HK\$1.50 per Scheme Share
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a person admitted to participate in CCASS as a participant
“Companies Act”	the Companies Act (2021 Revision) of the Cayman Islands
“Company”	Polytec Asset Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 208)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Court Meeting”	a meeting of the Scheme Shareholders to be convened and held at the direction of the Grand Court at which the Scheme will be voted upon
“Cushman & Wakefield”	Cushman & Wakefield Limited, an independent property valuer
“Director(s)”	the director(s) of the Company

“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the order of the Grand Court sanctioning the Scheme and confirming the reduction of issued share capital resulting from the cancellation and extinguishment of the Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Act, and which is expected to be Friday, 21 May 2021 (Cayman Islands time)
“EGM”	an extraordinary general meeting to be convened and held by the Company for the Shareholders to consider and, if thought fit, approve, among others, (i) a special resolution in relation to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) a special resolution in relation to the withdrawal of listing of the Shares subsequent to the Scheme becoming effective; and (iii) an ordinary resolution in relation to the restoration of the number of issued Shares in the share capital of the Company to its former amount by the issue of the same number of Shares as the number of the Scheme Shares cancelled and extinguished, credited as fully paid, to the Offeror
“EGM Record Date”	Monday, 10 May 2021, or such other date as may be announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company, which comprises Mr. Liu Kwong Sang, Dr. Tsui Wai Ling, Carlye, and Prof. Dr. Teo Geok Tien Maurice, each an independent non-executive Director, to make a recommendation to the Independent Shareholders, in respect of the Proposal

“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser in respect of the Proposal appointed by the Company with the approval of the Independent Board Committee
“Independent Shareholders”	the Shareholders other than the Offeror and the Offeror Concert Parties
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Last Trading Day”	15 January 2021, being the last trading day on which the Shares were traded on the Stock Exchange immediately prior to the publication of the Announcement
“Latest Practicable Date”	13 April 2021, being the latest practicable date for the purposes of ascertaining certain information for inclusion in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2021, or such later date as may be agreed between the Offeror and the Company, subject to approval by BOCI and Somerley, or to the extent applicable, as the Executive may consent and as the Grand Court on application of the Offeror or the Company may allow
“Meeting Record Date”	the Scheme Court Meeting Record Date and/or the EGM Record Date (as the case may be)
“Offer Period”	the period commencing on the Announcement Date and as defined in the Takeovers Code
“Offeror”	Intellinsight Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder of the Company. The ultimate beneficial owner of the Offeror is Mr. Or Wai Sheun
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code
“Overseas Shareholders”	Scheme Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“PRC”	the People’s Republic of China

“Proposal”	the proposal for the privatization of the Company by the Offeror by way of the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange
“Registered Owner”	holder of relevant Shares (including without limitation a nominee, trustee, depository or any other authorized custodian or third party) whose name was entered in the register of members of the Company
“Relevant Period”	the period commencing on 21 July 2020 (being the date falling six (6) months prior to the Announcement Date) and ending on the Latest Practicable Date, both dates inclusive
“Scheme”	a scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Act
“Scheme Conditions”	the conditions to the implementation of the Proposal as set out in the section headed “the Scheme Conditions” in Part IV and Part VII of this Scheme Document
“Scheme Court Meeting Record Date”	Monday, 10 May 2021, or such other date as may be announced to, among others, the Scheme Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting
“Scheme Document”	this composite scheme document of the Company and the Offeror issued to all Shareholders containing, inter alia, further details of the Proposal
“Scheme Record Date”	Friday, 21 May 2021, the date on which the Scheme becomes effective or such other date as shall have been announced to the Scheme Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to the Cancellation Price upon the Scheme becoming effective
“Scheme Record Time”	4:00 p.m. (Hong Kong time) on the Scheme Record Date
“Scheme Share(s)”	Share(s) other than those directly or indirectly held by the Offeror as at the Scheme Record Time on the Scheme Record Date
“Scheme Shareholder(s)”	holder(s) of Scheme Shares as at the Scheme Record Time on the Scheme Record 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 HK\$0.10 par value each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Sommerley”	Sommerley Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and joint financial adviser to the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“trading day(s)”	day(s) on which the Stock Exchange is/are open for the business of dealings in securities
“Vigers”	Vigers Appraisal And Consulting Limited, an independent property valuer

*All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified, and references to the expected date of the court hearing of the petition to sanction the Scheme and to confirm the reduction of the number of issued Shares in the share capital of the Company, and the Effective Date, are the relevant dates in the Cayman Islands. For reference only, Cayman Islands time is 13 hours behind Hong Kong time as at the Latest Practicable Date.*

**ACTIONS TO BE TAKEN BY THE SHAREHOLDERS**

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the EGM, the register of members of the Company in respect of the Shares will be closed from Tuesday, 4 May 2021 to Monday, 10 May 2021 (both dates inclusive) and during such period, no registration of transfer of the Shares will be effected. In order to qualify to attend and vote at the Court Meeting and the EGM, all transfers of the Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:30 p.m. on Monday, 3 May 2021.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the EGM are enclosed with copies of this Scheme Document sent to the relevant Registered Owners.

The register of members of the Company will be closed during such period for the purposes of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the EGM. **This book close period is not for determining entitlements under the Proposal.**

Whether or not you are able to attend the Court Meeting and/or the EGM, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. In order to be valid, the **pink** form of proxy for use at the Court Meeting should be lodged not later than 10:00 a.m., Saturday, 8 May 2021 or be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion whether or not to accept it), and the **white** form of proxy for use at the EGM should be lodged not later than 11:00 a.m., Saturday, 8 May 2021. The completion and return of the relevant form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting. In such event, the returned form of proxy will be deemed to have been revoked.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the EGM, you will still be bound by the outcome of the Court Meeting and the EGM if, among other things, the relevant resolutions are passed by the requisite majorities of Scheme Shareholders, Independent Shareholders or Shareholders. We wish to remind you that physical attendance in person at the Court Meeting and EGM is not necessary for the purpose of exercising your voting rights. We strongly advise you, particularly if you are unwell or subject to quarantine in relation to COVID-19, that you may appoint any person as a proxy to vote on the resolutions, instead of attending the Court Meeting and EGM in person.

Voting at the Court Meeting and the EGM will be taken by poll.

The Company will make an announcement in relation to the results of the Court Meeting and the EGM not later than 7:00 p.m. on Monday, 10 May 2021. The Company will make further announcements of the results of the hearing of the petition to, among other things, sanction the Scheme by the Grand Court and, if the Scheme is sanctioned, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.



**ACTIONS TO BE TAKEN BY PERSONS HOLDING SHARES THROUGH TRUST OR CCASS**

The Company will not recognize any person as holding any Shares through any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), you should contact the Registered Owner and provide the Registered Owner with instructions in relation to the manner in which your Shares should be voted at the Court Meeting and/or the EGM. Such instructions should be given in advance of the aforementioned latest time for the lodgment of forms of proxy in respect of the Court Meeting and the EGM in order to provide the Registered Owner with sufficient time to accurately complete and submit his, her or its proxy. To the extent that any Registered Owner requires instructions from any Beneficial Owner in advance of the aforementioned latest time for the lodgment of forms of proxy in respect of the Court Meeting and/or the EGM, any such Beneficial Owner should comply with the requirements of the Registered Owner.

**If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you must, unless you are an Investor Participant, contact your broker, custodian, nominee or other relevant person who is, or has, in turn, deposited such Shares with other CCASS Participant, regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or the EGM.** You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for the lodgment of forms of proxy in respect of the Court Meeting and/or the EGM, in order to provide such person with sufficient time to provide HKSCC Nominees Limited with instructions in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the EGM. In accordance with the direction from the Grand Court, for the purpose of calculating the “majority in number”, HKSCC Nominees Limited shall be permitted to vote once for and once against the Scheme in accordance with instructions received from CCASS Participants (as defined under the General Rules of CCASS). The number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they are cast and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be disclosed to the Grand Court and may be taken into account in deciding whether or not the Grand Court should exercise its discretion to sanction the Scheme.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Shareholder of record, and thereby have the right to attend and vote at the Court Meeting and the EGM. You can become a Shareholder of record by withdrawing your Shares from CCASS and becoming a Registered Owner of such Shares. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and the EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

**EXERCISE YOUR RIGHT TO VOTE**

**IF YOU ARE A SHAREHOLDER OR A BENEFICIAL OWNER, THE COMPANY AND THE OFFEROR STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND AT THE EGM. IF YOU KEEP ANY SHARES IN A SHARE LENDING PROGRAMME, WE URGE YOU TO RECALL ANY OUTSTANDING SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED SHARES TO VOTE.**

**IF YOU ARE A BENEFICIAL OWNER WHOSE SHARES ARE DEPOSITED IN CCASS, WE ENCOURAGE YOU TO PROVIDE HKSCC NOMINEES LIMITED WITH INSTRUCTIONS OR MAKE ARRANGEMENTS WITH HKSCC NOMINEES LIMITED IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND THE EGM WITHOUT DELAY (AS DETAILED IN THE SECTION “ACTIONS TO BE TAKEN BY PERSONS HOLDING SHARES THROUGH TRUST OR CCASS” ABOVE). IF YOU ARE AN INDIVIDUAL SHAREHOLDER WHO WISHES TO ATTEND AND VOTE AT THE COURT MEETING AND/OR THE EGM AND FOR YOUR VOTES TO BE COUNTED INDIVIDUALLY FOR THE PURPOSE OF CALCULATING THE “MAJORITY IN NUMBER” REQUIREMENT AT THE COURT MEETING AND/OR THE NUMBER OF VOTES FOR PASSING THE RESPECTIVE RESOLUTIONS AT THE EGM, YOU SHOULD WITHDRAW YOUR SHARES FROM CCASS AND BECOME A REGISTERED OWNER OF SUCH SHARES.**

**IF YOU ARE A REGISTERED OWNER HOLDING SHARES ON BEHALF OF BENEFICIAL OWNERS, WE SHOULD BE GRATEFUL IF YOU WOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF EXERCISING THEIR VOTE.**

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

**NOTICE TO OVERSEAS SHAREHOLDERS**

The making of the Proposal to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements. 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 of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Company, the Offeror, BOCI, Somerley, Rainbow Capital and any other person involved in the Proposal shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay.

**PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS**

The performance and the results of operations of the Group contained in this document are historical in nature and past performance is not a guarantee of the future results of the Group. This document may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions and you should not place undue reliance on such forward-looking statements and opinions. Subject to the requirements of applicable laws, rules and regulations, including the Takeovers Code, none of the Offeror, the Company, BOCI, Somerley, any of their respective directors, officers, employees, agents, affiliates or advisers or any other person involved in the Proposal assumes any obligation to correct or update the forward-looking statements or opinions contained in this document.

Shareholders may obtain free copies of this Scheme Document at the websites maintained by the SFC at [www.sfc.hk](http://www.sfc.hk), by the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) or by the Company at [www.polyteccasset.com](http://www.polyteccasset.com).

*The following timetable takes into account the procedures of the Grand Court for the Scheme. The expected timetable is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the following expected timetable.*

<b>Event</b>	<b>Date</b>
Despatch of this Scheme Document.....	Friday, 16 April 2021
Latest time for lodging transfers of Shares in order to become entitled to vote at the Court Meeting and the EGM.....	4:30 p.m. on Monday, 3 May 2021
Register of members of the Company in respect of the Shares closed for determining the entitlement of Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the EGM ( <i>Note 1</i> ) .....	Tuesday, 4 May 2021 to Monday, 10 May 2021 (both dates inclusive)
Latest time for lodging the <b>pink</b> form of proxy in respect of the Court Meeting ( <i>Note 2</i> ) .....	10:00 a.m. on Saturday, 8 May 2021
Latest time for lodging the <b>white</b> form of proxy in respect of the EGM ( <i>Note 2</i> ) .....	11:00 a.m. on Saturday, 8 May 2021
Scheme Court Meeting Record Date.....	Monday, 10 May 2021
EGM Record Date.....	Monday, 10 May 2021
Court Meeting ( <i>Note 3</i> ) .....	10:00 a.m. on Monday, 10 May 2021
EGM ( <i>Note 3</i> ).....	11:00 a.m. on Monday, 10 May 2021 (or as soon as after the Court Meeting shall have been concluded or adjourned)
Announcement of the results of the Court Meeting and the EGM .....	not later than 7:00 p.m. on Monday, 10 May 2021
Expected last day for dealing in the Shares on the Stock Exchange .....	Tuesday, 11 May 2021
Latest time for lodging transfers of Shares in order to qualify for the entitlements under the Scheme .....	4:30 p.m. on Monday, 17 May 2021

Register of members of the Company in respect of the Shares closed for determining entitlements to qualify under the Scheme ( <i>Note 4</i> ) .....	from Tuesday, 18 May 2021 onwards
Court hearing of the petition to sanction the Scheme and to confirm the reduction of the number of issued Shares .....	Thursday, 20 May 2021 <b>(Cayman Islands time)</b>
Announcement of the result of the Court hearing, the expected Effective Date and the expected date of withdrawal of listing of the Shares on the Stock Exchange .....	Friday, 21 May 2021 before 8:30 a.m.
Scheme Record Date .....	Friday, 21 May 2021
Effective Date ( <i>Note 5</i> ) .....	Friday, 21 May 2021 <b>(Cayman Islands time)</b>
Announcement of the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange.....	Monday, 24 May 2021 before 8:30 a.m.
Expected withdrawal of listing of the Shares on the Stock Exchange becomes effective ( <i>Note 6</i> ) .....	4:00 p.m. on Tuesday, 25 May 2021
Cheques for cash entitlements under the Scheme to be despatched ( <i>Note 7</i> ).....	on or before Tuesday, 1 June 2021

**Shareholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.**

*Notes:*

1. The register of members of the Company will be closed during such period for the purposes of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the EGM. This book close period is not for determining entitlements under the Proposal.
2. The **pink** form of proxy in respect of the Court Meeting and the **white** form of proxy in respect of the EGM should be completed and signed in accordance with the instructions respectively printed on them and should be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not later than the respective times and dates stated above or, in the case of the **pink** form of proxy for use at the Court Meeting, they may be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion whether or not to accept it). Completion and return of the relevant form of proxy for the Court Meeting and/or the EGM will not preclude a Scheme Shareholder, an Independent Shareholder or a Shareholder, from attending the meeting and voting in person. In such event, the relevant form of proxy returned will be deemed to have been revoked.

3. Please see the notice of the Court Meeting set out in Appendix VI to this Scheme Document and the notice of the EGM set out in Appendix VII to this Scheme Document. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted, the Government of Hong Kong has announced or is expected to issue an announcement on “extreme conditions” caused by super typhoons or a black rainstorm warning signal is or is expected to be in force at any time after 7:00 a.m. on the date of the Court Meeting and the EGM, the Court Meeting and the EGM will be postponed or adjourned. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the Scheme Shareholders and Shareholders (as the case may be) of the date, time and venue of the rescheduled meetings.
4. The register will be closed as from such date and on such date for the purpose of determining the Scheme Shareholders who are qualified for entitlement under the Scheme.
5. When all the Scheme Conditions (other than delivery of the order for registration) are satisfied or waived (as applicable), the order sanctioning the Scheme may be delivered to the Registrar of Companies in the Cayman Islands at which point it may become effective and binding on the Offeror, the Company and all the Scheme Shareholders. The Effective Date would be earlier than the date of announcement of the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange due to the timing difference between Hong Kong and Cayman Islands.
6. If all the Scheme Conditions are fulfilled (or waived as applicable), the Offeror will implement the Proposal to cancel and extinguish the Scheme Shares and the Company will apply to the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange.
7. Cheques for the cash entitlements to the Scheme Shareholders will be despatched within 7 business days (as defined under the Takeovers Code) by ordinary post at the risk of the recipients to their registered addresses shown in the register of members of the Company at the Scheme Record Time on the Scheme Record Date.

*All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified, and references to the expected date of the court hearing of the petition to sanction the Scheme and to confirm the reduction of the number of issued Shares in the share capital of the Company, and the Effective Date, are the relevant dates in the Cayman Islands. For reference only, Cayman Islands time is 13 hours behind Hong Kong time as at the Latest Practicable Date.*

**POLYTEC ASSET HOLDINGS LIMITED****保利達資產控股有限公司\****(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 208)***Executive Directors:*

Mr. Or Wai Sheun (*Chairman*)  
Mr. Yeung Kwok Kwong  
Ms. Wong Yuk Ching  
Ms. Chio Koc Ieng

*Non-executive Directors:*

Mr. Lai Ka Fai  
Ms. Or Pui Ying, Peranza

*Independent Non-executive Directors:*

Mr. Liu Kwong Sang  
Dr. Tsui Wai Ling, Carlye  
Prof. Dr. Teo Geok Tien Maurice

*Registered Office:*

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

*Head Office and Principal*

*Place of Business:*  
23rd Floor, Pioneer Centre  
750 Nathan Road  
Kowloon  
Hong Kong

16 April 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED PRIVATIZATION OF POLYTEC ASSET HOLDINGS LIMITED  
BY INTELLINSIGHT HOLDINGS LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT; AND  
(2) PROPOSED WITHDRAWAL OF LISTING**

**1. INTRODUCTION**

On 17 January 2021, the Offeror requested the Board to put forward the Proposal, which will involve the cancellation and extinguishment of the Scheme Shares, the payment of the Cancellation Price of HK\$1.50 per Scheme Share to Scheme Shareholders, and the withdrawal of the listing of the Shares on the Stock Exchange. The Proposal will be carried out by way of the Scheme.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and the expected timetable and to give you notices of the Court Meeting and the EGM (together with proxy forms in relation thereto). Your attention is also drawn to the letter from the Independent Board Committee set out in Part V of this Scheme Document, the letter from Rainbow Capital set out in Part VI of this Scheme Document, the Explanatory Statement set out in Part VII of this Scheme Document, the terms of the Scheme set out in Appendix V to this Scheme Document, the property valuation report from Vigers in respect of the property interests of the Group in Hong Kong set out in Appendix III to this Scheme Document and the property valuation report from Cushman & Wakefield in respect of the property interests of the Group in the PRC and Macau set out in Appendix IV to this Scheme Document.

## 2. THE SCHEME

Under the Scheme, the Scheme Shares will be cancelled and extinguished and, in consideration thereof, each Scheme Shareholder will be entitled to receive the Cancellation Price in cash for each Scheme Share cancelled and extinguished.

The total consideration payable to the Scheme Shareholders for the Scheme Shares cancelled and extinguished will be paid by the Offeror in cash.

**The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.**

**As at the Latest Practicable Date, the Company has not declared any dividend which remains unpaid and the Company does not intend to declare and/or pay any dividend during the Offer Period.**

The Cancellation Price of HK\$1.50 per Scheme Share cancelled and extinguished represents:

- a premium of approximately 2.04% over the closing price of HK\$1.47 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 61.29% over the closing price of HK\$0.93 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 63.22% over the average closing price of HK\$0.919 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 72.55% over the average closing price of approximately HK\$0.8693 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 94.23% over the average closing price of approximately HK\$0.7723 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 104.14% over the average closing price of approximately HK\$0.7348 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;



- a premium of approximately 105.82% over the average closing price of approximately HK\$0.7288 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 99.12% over the average closing price of approximately HK\$0.7533 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a discount of approximately 52.43% to the audited consolidated total equity attributable to equity shareholders of the Company of approximately HK\$3.1530 per Share as at 31 December 2019, calculated based on the audited consolidated total equity attributable to equity shareholders of the Company of approximately HK\$13,996,134,000 as at 31 December 2019 and the 4,438,967,838 Shares in issue as at the Latest Practicable Date;
- a discount of approximately 53.02% to the audited consolidated total equity attributable to equity shareholders of the Company of approximately HK\$3.1926 per Share as at 31 December 2020, calculated based on the audited consolidated total equity attributable to equity shareholders of the Company of approximately HK\$14,171,642,000 as at 31 December 2020 and the 4,438,967,838 Shares in issue as at the Latest Practicable Date;
- a discount of approximately 54.61% to the adjusted unaudited consolidated net asset value of the Group of approximately HK\$3.3049 per share, which took into account (i) the audited consolidated total equity attributable to the equity shareholders of the Company as at 31 December 2020 and (ii) the valuation of the Group's property interests as at 31 January 2021, as detailed in Appendix I to this Scheme Document; and
- a discount of approximately 51.65% to the unaudited consolidated total equity attributable to equity shareholders of the Company of approximately HK\$3.1026 per Share as at 30 June 2020, calculated based on the total equity attributable to equity shareholders of the Company of approximately HK\$13,772,436,000 as at 30 June 2020 and the 4,438,967,838 Shares in issue as at the Latest Practicable Date.

The Cancellation Price has been determined on an arm's length basis after taking into account, among other things, the recent and historical market prices of the Shares, publicly available financial information of the Company, and other privatization transactions in Hong Kong in recent years.

#### ***Highest and lowest prices of the Shares***

During the three years up to and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.16 per Share on 2 May 2019 and 3 May 2019, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.58 per Share on 5 March 2018.

*The Scheme Conditions*

The implementation of the Proposal is, and the Scheme will become effective and binding on the Offeror, the Company and the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Scheme Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) (i) the Scheme is approved (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Shares held by the Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and (ii) the number of votes cast (by way of poll) by the Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Shares held by all the Independent Shareholders;
- (c) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares, (ii) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve the withdrawal of listing of the Shares subsequent to the Scheme becoming effective, and (iii) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to immediately thereafter increase the number of issued Shares in the share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to the Offeror;
- (d) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the number of issued Shares in the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Act in relation to the reduction of the number of issued Shares in the share capital of the Company referred to in paragraph (c)(i) above;
- (f) all authorizations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal required before the Scheme becoming effective having been obtained from, given by or made with (as the case may be) the governments and/or government bodies, regulatory bodies, courts or institutions, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;

- (g) all authorizations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal required before the Scheme becoming effective remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions in connection with the Proposal having been complied with and no requirement having been imposed by any governments and/or government bodies, regulatory bodies, courts or institutions which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (h) all necessary consents which may be required for the implementation of the Proposal under any existing contractual obligations of the Company being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (i) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms) from the Announcement Date up to and at the time when the Scheme becomes effective, other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal;
- (j) there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Group is a party or by or to which any of them is or are or may be bound, entitled or subject which as a consequence of the implementation of the Proposal could or might reasonably result in, to an extent which is material in the context of the Group taken as a whole from the Announcement Date up to and at the time when the Scheme becomes effective:
  - (i) any monies borrowed by or other indebtedness (actual or contingent) of any member of the Group being repayable or being capable of being declared payable prior to their stated maturity;
  - (ii) the creation of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any member of the Group or any such security (whether arising or having arisen) becoming enforceable; and
  - (iii) any such arrangement, agreement, licence, permit, franchise or other instrument being terminated or adversely modified or any material action being taken or any material obligation arising thereunder; and

- (k) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets and undertakings of any member of the Group from the Announcement Date up to and at the time when the Scheme becomes effective.

The Offeror reserves the right to waive Scheme Conditions (f) to (k) either in whole or in part, either generally or in respect of any particular matter. Scheme Conditions (a) to (e) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Scheme Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke any such Scheme Condition are of material significance to the Offeror in the context of the Proposal. The Company has no right to waive any of the Scheme Conditions. All of the Scheme Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Scheme will lapse. When the Scheme Conditions are satisfied or waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all the Scheme Shareholders.

Assuming that the Scheme Conditions are satisfied or validly waived (as applicable), it is expected that the Scheme will become effective on Friday, 21 May 2021 (Cayman Islands Time). A detailed timetable is set out in Part III of this Scheme Document.

In respect of Scheme Conditions (f) to (h), apart from Scheme Condition (d) and the approval from each of the board of the Offeror and the Company in respect of the implementation of the Proposal, the directors of the Offeror and the Company are not currently aware of any other authorizations or consents which are required. As at the Latest Practicable Date, the approvals from each of the board of the Offeror and the Company in respect of the implementation of the Proposal have been obtained. None of the above Scheme Conditions have been fulfilled or waived as at the Latest Practicable Date.

If the Scheme is approved, the share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so allotted and issued, credited as fully paid, to the Offeror.

**Shareholders and potential investors of the Company should be aware that the implementation of the Proposal is subject to the Scheme Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

### 3. REASONS FOR AND BENEFITS OF THE PROPOSAL

***The Proposal represents a good opportunity for the Scheme Shareholders to realise their investment with a substantial premium against the backdrop of low liquidity***

The Offeror considers that the Proposal will provide the Scheme Shareholders with an opportunity to realise their investment in the Company at a price above the prevailing market price of the Shares.

The Cancellation Price, being HK\$1.50 per Scheme Share, represents a premium of approximately 61.29% over the closing price of HK\$0.93 per Share as quoted on the Stock Exchange on the Last Trading Day. It also represents a premium of approximately 72.55%, 94.23%, 104.14%, 105.82% and 99.12% over the average closing price of approximately HK\$0.8693, HK\$0.7723, HK\$0.7348, HK\$0.7288 and HK\$0.7533 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30, 60, 90, 120 and 180 trading days up to and including the Last Trading Day, respectively.

During the three years up to and including the Last Trading Day, the lowest and highest closing prices per Share as quoted on the Stock Exchange were HK\$0.58 and HK\$1.16, respectively. The Cancellation Price represents a premium of approximately 158.62% to the lowest closing price and a premium of approximately 29.31% to the highest closing price in the above period.

The liquidity of the Shares has been at a relatively low level over a long period of time. For the one year up to and including the Last Trading Day, the average daily trading volume of the Shares was approximately 1,443,000 Shares, representing only approximately 0.03% of the issued Shares as of the Last Trading Day and the average daily turnover was approximately HK\$1,043,000. The low trading liquidity of the Shares makes it difficult for Shareholders to execute significant on-market disposals without adversely affecting the market price of the Shares.

The Proposal is intended to provide the Scheme Shareholders with an opportunity to realise their entire investment in the Company for cash at a substantial premium over market prices of the Shares without having to suffer any illiquidity discount.

***Costs and expenses of maintaining the Company's listing status***

The Company has not in recent years conducted any equity fund raising activities, being primary benefit of a listing status. Continued listing of the Shares is not expected to provide any meaningful benefit to the Company in the near term.

The listing of the Company involves administrative, compliance and other listing-related costs and expenses. If the Proposal is successful, these costs and expenses would be eliminated and thus allow the Offeror and the Company to allocate more resources for the development of the business of the Group.

Furthermore, following the implementation of the Proposal, the Company can be relieved from market expectations and share price fluctuation as a publicly listed company. The management of the Company can also utilise the resources which would otherwise go towards administrative, compliance and other listing-related matters of the Company on the business operations of the Group.

*The Proposal will enable the Group to execute its strategies more efficiently and effectively*

The principal activities of the Group are property investment and development, oil exploration and production, manufacturing of ice, provision of cold storage services and financial investments. In order to achieve long-term commercial development and maintain competitiveness, the Group needs to assess its strategies and implement appropriate changes to its business model if necessary. Following the implementation of the Proposal, the Group will be in a better position to execute its business strategies more efficiently and effectively as a private entity. With the Company becoming an unlisted wholly-owned subsidiary of the Offeror, the Offeror considers that it will help improving the Company's operational efficiency and achieve economies of scale, for example through resources sharing with the Offeror such as sharing of expertise, hence achieving cost savings.

#### **4. TOTAL CONSIDERATION AND FINANCIAL RESOURCES**

The Proposal will involve the cancellation and extinguishment of the Scheme Shares at the Cancellation Price of HK\$1.50 per Scheme Share cancelled and extinguished. As at the Latest Practicable Date, there are 4,438,967,838 Shares in issue of which the Offeror holds an aggregate of 2,615,636,918 Shares (representing approximately 58.92% of the issued share capital of the Company), and there are 1,823,330,920 Scheme Shares in issue. There are no outstanding options, warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

On the assumption that there will be no change in the shareholding structure of the Company before completion of the Proposal and based on the Cancellation Price of HK\$1.50 per Scheme Share and a total of 1,823,330,920 Scheme Shares, the total consideration required for the Scheme is approximately HK\$2,735 million.

The Offeror intends to finance the implementation of the Scheme through available loan facilities. BOCI, one of the joint financial advisers to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Scheme.

#### **5. SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the Latest Practicable Date, the total authorized share capital of the Company is HK\$1,050,000,000. The authorized share capital of the Company for its ordinary shares is HK\$1,000,000,000 divided into 10,000,000,000 Shares at a par value of HK\$0.10 each and the authorized share capital of the Company for its preference shares is HK\$50,000,000 divided into 5,000,000,000 shares at a par value of HK\$0.01 each. The Company has 4,438,967,838 Shares in issue and no preference shares in issue.

The table below sets out the simplified shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) on the basis that the Scheme becomes effective:

Shareholders	As at the Latest Practicable Date		Upon the Scheme becoming effective	
	Number of Shares	Approximate % of the issued share capital of the Company (Note (1))	Number of Shares	Approximate % of the issued share capital of the Company (Note (1))
<b><i>The Offeror and the Offeror Concert Parties</i></b>				
The Offeror	2,615,636,918	58.92	4,438,967,838	100.00
Ms. Wong Yuk Ching (Note (2))	9,895,900	0.22	—	—
Mr. Yeung Kwok Kwong (Note (2))	2,498,600	0.06	—	—
Ms. Chio Koc Ieng (Note (2))	893,250	0.02	—	—
Mr. Lai Ka Fai (Note (3))	2,510,270	0.06	—	—
Ms. Or Pui Ying, Peranza (Note (4))	7,000,000	0.16	—	—
Mr. Or Pui Kwan (Note (5))	7,120,495	0.16	—	—
<b><i>Sub-total</i></b>	<b><u>2,645,555,433</u></b>	<b><u>59.60</u></b>	<u>—</u>	<u>—</u>
<b><i>Independent Shareholders</i></b>				
Independent Shareholders	1,793,412,405	40.40	—	—
<b>Total number of Shares in issue</b>	<b><u>4,438,967,838</u></b>	<b><u>100.00</u></b>	<b><u>4,438,967,838</u></b>	<b><u>100.00</u></b>
Total number of Scheme Shares	<u>1,823,330,920</u>	<u>41.08</u>	<u>—</u>	<u>—</u>

Notes:

- (1) All percentages in the above table are approximations. The percentages may not add up to the relevant total or sub-total percentage due to rounding.
- (2) Each of Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching and Ms. Chio Koc Ieng is an executive Director and is deemed to be a party acting in concert with the Offeror under Class (6) of the definition of “acting in concert” under the Takeovers Code.
- (3) Mr. Lai Ka Fai is a non-executive Director and a director of the Offeror and is deemed to be a party acting in concert with the Offeror under Class (2) and Class (6) of the definition of “acting in concert” under the Takeovers Code.
- (4) Ms. Or Pui Ying, Peranza is a non-executive Director and the daughter of Mr. Or Wai Sheun and is deemed to be a party acting in concert with the Offeror under Class (6) and Class (8) of the definition of “acting in concert” under the Takeovers Code.
- (5) Mr. Or Pui Kwan is the son of Mr. Or Wai Sheun and is deemed to be a party acting in concert with the Offeror under Class (8) of the definition of “acting in concert” under the Takeovers Code.

As at the Latest Practicable Date, there are no options, warrants or convertible securities in respect of the Shares held, controlled or directed by the Offeror and the Offeror Concert Parties, or outstanding derivatives in respect of the Shares entered into by the Offeror and the Offeror Concert Parties. The Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into Shares as at the Latest Practicable Date.

## 6. FINANCIAL INFORMATION OF THE GROUP

Based on the published consolidated audited financial statements of the Company, the profit before and after taxation and total comprehensive income attributable to equity shareholders of the Company for the three years ended 31 December 2020 and the total equity attributable to equity shareholders of the Company as at 31 December 2018, 2019 and 2020 are as follows:

	<b>For the year ended 31 December</b>		
	<b>2020</b> (Audited) <i>HK\$'000</i>	<b>2019</b> (Audited) <i>HK\$'000</i>	<b>2018</b> (Audited) <i>HK\$'000</i>
Profit before taxation	438,144	741,809	1,623,863
Profit after taxation	431,609	710,621	1,620,665
Total comprehensive income attributable to equity shareholders of the Company	503,992	683,572	1,618,545
<b>Total equity attributable to equity shareholders of the Company</b>	<b><u>14,171,642</u></b>	<b><u>13,996,134</u></b>	<b><u>13,738,703</u></b>

## 7. INFORMATION ON THE COMPANY AND THE OFFEROR'S INTENTION REGARDING THE COMPANY

The Company was incorporated in the Cayman Islands with limited liability. The Shares have been listed on the Main Board of the Stock Exchange since 9 September 1998 with the stock code 208. The Group is principally engaged in property investment and development, oil exploration and production, manufacturing of ice, provision of cold storage services and financial investments.

Following implementation of the Proposal, the Offeror intends that the Company would continue carrying on its current business and does not intend to make any major changes to the current operations, or discontinue the employment of the employees of the Company nor do they have plans to redeploy any of the fixed assets of the Company after implementation of the Proposal. The Offeror will continue to monitor the Group's performance and assess and implement appropriate strategies for the Group and its business.

The Board is aware that following the implementation of the Proposal, the Offeror intends that the Company would continue carrying on its current business and does not intend to make any major changes to the current operations, or discontinue the employment of the employees of the Company nor do they have plans to redeploy any of the fixed assets of the Company after implementation of the Proposal. The Board is aware that the Offeror will continue to monitor the Group's performance and assess and implement appropriate strategies for the Group and its business.



**8. INFORMATION ON THE OFFEROR**

The Offeror was incorporated in British Virgin Islands with limited liability and is principally engaged in investment holding.

The Offeror is ultimately wholly owned by Mr. Or Wai Sheun, an executive Director.

As at the Latest Practicable Date, the Offeror held 2,615,636,918 Shares (representing approximately 58.92% of the issued share capital of the Company).

**9. INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising Mr. Liu Kwong Sang, Dr. Tsui Wai Ling, Carlye, and Prof. Dr. Teo Geok Tien Maurice, each an independent non-executive Director, has been established by the Board to make a recommendation to the Independent Shareholders as to whether or not the terms of the Proposal are fair and reasonable and as to voting. Ms. Or Pui Ying, Peranza, a non-executive Director, is the daughter of Mr. Or Wai Sheun, the ultimate beneficial owner of the Offeror. Mr. Lai Ka Fai, a non-executive Director, is a director of the Offeror. They are therefore not considered to be independent for the purpose of Rule 2.8 of the Takeovers Code and are excluded from members of the Independent Board Committee.

The Independent Board Committee has given its recommendation as set out in Part V of this Scheme Document after taking into account the advice of Rainbow Capital. The Independent Shareholders are reminded to carefully read this Scheme Document, including the letter of advice from the Independent Financial Adviser to the Independent Board Committee set out in Part VI of this Scheme Document, before making a decision.

**10. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE**

Rainbow Capital has been appointed as the independent financial adviser to advise the Independent Board Committee in connection with the Proposal. The appointment of Rainbow Capital as the independent financial adviser has been approved by the Independent Board Committee.

The full text of the letter from Rainbow Capital is set out in Part VI of this Scheme Document.

**11. WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, the Scheme Shares will be cancelled and extinguished and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules. The Shareholders will be notified of the last day for dealing in the Shares and the date on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme is set out in Part III of this Scheme Document, which contains, inter alia, further details of the Proposal.

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective.

## 12. IF THE SCHEME IS NOT APPROVED OR OTHERWISE LAPSES

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Scheme Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date.

If the Scheme is not approved or otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

## 13. OVERSEAS SHAREHOLDERS

The making and implementation of the Scheme to Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any Overseas Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any acceptance by Overseas Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers, that those laws and regulatory requirements have been complied with. If such Overseas Shareholders are in doubt as to their positions, they should consult their professional advisers.

As at the Latest Practicable Date, to the Company's best knowledge, there were 2 Shareholders whose addresses as shown in the register of members of the Company were situated in the United Kingdom (the "**United Kingdom Shareholders**"), 18 Shareholders whose addresses as shown in the register of members of the Company were situated in the PRC (the "**PRC Shareholders**"), 4 Shareholders whose addresses as shown in the register of members of the Company were situated in Canada (the "**Canada Shareholders**"), 2 Shareholders whose addresses as shown in the register of members of the Company were situated in Australia (the "**Australia Shareholders**"), 2 Shareholders whose addresses as shown in the register of members of the Company were situated in Singapore (the "**Singapore Shareholders**") and a Shareholder whose address as shown in the register of members of the Company was situated in Macau (the "**Macau Shareholder**"). The Company has made an enquiry with its legal advisers in the United Kingdom (the "**United Kingdom Legal Advisers**"), its legal advisers in the PRC (the "**PRC Legal Advisers**"), its legal advisers in Canada (the "**Canada Legal Advisers**"), its legal advisers in Australia (the "**Australia Legal Advisers**"), its legal advisers in Singapore (the "**Singapore Legal Advisers**") and its legal advisers in Macau (the "**Macau Legal Advisers**") as to whether there are any legal restrictions or requirements of the relevant body or stock exchange under the laws of the United Kingdom, the PRC, Canada, Australia, Singapore and Macau with respect to extending the Scheme and despatching the Scheme Document to the United Kingdom Shareholders, the PRC Shareholders, the Canada Shareholders, the Australia Shareholders, the Singapore Shareholders and the Macau Shareholder, respectively.

The United Kingdom Legal Advisers, the PRC Legal Advisers, the Canada Legal Advisers, the Singapore Legal Advisers and the Macau Legal Advisers advised that there is no restriction or requirement (including but not limited to registration requirement) under the laws or regulations of the United Kingdom, the PRC, Canada, Singapore and Macau (as the case may be) for extending the Scheme and despatching the Scheme Document to the United Kingdom Shareholders, the PRC Shareholders, the Canada Shareholders, the Singapore Shareholders or the Macau Shareholder (as the case may be), and the Australia Legal Advisers advised that there are such restrictions or requirements (including but not limited to additional disclosure requirements) under the laws or regulations of Australia for extending the Scheme and despatching the Scheme Document to the Australia Shareholders which were addressed by way of a relief application to the Australian Securities & Investments Commission for exemptions from these requirements under sections 926A(2) and 1020F(1)(a) of the *Corporations Act 2001* (Cth) and which was granted by the Australian Securities & Investments Commission on 9 April 2021. Therefore, the Scheme will be extended to the United Kingdom Shareholders, the PRC Shareholders, the Canada Shareholders, the Australia Shareholders, the Singapore Shareholders and the Macau Shareholder and the Company will not apply for the waivers required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code in respect of extending the Scheme and despatching the Scheme Document to the United Kingdom Shareholders, the PRC Shareholders, the Canada Shareholders, the Australia Shareholders, the Singapore Shareholders and the Macau Shareholder.

#### **14. TAX AND INDEPENDENT ADVICE**

Your attention is drawn to the paragraph headed “21. Taxation” as set out in Part VII of this Scheme Document.

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasised that none of the Offeror, the Offeror Concert Parties and the Company or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

#### **15. SCHEME SHARES, COURT MEETING, AND EGM**

As at the Latest Practicable Date, the Offeror holds an aggregate of 2,615,636,918 Shares representing approximately 58.92% of the total number of issued Shares in the share capital of the Company. Such 2,615,636,918 Shares will not constitute Scheme Shares and will not be voted on the Scheme at the Court Meeting.

The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will comply with and be subject to the terms and conditions of the Scheme.

Each of Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching and Ms. Chio Koc Ieng is an executive Director. Given each of them is presumed to be acting in concert with the Offeror under Class (6) of the definition of “acting in concert” under the Takeovers Code, each of them will be required to abstain from voting at the Court Meeting for the purpose of the Takeovers Code. Each of them is not an Independent Shareholder but is qualified as a Scheme Shareholder.

Ms. Or Pui Ying, Peranza, a non-executive Director and the daughter of Mr. Or Wai Sheun, is presumed to be acting in concert with the Offeror under Class (6) and Class (8) of the definition of “acting in concert” under the Takeovers Code. She will be required to abstain from voting at the Court Meeting for the purpose of the Takeovers Code. She is not an Independent Shareholder but is qualified as a Scheme Shareholder.

Mr. Or Pui Kwan is the son of Mr. Or Wai Sheun and is presumed to be acting in concert with the Offeror under Class (8) of the definition of “acting in concert” under the Takeovers Code. He will be required to abstain from voting at the Court Meeting for the purpose of the Takeovers Code. He is not an Independent Shareholder but is qualified as a Scheme Shareholder.

Mr. Lai Ka Fai, a non-executive Director and a director of the Offeror, is presumed to be acting in concert with the Offeror under Class (2) and Class (6) of the definition of “acting in concert” under the Takeovers Code. He will be required to abstain from voting at the Court Meeting for the purpose of the Takeovers Code. He is not an Independent Shareholder but is qualified as a Scheme Shareholder.

Each of BOCI and Somerley is presumed to be acting in concert with the Offeror under class (5) of the definition of “acting in concert” in the Takeovers Code. As at the Latest Practicable Date, no Shares are owned, controlled or directed by each of BOCI and Somerley.

All Shareholders will be entitled to attend the EGM and vote on, among other things, (i) a special resolution to approve and give effect to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares, (ii) a special resolution to approve the withdrawal of listing of the Shares subsequent to the Scheme becoming effective, and (iii) an ordinary resolution to immediately thereafter increase the number of issued Shares in the share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to the Offeror.

The Offeror has undertaken that if the Scheme is approved at the Court Meeting, it will cast the votes in respect of those Shares held by it in favour of the resolutions to be proposed at the EGM.

## **16. COSTS OF THE SCHEME**

In light of the recommendation of the Independent Board Committee as set out in Part V of this Scheme Document and the recommendation of Rainbow Capital as set out in Part VI of this Scheme Document, Rule 2.3 of the Takeovers Code is not applicable. The Offeror and the Company have agreed that all costs, charges and expenses of the advisers and counsels appointed by the Company, including Rainbow Capital, will be borne by the Company, all costs, charges and expenses of the advisers and counsels appointed by the Offeror will be borne by the Offeror, and other costs, charges and expenses of the Proposal incurred by each of the Offeror and the Company will be borne by them respectively.

**17. GENERAL**

The Offeror has appointed BOCI and Somerley as its joint financial advisers in connection with the Proposal.

There are no arrangements (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Company which might be material to the Proposal (see Note 8 to Rule 22 of the Takeovers Code).

There are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal.

The Offeror and the Offeror Concert Parties have not borrowed or lent any Shares or any other securities of the Company as at the Latest Practicable Date.

Other than the Cancellation Price, the Offeror or the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares.

As at the Latest Practicable Date, there are no options, warrants or convertible securities in respect of the Shares held, controlled or directed by the Offeror and the Offeror Concert Parties, or outstanding derivatives in respect of the Shares entered into by the Offeror and the Offeror Concert Parties. No irrevocable commitment to vote for or against the Proposal has been received by the Offeror, as at the Latest Practicable Date.

As at the Latest Practicable Date, there is no understanding, arrangement or agreement or special deal between (i) any Scheme Shareholders and persons acting in concert with them; and (ii)(a) the Offeror and the Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.

Save for the following, none of the Offeror or the Offeror Concert Parties had any dealings in the relevant securities of the Company during the Relevant Period.

## 1. Distribution in Specie

On 30 October 2020, Kowloon Development Company Limited (“KDC”) distributed 3,141,605,560 Shares via Marble King International Limited (a wholly-owned subsidiary of KDC) as special dividend to the qualifying shareholders of KDC in proportion to their respective shareholdings in KDC on the basis for every 1 ordinary share of KDC held for 2.67 Shares (the “**Distribution in Specie**”). Details of the Shares involved with respect to the Offeror and the Offeror Concert Parties in connection with such distribution are as follows:

Date	Name of Shareholder	Notes	Number of Shares involved
30/10/2020	Offeror	(1)	922,708,404
		(2)	736,122
30/10/2020	Mr. Yeung Kwok Kwong	(3)	480,600
30/10/2020	Ms. Wong Yuk Ching	(3)	3,123,900
30/10/2020	Ms. Chio Koc Ieng	(3)	600,750
30/10/2020	Mr. Lai Ka Fai	(4)	2,005,170
30/10/2020	Mr. Or Pui Kwan	(5)	116,145

*Notes:*

- Prior to the Distribution in Specie, Mr. Or Wai Sheun, through its controlled corporations (including KDC), held 3,225,446,444 Shares. 3,141,605,560 Shares were distributed in connection with the Distribution in Specie, in which the Offeror received 2,218,897,156 Shares, resulting in an overall decrease of 922,708,404 Shares ultimately held by Mr. Or Wai Sheun.
- Following the Distribution in Specie, the undistributed 736,122 Shares were disposed of by the Offeror through its controlled corporations of which 735,000 Shares were disposed of at a consideration of HK\$0.65 per Share and of which 1,122 Shares were disposed of at a consideration of HK\$0.62 per Share.
- Each of Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching and Ms. Chio Koc Ieng is an executive Director and is deemed to be a party acting in concert with the Offeror under Class (6) of the definition of “acting in concert” under the Takeovers Code. The number of Shares held by them was increased by 480,600 Shares, 3,123,900 Shares and 600,750 Shares respectively due to the Distribution in Specie.
- Mr. Lai Ka Fai is a non-executive Director and a director of the Offeror and is deemed to be a party acting in concert with the Offeror under Class (2) and Class (6) of the definition of “acting in concert” under the Takeovers Code. The number of Shares held by him was increased by 2,005,170 Shares due to the Distribution in Specie.
- Mr. Or Pui Kwan is the son of Mr. Or Wai Sheun and is deemed to be a party acting in concert with the Offeror under Class (8) of the definition of “acting in concert” under the Takeovers Code. The number of Shares held by him was increased by 116,145 Shares due to the Distribution in Specie.

**2. Acquisitions by the Offeror in cash:**

<b>Date (Note)</b>	<b>Number of Shares acquired</b>	<b>Actual price per Share</b>
29/01/2021	105,000	HK\$1.4700
28/01/2021	6,515,000	HK\$1.4700
27/01/2021	7,810,000	HK\$1.4700
26/01/2021	49,060,000	HK\$1.4700
25/01/2021	29,625,000	HK\$1.4600
22/01/2021	7,095,000	HK\$1.4400
22/01/2021	125,510,000	HK\$1.4500
11/12/2020	4,995,000	HK\$0.8600
10/12/2020	1,600,000	HK\$0.8200 - HK\$0.8400
09/12/2020	10,000	HK\$0.7800
08/12/2020	1,010,000	HK\$0.7600 - HK\$0.7700
02/12/2020	2,820,000	HK\$0.7200 - HK\$0.7500
01/12/2020	385,000	HK\$0.7100
30/11/2020	2,500,000	HK\$0.7100
26/11/2020	2,400,000	HK\$0.7000 - HK\$0.7100
25/11/2020	2,880,000	HK\$0.7000
24/11/2020	2,140,000	HK\$0.6900
23/11/2020	6,615,000	HK\$0.6800
14/11/2020 - 20/11/2020	13,360,000	HK\$0.6600 - HK\$0.6900
07/11/2020 - 13/11/2020	4,990,000	HK\$0.6600
03/11/2020 - 06/11/2020	42,210,000	HK\$0.6200 - HK\$0.6800

*Note:* In accordance with the provisions of Note 4 to paragraph 4 of Schedule I to the Takeovers Code, (i) acquisitions of Shares during the Offer Period and in the one month period prior to the publication of the Announcement on 21 January 2021 (i.e. from 21 December 2020 onwards) as shown in the table above were not aggregated; (ii) acquisitions of Shares in the period from 21 November 2020 to 20 December 2020 as shown in the table above were aggregated on a daily basis; and (iii) acquisitions of Shares in the period falling on or before 20 November 2020 as shown in the table above were aggregated on a weekly basis. As set out in the paragraph headed “10. Documents Available for Inspection” in Appendix II to this Scheme Document, the full list of dealings is available for inspection at the addresses and during the period stated therein.

**18. COURT MEETING AND EGM**

In accordance with the direction of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing the resolution to approve the Scheme (with or without modification(s)).

Scheme Shareholders whose names appear on the register of members of the Company as at the Scheme Court Meeting Record Date will be entitled to attend and vote on the Scheme at the Court Meeting in person or by proxy. At the Court Meeting, Scheme Shareholders present and voting either in person or by proxy will be entitled to vote their Scheme Shares in favour of the Scheme or against it.

The Scheme is conditional upon, amongst other things, approval by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares present and voting in person or by proxy at the Court Meeting. In addition, the Scheme must be approved (by way of poll) by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voting either in person or by proxy at the Court Meeting; provided that the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Independent Shareholders.

In accordance with the Companies Act, the “75% in value” requirement will be met if the total value of the Shares being voted in favour of the Scheme is at least 75% of the total value of the Shares voted at the Court Meeting. In accordance with the Companies Act, the “majority in number” requirement will be met if the number of the Scheme Shareholders voting in favour of the Scheme exceeds the number of the Scheme Shareholders voting against the Scheme. For the purpose of calculating the “majority in number” requirement, the number of the Scheme Shareholders, present and voting in person or by proxy, will be counted. For the purpose of the Takeovers Code, only the number of Scheme Shares from an Independent Shareholder being so voted will count towards the “75% in value” requirement as Shareholders who are not Independent Shareholders will be required to abstain from voting at the Court Meeting in accordance with the Takeovers Code.

In accordance with the direction from the Grand Court, for the purpose of calculating the “majority in number”, HKSCC Nominees Limited shall be permitted to vote once for and once against the Scheme in accordance with the instructions received by it from the Investor Participants and other CCASS Participants. For the purpose of the headcount test, if HKSCC Nominees Limited receives an instruction to vote both for and against the Scheme, it will be counted as one Shareholder under “for” and as one shareholder under “against”. The number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they are cast and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be disclosed to the Grand Court and may be taken into account in deciding whether or not the Grand Court should exercise its discretion to sanction the Scheme.

The EGM will be held as soon as after the Court Meeting has been concluded or adjourned for the purpose of considering and, if thought fit, passing resolutions to approve, among other things, the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing all Scheme Shares. All Shareholders will be entitled to attend and vote in person or by proxy on such resolutions at the EGM.

At the EGM, a poll will be taken, and each Shareholder present and voting either in person or by proxy, will be entitled to vote all of his/her/its Shares in favour of (or against) the special resolutions and/or the ordinary resolution. Alternatively, such Shareholder may vote some of their Shares in favour of the special resolutions and/or the ordinary resolution and any or all of the balance of their Shares against the special resolutions and/or the ordinary resolution (and vice versa). At the relevant EGM, the special and ordinary resolutions will be put to the vote by way of poll as required under Rule 13.39(4) of the Listing Rules.



Announcement(s) will be made by the Company and the Offeror in relation to the results of the Court Meeting and the EGM in accordance with Rule 19.1 of the Takeovers Code to the extent applicable. Information on the number of votes cast for and the number of votes cast against the Scheme, and the number of CCASS Participants on whose instructions they are cast will be included in such announcement(s).

Notices of the Court Meeting and the EGM are set out in Appendix VI and Appendix VII to this Scheme Document.

## 19. PRECAUTIONARY MEASURES AT THE COURT MEETING AND EGM

In view of the ongoing COVID-19 and requirements for its effective prevention and control, the Company will implement the following precautionary measures at the Court Meeting and EGM to protect the Shareholders, staff and other stakeholders from the risk of infection:

- (a) compulsory body temperature checks will be conducted for all attendees at the entrance of the Court Meeting and EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the Court Meeting and EGM venue or be required to leave;
- (b) all attendees are required to wear surgical face masks inside the Court Meeting and EGM venue at all times, and to maintain a safe distance between seats; and
- (c) no refreshments will be served.

To the extent permitted under law, the Company reserves the right to deny entry into the Court Meeting and EGM venue or require any person to leave in order to ensure the safety of the attendees at the Court Meeting and EGM.

Pursuant to the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap. 599G) (the “**Regulation**”), group gatherings of more than a designated number of persons as prescribed under the Regulation for shareholders’ meetings are required to be accommodated in separate rooms or partitioned areas. The Company will comply with the relevant requirements under the Regulation as and when appropriate at the time of the Court Meeting and EGM.

Furthermore, the Company wishes to remind the Shareholders that physical attendance in person at the Court Meeting and EGM is not necessary for the purpose of exercising their voting rights. The Company wishes to strongly advise the Shareholders, particularly Shareholders who are unwell or subject to quarantine in relation to COVID-19, that they may appoint any person as a proxy to vote on the resolutions, instead of attending the Court Meeting and EGM in person.

The Company will keep the Shareholders informed by way of further announcement if there are any material updates on the Regulation which would affect the Court Meeting and EGM.

## 20. ACTIONS TO BE TAKEN BY THE SHAREHOLDERS

Your attention is drawn to the section headed “Actions to be taken – Actions to be taken by the Shareholders” set out in Part II of this Scheme Document.

## 21. RECOMMENDATIONS

Rainbow Capital has been appointed as the independent financial adviser to advise the Independent Board Committee in connection with the Proposal. The appointment of Rainbow Capital as the independent financial adviser has been approved by the Independent Board Committee. The text of the letter of advice from Rainbow Capital containing its recommendation and the principal factors and reasons that it has taken into consideration in arriving at its recommendation is set out in Part VI of this Scheme Document. We would advise you to read this letter and the letter of advice from Rainbow Capital carefully before you take any action in respect of the Proposal.

The Independent Board Committee has considered the terms of the Proposal and taken into account the advice of Rainbow Capital, in particular the factors, reasons and recommendation as set out in the letter from Rainbow Capital in Part VI of this Scheme Document. The Independent Board Committee's recommendation is set out in Part V of this Scheme Document.

As at the Latest Practicable Date, the Offeror is a company ultimately wholly-owned by Mr. Or Wai Sheun, an executive Director. Mr. Or Wai Sheun will abstain from voting at meetings of the Board in relation to the Proposal given that he has a material interest in the Proposal. Ms. Or Pui Ying, Peranza and Mr. Lai Ka Fai will also abstain from voting at meetings of the Board in relation to the Proposal. The Directors (excluding the members of the Independent Board Committee) believe that the terms of the Proposal are fair and reasonable and in the interests of the Scheme Shareholders.

## 22. FURTHER INFORMATION

You are urged to read carefully the letter from the Independent Board Committee, the letter from Rainbow Capital, the Explanatory Statement, the Scheme of Arrangement and the notices of the Court Meeting and the EGM contained in this Scheme Document and the other appendices to this Scheme Document.

Yours faithfully,  
By Order of the Board of  
**Polytec Asset Holdings Limited**  
**Yeung Kwok Kwong**  
*Executive Director*

\* For identification purpose only

**POLYTEC ASSET HOLDINGS LIMITED****保利達資產控股有限公司\****(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 208)**

16 April 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) PROPOSED PRIVATIZATION OF POLYTEC ASSET HOLDINGS LIMITED  
BY INTELLINSIGHT HOLDINGS LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT; AND  
(2) PROPOSED WITHDRAWAL OF LISTING**

We refer to the scheme document (the “**Scheme Document**”) dated 16 April 2021 jointly issued by the Company and the Offeror in relation to the Proposal, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as given to them in the Scheme Document.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders in respect of the Proposal.

Rainbow Capital has been appointed, with our approval, as the independent financial adviser in respect of the Proposal.

We wish to draw your attention to (a) the letter from the Board as set out in Part IV of the Scheme Document; (b) the letter from Rainbow Capital as set out in Part VI of the Scheme Document which sets out the factors and reasons taken into account by Rainbow Capital in arriving at its recommendations; and (c) the Explanatory Statement as set out in Part VII of the Scheme Document.

Having considered the terms of the Proposal and having taken into account the advice of Rainbow Capital, in particular the factors, reasons and recommendations as set out in the letter from Rainbow Capital, we consider the terms of the Proposal are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend:

- (1) the Independent Shareholders to vote in favour of the resolution to approve the Scheme at the Court Meeting; and
- (2) the Shareholders to vote at the EGM in favour of (i) a special resolution to approve and give effect to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares, (ii) a special resolution to approve the withdrawal of listing of the Shares subsequent to the Scheme becoming effective, and (iii) an ordinary resolution to immediately thereafter increase the number of issued Shares in the share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to the Offeror.

Yours faithfully,

**Independent Board Committee**

**Mr. Liu Kwong Sang**

**Dr. Tsui Wai Ling, Carlye**

**Prof. Dr. Teo Geok Tien Maurice**

*Independent Non-executive  
Director*

*Independent Non-executive  
Director*

*Independent Non-executive  
Director*

*\* For identification purpose only*

*The following is the full text of a letter of advice from Rainbow Capital, the independent financial adviser to the Independent Board Committee in respect of the Proposal, which has been prepared for the purpose of inclusion in this Scheme Document.*

**Rainbow Capital (HK) Limited**

16 April 2021

*To the Independent Board Committee*

Polytec Asset Holdings Limited  
23rd Floor, Pioneer Centre  
750 Nathan Road  
Kowloon  
Hong Kong

Dear Sir or Madam,

**PROPOSED PRIVATIZATION OF  
POLYTEC ASSET HOLDINGS LIMITED  
BY INTELLINSIGHT HOLDINGS LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT**

**INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee in connection with the Proposal, details of which are set out in the Announcement and the Scheme Document dated 16 April 2021 jointly issued by the Company and the Offeror in relation to the Proposal, of which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter shall have the same meaning as defined in this Scheme Document.

On 17 January 2021, the Offeror requested the Board to put forward the Proposal, which will involve the cancellation and extinguishment of the Scheme Shares, the payment of the Cancellation Price of HK\$1.50 per Scheme Share to the Scheme Shareholders, and the withdrawal of the listing of the Shares on the Stock Exchange. The Proposal will be carried out by way of the Scheme.

The Independent Board Committee consists of all independent non-executive Directors, namely Mr. Liu Kwong Sang, Dr. Tsui Wai Ling, Carlye, and Prof. Dr. Teo Geok Tien Maurice. Ms. Or Pui Ying, Peranza, a non-executive Director, is the daughter of Mr. Or Wai Sheun, the ultimate beneficial owner of the Offeror. Mr. Lai Ka Fai, a non-executive Director, is a director of the Offeror. They are therefore not considered to be independent for the purpose of Rule 2.8 of the Takeovers Code and are not members of the Independent Board Committee. The Independent Board Committee has been established to advise the Independent Shareholders as to whether or not the terms of the Proposal are fair and reasonable and as to voting in respect of the Proposal at the Court Meeting and the EGM. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this regard and such appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We are not associated with the Company, the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Apart from normal professional fees paid or payable to us in connection with this engagement, no other arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give an independent advice to the Independent Board Committee.

### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in this Scheme Document; (ii) the information supplied by the Directors and the management of the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in this Scheme Document were true and accurate in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in this Scheme Document are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in this Scheme Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth and accuracy of such information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in this Scheme Document and that all information or representations provided to us by the Directors and the management of the Group are true and accurate in all material respects and not misleading in any material respect at the time they were made and continue to be so until the Latest Practicable Date.

The Independent Shareholders will be informed by the Company and us as soon as possible if there is any material change to the information disclosed in this Scheme 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 and the Independent Shareholders accordingly.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in this Scheme Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position or future prospects of the Company or any of their respective subsidiaries and associates.

**PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSAL**

Subject to the fulfilment (or waiver as applicable) of the Scheme Conditions on or before the Long Stop Date, the proposed privatization of the Company will be implemented by way of the Scheme.

**1. Principal terms of the Scheme**

Under the Scheme, the Scheme Shares will be cancelled and extinguished and, in consideration thereof, each Scheme Shareholder will be entitled to receive the following Cancellation Price in cash for each Scheme Share cancelled and extinguished:

For each Scheme Share .....HK\$1.50 in cash

On the assumption that there will be no change in the shareholding structure of the Company before completion of the Proposal and based on the Cancellation Price of HK\$1.50 per Scheme Share and 1,823,330,920 Scheme Shares in issue as at the Latest Practicable Date, the amount of cash payable to the Scheme Shareholders under the Proposal would be approximately HK\$2,735 million. Based on the Cancellation Price and 4,438,967,838 Shares in issue as at the Latest Practicable Date, the Proposal valued the Company at approximately HK\$6,658 million.

**Independent Shareholders should note that as stated in the “Letter from the Board” in this Scheme Document, the Cancellation Price will not be increased and the Offeror does not reserve the right to do so. The Company does not intend to declare and/or pay any dividend during the Offer Period. If the Scheme is not approved or otherwise lapses, neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.**

**2. Scheme Conditions of the Proposal**

The implementation of the Proposal is, and the Scheme will become effective and binding on the Offeror, the Company and the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of, among other things, the following Scheme Conditions:

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

- (c) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve the withdrawal of listing of the Shares subsequent to the Scheme becoming effective; and (iii) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to immediately thereafter increase the number of issued Shares in the share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to the Offeror;
- (d) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the number of issued Shares in the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration; and
- (e) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Act in relation to the reduction of the number of issued Shares in the share capital of the Company referred to in paragraph (c)(i) above.

For details of other Scheme Conditions, please refer to the section headed "2. The Scheme — The Scheme Conditions" in the "Explanatory Statement" in this Scheme Document.

The Offeror reserves the right to waive the Scheme Conditions (except for the Scheme Conditions in paragraphs (a) to (e) above) either in whole or in part, either generally or in respect of any particular matter. The Company does not have the right to waive any of the Scheme Conditions. All of the Scheme Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Scheme will lapse.

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

### **3. Expected timetable of the Proposal**

The indicative timetable for the Proposal is set out in "Expected Timetable" in this Scheme Document. Based on the indicative timetable, the cheques for cash entitlements under the Scheme will be despatched to the Scheme Shareholders on or before Tuesday, 1 June 2021 if the Scheme becomes effective. Further announcement will be made by the Offeror and the Company if there is any change to the timetable.



**PRINCIPAL FACTORS AND REASONS CONSIDERED**

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

**1. Background information of the Group**

The Group is principally engaged in (a) property development (the “**Property Business**”) and investment; (b) manufacturing of ice and provision of cold storage services (the “**Ice and Cold Storage Business**”); (c) oil exploration and production (the “**Oil Business**”); and (d) financial investments (the “**Financial Investment Business**”). For the year ended 31 December 2020, the Property Business, the Ice and Cold Storage Business, the Oil Business and the Financial Investment Business accounted for approximately 69.6%, 16.2%, 4.7% and 9.5% of total revenue of the Group, respectively.

**(a) Property Business**

The Group currently holds 80% interests in the development of two properties (the “**Properties**”) located at Lotes T+T1 and Lote P of Novos Aterros da Areia Preta in Macau, being the La Marina and the Pearl Horizon development projects, respectively, under two co-investment agreements entered into with two wholly-owned subsidiaries (the “**Related Companies**”) of Polytec Holdings International Limited (“**Polytec Holdings**”), the then ultimate holding company of the Company. Polytec Holdings was ultimately wholly-owned by Mr. Or Wai Sheun, an executive Director and a controlling Shareholder, as at the Latest Practicable Date. The Related Companies are the registered owners of the Properties. Pursuant to the co-investment agreements, the Group will provide funding to cover any shortfall in the funding of the property development projects which is subject to an aggregate maximum amount and will in turn receive distributions from the property development projects according to the formulae set out in the co-investment agreements. According to the Group’s accounting policies, the Group’s interests in property development are stated at fair value. In addition, the Group are interested in certain commercial and residential properties in Macau and Hong Kong, which are held for sale and are stated as the lower of cost and net realizable value according to the Group’s accounting policies. In 2018, the Group acquired 50% interest in a joint venture company which held a property development project in Zhongshan.

Revenue generated from the Property Business comprises sales of properties and distribution from interests in property development. For the three years ended 31 December 2020, revenue generated from the Property Business amounted to approximately HK\$1,400.0 million, HK\$724.5 million and HK\$500.3 million, representing approximately 87.9%, 79.9% and 69.6% of total revenue of the Group, respectively.

Details of the Group’s property interests are set out below:

(i) *The La Marina development project (the “La Marina Project”)*

The La Marina Project comprises a number of high-end residential blocks with retail shops and car parking spaces with a total gross floor area (“GFA”) of 182,000 square metres (“sq.m.”). Construction works were completed and the occupation permit was obtained in July 2017 with pre-sold units gradually delivered to the buyers since late December 2017. For the four years ended 31 December 2020, distributions of HK\$500 million, HK\$1,400 million, HK\$720 million and HK\$500 million were made to the Company in relation to the La Marina Project. As advised by the Directors, the amount of distributions is determined based on the sales proceeds from the La Marina Project and the cash flow position of the property owner which may fluctuate from time to time. As at 31 December 2020, the carrying amount of the Group’s interest in the La Marina Project amounted to approximately HK\$3.8 billion.

As disclosed in the annual report of the Company for the year ended 31 December 2019 (the “2019 Annual Report”), the income to be received from the Group’s interest in the La Marina Project is expected to make an important contribution to the Group’s results in the next two years.

(ii) *The Pearl Horizon development project (the “Lote P Project”)*

Under the related land concession, the construction of the Lote P Project has to be completed on or before 25 December 2015 (the “Expiry Date”).

In September 2013, the Government of Macau Special Administrative Region (the “Macau Government”) promulgated the Macau New Land Law (the “New Land Law”) which came into effect in March 2014. The New Land Law provides that the Macau Government will be entitled to reclaim the land of any property development that is not completed or fails to fulfil the conditions stated in the land concession by the stipulated expiry date without any compensation to the property owner.

As a result of the delay by the Macau Government in granting the requisite approvals and permits for the development of the Lote P Project, the Lote P Project could not commence until August 2014. As a result, the construction work of the Lote P Project could not be completed by the Expiry Date and all construction work is currently suspended.

On 23 May 2018, the Tribunal de Ultima Instancia (the Court of Final Appeal) of Macau rejected the application of final appeal by the registered owner (the “Owner”) of the property of the Lote P Project for invalidating the decision made by the Chief Executive of Macau to terminate the land concession of the Lote P Project. On 30 March 2020, an unfavourable judgement was issued by the Tribunal Administrativo (the Administrative Court) in Macau for the civil claim filed by the Owner against the Macau Government to seek compensation for losses and damage on the Lote P Project on 29 November 2018. In this regard, a petition for appeal (the “Petition”) was submitted to the Court of Second Instance in Macau on 29 May 2020. However, an application for the withdrawal of the Petition was submitted by the Owner on 11 September 2020. The application was accepted by the Court of Second Instance and the aforesaid civil claim was therefore terminated. The Lote P Project was reclaimed by the Macau Government without any compensation to the Owner and therefore will not proceed.

Pursuant to the co-investment agreement for the development of the Lote P Project, in the event that the Owner fails to complete the Lote P Project, Polytec Holdings will be required to indemnify the Group in respect of any loss suffered. Therefore, any loss to the Group due to the repossession of the land of the Lote P Project by the Macau Government will be indemnified by Polytec Holdings (the “**Indemnity**”). Polytec Holdings has agreed to pay the Indemnity in the amount of approximately HK\$8.4 billion, together with interest charged at a prevailing market rate per annum, to the Group in the proportion of 20%, 40% and 40% of the amount of the Indemnity (plus all interest accrued up to each year end date) in cash by the end of 2021, 2022 and 2023, respectively.

The Indemnity has been accounted for in the equity attributable to the Shareholders as at 31 December 2020. The carrying amount of the Group’s interest in the Lote P Project in the form of the Indemnity receivable from Polytec Holdings amounted to approximately HK\$8.4 billion as at 31 December 2020.

(iii) *The Zhongshan property development project*

The Group is engaged in a property development project (the “**Zhongshan Project**”) in Zhongshan through its 50% interest in Smart Rising Limited (“**Smart Rising**”), a joint venture company incorporated in British Virgin Islands. Details of the Zhongshan Project are set out below:

Location	: Nantongwei and Shawei, Beitai Village, South District, Zhongshan City, Guangdong Province, the PRC
Nature of development	: The Zhongshan Project is expected to be developed into 38 blocks of high-rise residential building, 4 blocks of high-rise apartment and 150 blocks of villa.
Total planned GFA	: Approximately 587,000 sq.m.
Status	: Site drainage work has completed. The overall planning and design work is underway. No planning or other regulatory consent has been obtained and the detailed development schemes are yet to be approved and finalized.
Market value of the Zhongshan Project attributable to the Group as at 31 January 2021	: RMB2.6 billion

*(iv) Properties held for sale*

For the three years ended 31 December 2020, revenue generated from sales of properties amounted to nil, HK\$4.5 million and HK\$280,000, respectively. As at 31 December 2020, the Group's properties held for sale comprised the following:

<b>Properties</b>	<b>Purpose</b>	<b>GFA (approximate)</b>	<b>The Group's interest</b>	<b>Market value attributable to the Group as at 31 January 2021 (approximate)</b>
Two motorcycle parking spaces at Pacifica Garden, Rua de Zhanj Iang Nos. 13-63, Estrada Coronel Nicolan de Mesquita Nos. 99-141, Rua do Porto Nos. 2-51 and Travessa da Povoacao de Sam Ka Nos. 44-66, Taipa, Macau	Commercial	Two motorcycle parking spaces	58%	HK\$232,000
35 shop units and 57 car parking spaces at China Plaza, Avenida da Praia Grande Nos. 730-804 and Avenida de D. Joao IV Nos. 2-6-B, Macau	Commercial	1,940 sq.m. and 57 car parking spaces	70.5%	HK\$180.5 million
Four car parking spaces at Va long, Praca da Amizade Nos. 6-52, Avenida do Infante D. Henrique Nos. 25-31 and Avenida Doutor Mario Soares Nos. 227-259, Macau	Commercial	Four car parking spaces	100%	HK\$6 million
Various lots at Kau To Shan, Shatin, New Territories, Hong Kong	Residential	1,171 sq.m.	100%	HK\$112 million
	Agricultural	2,710 sq.m.		

**(b) Property investment**

The Group generates rental income primarily from The Macau Square through its 50% interest in South Bay Centre Company Limited (“**South Bay**”), a joint venture company incorporated in Macau. For the three years ended 31 December 2020, (i) the Group’s share of gross rental income generated from The Macau Square amounted to approximately HK\$76 million, HK\$77 million and HK\$77 million; and (ii) the Group’s share of profit of South Bay amounted to approximately HK\$111.6 million, HK\$77.2 million and HK\$30.2 million, respectively. As stated in the annual results announcement of the Company for the year ended 31 December 2020 (the “**2020 Annual Results**”), the rental income generated from the Group’s investment properties in Macau is expected to remain stable in 2021 as the COVID-19 outbreak is seen to be largely under control.

Particulars of the Group’s investment properties are summarized below:

Properties	Purpose	GFA ( <i>approximate</i> )	Category of lease	The Group’s interest	Market value attributable to the Group as at 31 January 2021 ( <i>approximate</i> )
208 shop units, 208 office units and 265 car parking spaces at The Macau Square, Rua do Dr. Pedro Jose Lobo Nos. 2-16A, Avenida do Infante D. Henrique Nos. 43-53A and Avenida Doutor Mario Soares Nos. 81-113, Macau	Commercial	45,453 sq.m.	Short term lease	50%	HK\$1.7 billion

Average occupancy rates of The Macau Square remained at high levels for the three years ended 31 December 2020, as set out below:

	For the year ended 31 December		
	2018	2019	2020
Shop units	93%	98%	98%
Office units	89%	89%	88%
Car parking spaces	76%	77%	76%

Source: Provided by the Company

**(c) Ice and Cold Storage Business**

The Group is one of the largest ice making distributors in Hong Kong. For the three years ended 31 December 2020, revenue generated from the Ice and Cold Storage Business amounted to approximately HK\$117.8 million, HK\$113.8 million and HK\$116.1 million, representing approximately 7.4%, 12.5% and 16.2% of total revenue, respectively.

(d) *Oil Business*

The Group is engaged in oil production and exploration in Kazakhstan. For the three years ended 31 December 2020, revenue generated from the Oil Business amounted to approximately HK\$75.1 million, HK\$61.5 million and HK\$33.6 million, with loss after tax of approximately HK\$15.9 million, HK\$285.4 million and HK\$71.7 million, respectively. The significant increase in loss after tax for the year ended 31 December 2019 as compared to the previous year was mainly due to the impairment loss of approximately HK\$231.6 million made for the Group's oil production and exploitation assets in Kazakhstan based on the assessment of the prevailing oil market and its development plan. The loss after tax of approximately HK\$71.7 million for the year ended 31 December 2020 was mainly attributable to the full write-off of the remaining value of the Group's oil production and exploitation assets in the amount of approximately HK\$59.5 million due to the weak global demand for oil and low oil prices in the short- to medium-term.

As at 31 December 2020, the oil production assets (included in property, plant and equipment) and oil exploitation assets were fully depreciated and impaired. As disclosed in the interim report of the Company for the six months ended 30 June 2020 (the "**2020 Interim Report**") and the 2020 Annual Results, given the Oil Business has been adversely affected by the major suspension of world economic activities caused by the COVID-19 outbreak and is not expected to recover in the short term, the Group intends to terminate the oilfield operation in Kazakhstan which will no longer have significant impact on the Group's overall results in the future. As at the Latest Practicable Date, no concrete plan has been formulated for such termination.

(e) *Financial Investment Business*

The Group commenced to engage in equity and debt investments in August 2019. For the two years ended 31 December 2020, revenue generated from the Financial Investment Business amounted to approximately HK\$7.0 million and HK\$68.5 million, respectively. The significant increase in revenue generated from the Financial Investment Business for the year ended 31 December 2020 was primarily due to (i) the net income from equity and debt investments recognized on a full year basis in 2020 as the Financial Investment Business was commenced in August 2019; and (ii) the increase in equity and debt investments (classified as other financial assets) from approximately HK\$176.5 million as at 31 December 2019 to approximately HK\$467.8 million as at 31 December 2020.

## 2. Industry overview and outlook

Currently, the Group is principally engaged in (a) property development in Macau through its 80% interests in the La Marina Project; (b) property investment in Macau primarily through its 50% interest in South Bay which holds The Macau Square; and (c) property development in Zhongshan through its 50% interest in Smart Rising which holds the Zhongshan Project. For the year ended 31 December 2020, revenue generated from the La Marina Project amounted to HK\$500 million, representing approximately 69.6% of total revenue, and the Group's share of gross rental income generated from The Macau Square amounted to approximately HK\$77 million, representing approximately 93% of the Group's total share of gross rental income generated from its interests in investment properties. As at the Latest Practicable Date, the site drainage work of the Zhongshan Project was completed and the overall planning and design work was underway.

Property development and investment is the primary business of the Group. Set out below summarizes the overview and outlook of the property market in Macau and Zhongshan:

### (a) Macau

#### (i) Economic growth

The Group's current principal operation is located in Macau. Accordingly, the Group's financial performance is affected by the local economic activities. The following table sets out Macau's (1) real gross domestic product ("GDP") growth; and (2) growth in private consumption expenditure in real terms for the years indicated:

Year-on-year change	2017	2018	2019	2020
GDP in real terms	10.0%	6.5%	-2.6%	-56.3%
Private consumption expenditure in real terms	2.7%	4.4%	2.7%	-16.3%

Source: Government of Macao Special Administrative Region Statistics and Census Service ("**DSEC**") (<https://www.dsec.gov.mo/en-US/Statistic?id=901>)

As shown in the table above, the economic growth in Macau was decelerating between 2017 and 2019. Due to the decrease in investment and exports of services, Macau's real GDP shrank by 2.6% in 2019. The economic growth deteriorated in 2020 as a result of the COVID-19 outbreak. Although no widespread transmission of the virus was observed within the city, the real GDP declined by 56.3% in 2020 as compared to the previous year.

Private consumption expenditure in real terms recorded a negative growth of 16.3% in 2020 after three consecutive years of growth during 2017 to 2019.

*(ii) Sale of residential properties*

The Group's revenue for the three years ended 31 December 2020 was primarily generated from distributions made from its interest in the La Marina Project.

The table below sets out (1) the number of residential units sold; (2) the average selling price of residential units; and (3) the total transaction value of sale and purchase of residential units in Macau for the years indicated:

	2017	2018	2019	2020
Number of residential units sold	10,581	10,822	8,277	6,483
Average selling price (MOP/sq.m.)	100,822	108,427	107,522	105,064
Transaction value (MOP' million)	69,442	69,426	51,049	42,957

Source: DSEC (<https://www.dsec.gov.mo/en-US/Statistic?id=601>)

MOP: Macau Pataca

As shown in the table above, the number of residential units sold decreased by approximately 23.5% from 10,822 in 2018 to 8,277 in 2019. It further decreased by approximately 21.7% to 6,483 in 2020 as compared to the previous year.

The average selling price of residential units in Macau has recorded a downward trend since 2018 from MOP108,427 per sq.m. in 2018 to MOP107,522 per sq.m. in 2019 and further to MOP105,064 per sq.m. in 2020.

As a result of the decrease in the number of residential units sold and the average selling price, total transaction value of residential units has exhibited a downward trend since 2018. Total transaction value of residential units contracted by approximately 15.9% to approximately MOP42,957 million in 2020 from approximately MOP51,049 million in 2019.

*(iii) Commercial leasing*

The income from the Group's property investment business in Macau is mainly derived from the leasing of office and retail properties as well as car parking spaces at The Macau Square.



According to the news release (the “**News Release**”) dated 13 January 2021 issued by Jones Lang LaSalle (“**JLL**”), an international real estate services provider, as a result of the economic downturn and the pandemic, the demand for office spaces was weak. According to JLL Macau Office Index, the rental values for the overall office market and Grade A office fell by approximately 7.3% and 1.8%, respectively, in 2020. The overall office vacancy rate rose to 10% at the end of 2020 from 7% at the end of 2019. (Source: <https://www.jll.com.mo/en/newsroom/jll-retail-rental-bottomed-out>)

The table below sets out (1) total retail sales; and (2) total spending of visitors (excluding gaming expenses) in Macau for the years indicated:

	2017	2018	2019	2020
Value of retail sales (MOP' million)	66,262	76,807	77,187	45,192
Total spending of visitors (MOP' million)	61,324	69,687	64,077	11,938

Source: DSEC (<https://www.dsec.gov.mo/en-US/Statistic?id=503> and <https://www.dsec.gov.mo/en-US/Statistic?id=401>)

Due to the significant decrease of total visitor arrivals and therefore total spending of visitors, total retail sales decreased by approximately 41.5% from approximately MOP77,187 million in 2019 to approximately MOP45,192 million in 2020. According to JLL Macau Retail Index, the overall retail rental values fell by approximately 27.8% in 2020 as compared to 2019. As stated in the News Release, the current vacancy rate and future supply of retail properties have reached a high level in the recent year.

(iv) *Overall comment*

The Macau’s economy has been adversely affected by the COVID-19 outbreak in 2020, resulting in an adjustment in price levels in the overall property market in Macau, although the COVID-19 pandemic has been largely under control locally. As disclosed in the 2020 Interim Report, the COVID-19 pandemic is expected to last for a period of time and the economy will be unlikely to recover soon.

Total residential sales transaction value in Macau contracted significantly in 2019 and 2020. According to the News Release issued by JLL, while the uncertainty caused by the COVID-19 pandemic will gradually disappear, it takes time for the market to recover. JLL expected that the residential sales transaction volume in Macau will remain stable in 2021.

As for the commercial leasing markets, the rental values for the overall office and retail markets in Macau dropped by approximately 7.3% and 27.8% in 2020, respectively, with an increase in vacancy rates of office and retail properties. While the impact of the COVID-19 pandemic on the office leasing market is moderate, JLL expected that retail rents will face pressure in the short term given the current high vacancy rate and future supply of retail properties in Macau. Notwithstanding the above, JLL expected that the retail property market in Macau will recover once economic activities and inbound and outbound tourisms resume normal when the pandemic is contained following the roll-out of COVID-19 vaccines.

**(b) Zhongshan**

*(i) Economic growth*

The Group carries out its PRC property development business through its 50% interest in the Zhongshan Project, which is affected by the PRC economy. The table below sets out Zhongshan's real GDP growth for the years indicated:

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Year-on-year change</b>				
GDP in real terms	6.6%	5.9%	1.2%	1.5%

*Source: Zhongshan Municipal Statistics Bureau (<http://stats.zs.gov.cn/zwgk/tjxx/tjnj/>)*

Zhongshan's real GDP grew by 1.2% and 1.5% in 2019 and 2020, respectively, decelerating from 6.6% and 5.9% in 2017 and 2018, respectively. According to a report "The Greater Bay Area: the path ahead" issued by JLL in June 2020 (*Source: <https://www.jll.com.hk/en/trends-and-insights/research/gba-whitepaper-2020>*), after completion of the construction of the Shenzhen-Zhongshan Bridge, the connection between Shenzhen and Zhongshan will be strengthened and some manufacturing enterprises in Shenzhen may consider moving their factories to Zhongshan, which will also promote the migration of the working population, accelerating the urbanization of Zhongshan. It is expected that the property market in Zhongshan will benefit from the steady development of the Greater Bay Area.

**3. Financial information of the Group**

**(a) Financial performance**

Set out below are the consolidated income statements of the Company for the three years ended 31 December 2020 ("FY2018", "FY2019" and "FY2020", respectively), as extracted from the 2019 Annual Report and the 2020 Annual Results:

	For the year ended 31 December		
	2020 HK\$'000 (audited)	2019 HK\$'000 (audited)	2018 HK\$'000 (audited)
<b>Revenue</b>	718,475	906,877	1,592,854
— Property Business	500,280	724,500	1,400,000
— Ice and Cold Storage Business	116,131	113,801	117,801
— Oil Business	33,550	61,539	75,053
— Financial Investment Business	68,514	7,037	—
<b>Gross profit</b>	670,364	836,207	1,530,032
<b>Segment results</b>	559,619	509,526	1,417,199
— Property Business	535,915	734,127	1,406,525
— Ice and Cold Storage Business	33,666	25,243	25,451
— Oil Business	(67,947)	(257,459)	(14,777)
— Financial Investment Business	57,985	7,615	—
Other net income	43,109	17,390	11,786
Selling and distribution expenses	(26,027)	(38,948)	(48,090)
Administrative expenses	(37,644)	(44,828)	(48,512)
Other operating expenses	(51,525)	(50,121)	(51,365)
Impairment of oil production and exploitation assets	(59,463)	(231,573)	—
Fair value changes on interests in property development	(50,642)	252,305	170,201
<b>Profit from operations</b>	488,172	740,432	1,564,052
Finance costs	(48,209)	(69,065)	(51,808)
Share of profits less losses of joint ventures	(1,819)	70,442	111,619
— South Bay	30,201	77,248	111,619
— Smart Rising	(32,020)	(6,806)	—
<b>Profit before taxation</b>	438,144	741,809	1,623,863
<b>Profit attributable to the Shareholders</b>	428,968	707,329	1,618,545
<b>Underlying profit attributable to the Shareholders (Note)</b>	520,797	446,871	1,402,670
<b>Earnings per Share (HK cents)</b>	9.66	15.93	36.46
<b>Dividends per Share (HK cents)</b>	1.40	7.30	9.50

Note:

Excluding revaluation changes of the joint venture's investment properties net of tax and fair value changes on interests in property development

(i) *FY2019 compared to FY2018*

The Property Business is the primary business of the Group, accounting for approximately 87.9% and 79.9% of total revenue for FY2018 and FY2019, respectively.

Revenue of the Group decreased by approximately 43.1% from approximately HK\$1,592.9 million for FY2018 to approximately HK\$906.9 million for FY2019, primarily attributable to the decrease in revenue generated from the Property Business by approximately 48.3% from HK\$1,400 million for FY2018 to HK\$724.5 million for FY2019. This was mainly due to the decrease in the net income distributions from the Group's interest in the La Marina Project. Due to weakening demand, revenue generated from the Ice and Cold Storage Business decreased by approximately 3.4% from approximately HK\$117.8 million for FY2018 to approximately HK\$113.8 million for FY2019. As for the Oil Business, revenue decreased by approximately 18.0% from approximately HK\$75.1 million for FY2018 to approximately HK\$61.5 million for FY2019. The Group commenced its engagement in financial investment activities in August 2019 with total revenue of approximately HK\$7.0 million from its fixed-income (bonds) and equity (blue-chip stocks) investments recognized in FY2019.

Profit from operations decreased by approximately 52.7% from approximately HK\$1,564.1 million for FY2018 to approximately HK\$740.4 million for FY2019, primarily attributable to (1) the decrease in revenue as mentioned above; and (2) the impairment loss of approximately HK\$231.6 million made for the Group's oil production and exploitation assets in Kazakhstan based on the assessment of the prevailing oil market and its development plan. This was partially offset by (1) the decrease in selling and distribution expenses, administrative expenses and other operating expenses by approximately HK\$14.1 million; (2) the increase in other net income by approximately HK\$5.6 million mainly due to the increase in bank and other interest income; and (3) the increase in fair value changes on interests in property development by approximately HK\$82.1 million.

Profit attributable to the Shareholders decreased by approximately 56.3% from approximately HK\$1,618.5 million for FY2018 to approximately HK\$707.3 million for FY2019, primarily attributable to (1) the decrease in the net income distributions from the Group's interest in the La Marina Project; (2) the impairment loss made for the Group's oil production and exploitation assets in Kazakhstan; and (3) the decrease in share of profits less losses of joint ventures by approximately 36.9% from approximately HK\$111.6 million for FY2018 to approximately HK\$70.4 million for FY2019, mainly due to the decrease in share of revaluation gain of The Macau Square by approximately HK\$37.5 million. Accordingly, earnings per Share decreased from approximately 36.46 HK cents for FY2018 to approximately 15.93 HK cents for FY2019.

For the same reasons stated above, the Group's underlying profit attributable to the Shareholders, which excludes revaluation changes of the joint venture's investment properties and fair value changes on interests in property development, decreased by approximately 68.1% from approximately HK\$1,402.7 million for FY2018 to approximately HK\$446.9 million for FY2019.

Total dividends declared for FY2018 and FY2019 were 9.50 HK cents and 7.30 HK cents, respectively.

(ii) *FY2020 compared to FY2019*

The Property Business accounted for approximately 79.9% and 69.6% of total revenue for FY2019 and FY2020, respectively.

Revenue of the Group decreased by approximately 20.8% from approximately HK\$906.9 million for FY2019 to approximately HK\$718.5 million for FY2020, primarily attributable to (1) the decrease in revenue generated from the Property Business by approximately 30.9% from approximately HK\$724.5 million for FY2019 to approximately HK\$500.3 million for FY2020 mainly due to the decrease in the net income distributions from the Group's interest in the La Marina Project; and (2) the decrease in revenue generated from the Oil Business by approximately 45.5% from approximately HK\$61.5 million for FY2019 to approximately HK\$33.6 million for FY2020 due to the weak demand for oil and lower oil prices. This was partially offset by the increase in revenue by approximately HK\$61.5 million generated from the Financial Investment Business which commenced in August 2019. Revenue generated from the Ice and Cold Storage Business increased slightly by approximately 2.0% from approximately HK\$113.8 million for FY2019 to approximately HK\$116.1 million for FY2020.

Profit from operations decreased by approximately 34.1% from approximately HK\$740.4 million for FY2019 to approximately HK\$488.2 million for FY2020, primarily attributable to (1) the decrease in revenue as mentioned above; and (2) the change in fair value of interests in property development from a gain of approximately HK\$252.3 million for FY2019 to a loss of approximately HK\$50.6 million for FY2020 due to the decline in the overall property price in Macau caused by the COVID-19 pandemic. This was partially offset by (1) the full write-off of the remaining value of the Group's oil production and exploitation assets in the amount of approximately HK\$59.5 million for FY2020 due to the weak global demand for oil and low oil prices in the short- to medium-term as compared to that of approximately HK\$231.6 million for FY2019; (2) the increase in other net income by approximately HK\$25.7 million mainly due to the net effect of the increase in bank and other interest income, the fund received from the Employment Support Scheme under the Anti-epidemic Fund set out by the government and the provision for loss allowance of debt investments; and (3) the decrease in selling and distribution expenses and administrative expenses by approximately HK\$20.1 million.

The decrease in profit attributable to the Shareholders by approximately 39.4% from approximately HK\$707.3 million for FY2019 to approximately HK\$429.0 million for FY2020 was primarily attributable to the decrease in profit from operations as mentioned above and the change in share of profits less losses of joint ventures from a profit of approximately HK\$70.4 million for FY2019 to a loss of approximately HK\$1.8 million for FY2020 mainly due to (1) the decrease in the revaluation change of The Macau Square from a gain of approximately HK\$8.2 million for FY2019 to a loss of approximately HK\$41.2 million for FY2020; and (2) the increase in share of loss of Smart Rising by approximately

HK\$25.2 million. This was partially offset by the decrease in finance costs by approximately HK\$20.9 million. Accordingly, earnings per Share decreased from approximately 15.93 HK cents for FY2019 to approximately 9.66 HK cents for FY2020.

Excluding revaluation changes of the joint venture's investment properties net of tax and fair value changes on interests in property development, the Group's underlying profit attributable to the Shareholders increased by approximately 16.5% from approximately HK\$446.9 million for FY2019 to approximately HK\$520.8 million for FY2020.

Dividends declared for FY2019 and FY2020 were 7.30 HK cents and 1.40 HK cents, respectively.

**(b) Financial position**

Set out below are the consolidated statements of financial position of the Company as at 31 December 2018, 2019 and 2020, as extracted from the 2019 Annual Report and the 2020 Annual Results:

		<b>As at 31 December</b>		
		<b>2020</b>	<b>2019</b>	<b>2018</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(audited)	(audited)	(audited)
<b>Non-current assets</b>				
Property, plant and equipment	<i>(i)</i>	102,818	166,182	404,220
Oil exploitation assets	<i>(ii)</i>	—	6,001	27,516
Interests in property development	<i>(iii)</i>	8,293,388	10,826,000	11,149,530
Interest in joint ventures	<i>(iv)</i>	2,704,624	2,694,327	2,519,932
Other financial assets	<i>(v)</i>	403,433	161,050	—
Deposits for property, plant and equipment		4,028	—	—
Deferred tax assets		—	3,800	42,227
Goodwill		16,994	16,994	16,994
<b>Total non-current assets</b>		<b>11,525,285</b>	<b>13,874,354</b>	<b>14,160,419</b>
<b>Current assets</b>				
Interests in property development	<i>(iii)</i>	3,929,463	1,447,493	871,658
Amount due from a related company	<i>(viii)</i>	220,000	500,000	1,220,000
Amounts due from joint ventures		250,532	203,121	197,075
Other financial assets	<i>(v)</i>	64,408	15,418	—
Inventories	<i>(vi)</i>	85,532	82,443	85,996
Trade and other receivables		42,610	213,220	205,912
Cash and bank balances	<i>(viii)</i>	145,971	424,214	292,599
<b>Total current assets</b>		<b>4,738,516</b>	<b>2,885,909</b>	<b>2,873,240</b>
<b>Total assets</b>		<b>16,263,801</b>	<b>16,760,263</b>	<b>17,033,659</b>

		<b>As at 31 December</b>		
		<b>2020</b>	<b>2019</b>	<b>2018</b>
		<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
		(audited)	(audited)	(audited)
<b>Current liabilities</b>				
Trade and other payables		53,285	63,866	75,411
Bank loans	(viii)	1,348,000	78,500	73,500
Current taxation		51,115	52,420	59,979
<b>Total current liabilities</b>		<b>1,452,400</b>	<b>194,786</b>	<b>208,890</b>
<b>Net current assets</b>	(viii)	<b>3,286,116</b>	<b>2,691,123</b>	<b>2,664,350</b>
<b>Non-current liabilities</b>				
Amount due to immediate holding company		—	—	1,643,453
Amount due to a related company	(viii)	124,236	1,104,364	—
Other payables		16,913	17,688	17,450
Bank loans	(viii)	470,000	1,418,000	1,396,500
Deferred tax liabilities		15,260	15,632	16,083
<b>Total non-current liabilities</b>		<b>626,409</b>	<b>2,555,684</b>	<b>3,073,486</b>
<b>Total liabilities</b>		<b>2,078,809</b>	<b>2,750,470</b>	<b>3,282,376</b>
Equity attributable to the Shareholders	(vii)	14,171,642	13,996,134	13,738,703
Non-controlling interests		13,350	13,659	12,580
<b>Total equity</b>		<b>14,184,992</b>	<b>14,009,793</b>	<b>13,751,283</b>
Current ratio ( <i>Note 1</i> )	(viii)	3.3	14.8	13.8
Gearing ratio ( <i>Note 2</i> )	(viii)	11.1%	12.0%	11.7%

*Notes:*

1. *Being current assets divided by current liabilities*
2. *Being the sum of bank loans and amounts due to immediate holding company and a related company less the sum of amount due from a related company and cash and bank balances and divided by total equity attributable to the Shareholders*

As at 31 December 2020, total assets and total liabilities of the Group amounted to approximately HK\$16.3 billion and HK\$2.1 billion, respectively. As at 31 December 2020, interests in property development and interest in joint ventures accounted for approximately 91.8% of the Group's total assets whereas bank loans accounted for approximately 87.5% of the Group's total liabilities.

(i) *Property, plant and equipment*

Property, plant and equipment, with a carrying amount of approximately HK\$102.8 million as at 31 December 2020, represented the leasehold land and buildings held for the Ice and Cold Storage Business, oil production assets arising from oil exploration and production activities and other assets. Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. As at 31 December 2020, the oil production assets were fully depreciated and impaired.

(ii) *Oil exploitation assets*

Oil exploitation assets, which were fully depreciated and impaired as at 31 December 2020, represented the capitalized costs incurred for the acquisition and maintenance of the exploitation rights of the Group's oil exploration and production activities. Oil exploitation assets are stated at cost less accumulated amortisation and impairment losses.

(iii) *Interests in property development*

As at 31 December 2020, interests in property development amounted to approximately HK\$12.2 billion, of which approximately HK\$3.8 billion and HK\$8.4 billion represented the Group's 80% interests in the La Marina Project and the Lote P Project in the form of the Indemnity receivable from Polytec Holdings, respectively. Interests in property development are classified as investments measured at fair value through profit or loss.

(iv) *Interests in joint ventures*

Among the interests in joint ventures of approximately HK\$2.7 billion as at 31 December 2020, approximately HK\$1.5 billion and HK\$1.2 billion represented the Group's 50% interests in South Bay and Smart Rising which held The Macau Square and the Zhongshan Project, respectively. Interests in joint ventures are accounted for using the equity method in the consolidated financial statements of the Company.

(v) *Other financial assets*

The Group started to engage in equity and debt investments in August 2019. Other financial assets of approximately HK\$467.8 million as at 31 December 2020 represented listed and unlisted debt securities measured at amortized cost and listed equity securities measured at fair value through profit or loss.

(vi) *Inventories*

Inventories of approximately HK\$85.5 million as at 31 December 2020 mainly represented the properties held for sale, crude oil and consumables.



(vii) *Equity attributable to the Shareholders*

Based on the audited equity attributable to the Shareholders of approximately HK\$14.2 billion as at 31 December 2020 and 4,438,967,838 Shares in issue as at the Latest Practicable Date, the net asset value (“NAV”) per Share was approximately HK\$3.1926.

(viii) *Liquidity and indebtedness position*

The Group was financially healthy given its net current assets of approximately HK\$3.3 billion with a current ratio of approximately 3.3 as at 31 December 2020. As at 31 December 2020, the Group had (1) cash and bank balances of approximately HK\$146.0 million; (2) amount due from a related company of HK\$220 million which was arisen from the distributions from the Group’s interests in property development; (3) bank loans of approximately HK\$1.8 billion which were secured by the Group’s leasehold land and buildings and South Bay’s investment properties and interest bearing at prevailing market rates; and (4) amount due to a related company of approximately HK\$124.2 million which was unsecured and interest bearing at prevailing market rates, resulting in a gearing ratio of approximately 11.1%. The gearing ratios of the Comparable Companies (as defined below) as at their latest year or period end ranged from approximately 6.8% to approximately 90.0% with an average and median of approximately 40.5% and 32.6%, respectively. The Group’s gearing is within the industry range. We consider that the Group continued to maintain a sound financial position.

(c) ***Overall comment***

The Group has been focusing on property development in Macau since the change of the management in 2004. As a result, the revenue and profit of the Group are to a large extent driven by the Property Business. While the performance of the Ice and Cold Storage Business and the Financial Investment Business remains relatively stable, the Group intends to terminate the Oil Business due to weak global demand for oil and low oil prices as stated in the 2020 Interim Report and the 2020 Annual Results. As a result, the financial performance and growth of the Group will be largely dependent on those of the Property Business. Following completion of the La Marina Project in 2017, the Company has currently no property development projects in the pipeline in Macau. Although the Lote P Project will not proceed as a result of the reclamation by the Macau Government without any compensation paid to the Owner due to the New Land Law, Polytec Holdings has agreed to provide the Indemnity to the Group which has been accounted for in the consolidated financial statements of the Group.

For the three years ended 31 December 2020, the Property Business accounted for approximately 87.9%, 79.9% and 69.6% of the Group’s total revenue, respectively, and contributed most of the Group’s total segment results. Particularly, the La Marina Project contributed 100%, 99.4% and 99.9% of the Group’s revenue generated from the Property Business for the same periods, respectively. As disclosed in the 2019 Annual Report, the income to be received from the Group’s interest in the La Marina Project is expected to make an important contribution to the Group’s results in the next two years. As a result, the financial performance of the Property Business in the short term will largely hinge on the sales of the La Marina Project.

Taking into account (i) the Group currently has only one property development project (i.e. the La Marina Project) in Macau which is available for sale and is expected to make an important contribution to the Group's results in the short term as stated in the 2019 Annual Report; (ii) the number of residential units sold and average selling price of residential units in Macau contracted in 2019 and 2020; and (iii) while it takes time for the market to recover from the COVID-19 pandemic, JLL expects that the residential sales transaction volume in Macau will remain stable in 2021, we consider that the growth potential of the Group's Property Business in Macau may be limited in the short term.

As regards the Group's property investment business, the average occupancy rates of the retail and office portions of The Macau Square reached 98% and 88% in 2020, respectively. Given (i) the high occupancy rate of The Macau Square in general; (ii) the lack of new investment properties in the coming years; (iii) the negative impact of the COVID-19 pandemic on the rental values for the overall office and retail markets in Macau in 2020; (iv) JLL expected the retail rents will face pressure in the short term given the current high vacancy rate and future supply of retail properties in Macau; and (v) the rental income generated from the Group's investment properties in Macau is expected to remain stable in 2021 as stated in the 2020 Annual Results, we consider that the growth of the Group's property investment business may be limited in the near term.

As at the Latest Practicable Date, the site drainage work of the Zhongshan Project was completed and the overall planning and design work was underway. No planning or other regulatory consent has been obtained for the Zhongshan Project and its detailed development schemes are yet to be approved and finalized. Given the Zhongshan Project is in the initial stage of development, its impact on the financial performance of the Group is uncertain in the medium to longer term.

#### **4. Reasons for and benefits of the Proposal**

As set out in the Explanatory Statement, the Proposal represents an opportunity for the Scheme Shareholders to realize their investments in the Shares for cash at a significant premium over the prevailing market prices prior to the publication of the Announcement without having to suffer any illiquidity discount.

The premiums of the Cancellation Price of HK\$1.50 per Scheme Share over the closing price of the Shares on the Last Trading Day and the averages of the closing prices of the Shares for 10, 30, 60, 90, 120 and 180 trading days up to and including the Last Trading Day are significant, in the range of approximately 61.29% to 105.82%, as set out in the section headed "7. Evaluation of the Cancellation Price — (a) Share price performance" below. The Cancellation Price represents premiums of approximately 158.62% and 29.31% over the lowest and highest closing prices of the Shares during the three-year period up to and including the Last Trading Day, respectively. Driven by the Announcement, the Share price surged by approximately 55.9% from HK\$0.93 on the Last Trading Day to HK\$1.45 on 22 January 2021, being the first trading day following the publication of the Announcement and closed at HK\$1.47 as at the Latest Practicable Date.

It was stated in the Explanatory Statement that the liquidity of the Shares has been at a relatively low level over a long period of time. During the one-year period up to and including the Last Trading Day, the average daily trading volume of the Shares was approximately 1,443,000 Shares, representing only approximately 0.03% of the issued Shares on the Last Trading Day. Given the thin liquidity of the Shares as illustrated in our analysis set out in the section headed “6. Trading volume of the Shares” below, we concur with the Directors that the Proposal allows the Scheme Shareholders to dispose of their Shares, particularly for those Scheme Shareholders holding a significant number of Shares, without having to suffer significant illiquidity discount or adversely affecting the market prices of the Shares.

Moreover, as disclosed in the Explanatory Statement, with the Proposal being implemented, the Group is no longer required to incur administrative, compliance and other listing-related costs and expenses for maintaining the Company’s listing status which the Directors consider not justified given that the Company has not in the past 14 years conducted any equity fund raising activities, being the primary benefits of a listing status.

Furthermore, through the implementation of the Proposal, the Group will be in a better position to implement its business strategies more efficiently and effectively as a private entity so as to achieve cost savings, for example through resources sharing with the Offeror as stated in the Explanatory Statement.

Based on the aforesaid, we concur with the Directors that (i) the Proposal provides an opportunity for the Scheme Shareholders to dispose of their Shares at a price significantly above the then market prices prior to the issue of the Announcement; (ii) the prevailing Share prices subsequent to the publication of the Announcement may not be sustainable if the Scheme is not approved or otherwise lapses; and (iii) the Proposal allows the Group to (a) reallocate the resources, which would otherwise be utilized as administrative, compliance and other listing-related costs and expenses for maintaining the listing status of the Company, to the business development of the Group; and (b) execute its strategies more efficiently and effectively as a private entity under the current business environment.

## 5. Valuation of the property interests and the adjusted NAV of the Group

### (a) *Valuation of the property interests*

The valuation of the Group’s property interests in (i) Macau and the PRC; and (ii) Hong Kong as at 31 January 2021 was conducted by Cushman & Wakefield and Vigers (the “**Valuer(s)**”), respectively, each of which an independent valuer.

We have conducted an interview with each of the Valuers to enquire its experience in valuing similar property interests in Macau, the PRC and/or Hong Kong and its independence. We have also reviewed the terms of engagement of the Valuers, in particular to their scope of work. We noted that the scope of work of the Valuers is appropriate to form the opinion required to be given and there are no limitations on the scope of work which might adversely impact on the degree of assurance given by the Valuers in the valuation reports set out in Appendix III and IV to this Scheme Document (the “**Valuation Reports**”).

As set out in the Valuation Reports, the total market value of the property interests in existing state attributable to the Group as at 31 January 2021 was approximately HK\$7.8 billion, as set out below:

	<i>Note</i>	The Group's attributable interest	Market value of the property interests in existing state attributable to the Group as at 31 January 2021 <i>HK\$' 000</i>	Proportion of total
Interest in property development	(i)	80%	2,384,000	30.5%
Properties held by joint ventures				
— investment properties	(ii)	50%	1,671,000	21.4%
— properties held for future development	(iii)	50%	3,115,190	39.9%
Property, plant and equipment	(iv)	100%	338,500	4.4%
Properties held for sale (included in inventories) at:				
— China Plaza		70.5%	180,480	2.3%
— Kau To Shan		100%	112,000	1.4%
— Va long		100%	6,000	0.1%
— Pacifica Garden		58%	232	0%
Sub-total	(v)		298,712	3.8%
<b>Total</b>			<b>7,807,402</b>	<b>100.0%</b>

*Notes:*

- (i) Interest in property development, representing the Group's interest in the La Marina Project, was valued at approximately HK\$2.4 billion as at 31 January 2021, accounting for approximately 30.5% of the total appraised value (the "Appraised Value") of the property interests attributable to the Group as at 31 January 2021.

In valuing the Group's interest in the La Marina Project, the Valuer has adopted the market comparison method (the "Market Comparison Method") by making reference to comparable sales evidences as available in the market subject to appropriate adjustments including but not limited to time, location and physical characteristics between the subject properties and the comparable properties, or where appropriate, the investment method (the "Investment Method") by considering the capitalized rental derived from existing tenancies with due provision of the reversionary rental potential.

- (ii) Investment properties, representing the Group's interest in The Macau Square, were valued at approximately HK\$1.7 billion as at 31 January 2021, accounting for approximately 21.4% of the Appraised Value. These properties were valued using the Investment Method.
- (iii) Properties held for future development represent the Group's interest in the Zhongshan Project and were valued at approximately RMB2.6 billion (equivalent to approximately HK\$3.1 billion) as at 31 January 2021, accounting for approximately 39.9% of the Appraised Value.

In arriving at the valuation of the properties, the Valuer has adopted the Market Comparison Method assuming sale with the benefit of vacant possession and by making reference to comparable land sales evidence in Zhongshan with due adjustments made to reflect factors including but not limited to time, location, age and other characteristics between the subject properties and the comparable land.

- (iv) It represents the Group's self-owned ice making factories and cold storages located at Yau Tong, Tai Po, Aberdeen and Tuen Mun in Hong Kong, which were valued at approximately HK\$338.5 million in aggregate as at 31 January 2021, accounting for approximately 4.4% of the Appraised Value.

These properties were valued by the Market Comparison Method with reference to comparable transactions of industrial units in the locality subject to appropriate adjustments including but not limited to location, size, time of transaction, age and the peculiarity of the properties in terms of their uniqueness, restriction on uses under the government lease and sea fronting.

- (v) Properties held for sale, comprising commercial and residential properties held for sales, were valued at approximately HK\$298.7 million in aggregate as at 31 January 2021, representing approximately 3.8% of the Appraised Value. The Valuers valued these properties by adopting the Market Comparison Method.

As stated in the Valuation Reports, the valuation is conducted in compliance with the standards and guidelines set out in the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors, Rule 11 of the Takeovers Code and Chapter 5 and Practice Note 12 of the Listing Rules. We have reviewed and discussed the property valuation with the Valuers regarding the methodology, basis and assumptions adopted in arriving at the values of the property interests. In particular, we have discussed with the Valuers to assess whether the approaches are appropriate for each type of properties stated above. We have also reviewed the valuation methodologies adopted for different types of properties of certain property companies and noted that the methodologies adopted in the Valuation Reports are usual. Taking into account the nature of the properties and that the valuation is conducted in accordance with the aforesaid requirements, we consider that the methodologies and basis adopted by the Valuers for determining the values of the property interests are appropriate.

**(b) Adjusted NAV of the Group**

Some of the Group's property interests (including its property, plant and equipment, inventories and interest in the Zhongshan Project held by a joint venture) were stated at cost basis in accordance with Hong Kong Financial Reporting Standards. We consider that the appraised value of all property interests held by the Group is more appropriate in assessing the net asset backing of the Group. For this purpose, we have reviewed the adjusted NAV of the Group (the "**Adjusted NAV**"), based on the audited equity attributable to the Shareholders as at 31 December 2020 and the adjustments set out in Appendix I to this Scheme Document and the table below, including the net revaluation surplus arising from property valuation, net of estimated deferred tax:

	<i>HK\$' 000</i>
Audited NAV of the Group as at 31 December 2020	14,171,642
<i>Adjustments:</i>	
— Net revaluation surplus arising from valuation of the property interests attributable to the Group as at 31 January 2021 ( <i>Note 1</i> )	420,155
— Net deferred tax on revaluation surplus attributable to the Group ( <i>Note 2</i> )	78,562
Adjusted NAV	<u>14,670,359</u>
<b>Adjusted NAV per Share (HK\$) (<i>Note 3</i>)</b>	<b>3.3049</b>
<b>Cancellation Price per Scheme Share (HK\$)</b>	<b>1.50</b>
<b>Discount of the Cancellation Price to the Adjusted NAV per Share</b>	<b><u>54.61%</u></b>

*Notes:*

1. Represents the net revaluation surplus (the "**Revaluation Surplus**") arising from the net excess of the market value of the property interests held by the Group (including joint ventures) in existing state attributable to the Group as at 31 January 2021, as appraised by the Valuers, over their corresponding book values attributable to the Shareholders as at 31 December 2020, after adjusting for relevant interests not attributable to the Group.
2. Represents net deferred tax (the "**Deferred Tax**") on temporary differences between the market values of the property interests and the corresponding tax base used in computation of taxable profit. Deferred Tax is only determined for the surplus or deficit of completed properties for sales and properties held for future development. Deferred tax is calculated at tax rates of 12% for Macau corporate tax and 25% for PRC corporate income tax, while land appreciation tax is estimated at progressive rates ranging from 30% to 60% of appreciation value with certain allowable deductions according to the relevant PRC tax laws and regulations.
3. Based on 4,438,967,838 Shares in issue as at the Latest Practicable Date.

As shown above, the Cancellation Price of HK\$1.50 per Scheme Share represents a discount of approximately 54.61% to the Adjusted NAV of approximately HK\$3.3049 per Share. We have reviewed the computation of the Adjusted NAV per Share prepared by the management of the Group and discussed the computation in respect of the Revaluation Surplus and the Deferred Tax with the management of the Group. We therefore consider that the calculation of the Adjusted NAV to be appropriate. Further analysis in this regard is set out in the section headed "7. Evaluation of the Cancellation Price — (e) Privatization Precedents" below.

## 6. Trading volume of the Shares

The following table sets out the average daily trading volume of the Shares for each month or period and the percentages of such average daily trading volume to the total issued Shares and the public float during the period from 1 January 2019 to the Latest Practicable Date:

	Average daily trading volume	Average daily trading volume to total issued Shares (Note 1)	Average daily trading volume to total issued Shares held by the public (Note 2)
<b>2019</b>			
January	483,600	0.0109%	0.0380%
February	414,876	0.0093%	0.0326%
March	1,982,497	0.0447%	0.1557%
April	2,203,035	0.0496%	0.1731%
May	2,910,949	0.0656%	0.2287%
June	813,805	0.0183%	0.0639%
July	756,909	0.0171%	0.0595%
August	1,423,131	0.0321%	0.1118%
September	633,876	0.0143%	0.0498%
October	444,397	0.0100%	0.0349%
November	373,904	0.0084%	0.0294%
December	535,182	0.0121%	0.0420%
<b>2019 average</b>	<b>1,081,347</b>	<b>0.0244%</b>	<b>0.0850%</b>
<b>2020</b>			
January	458,445	0.0103%	0.0360%
February	449,242	0.0101%	0.0353%
March	504,532	0.0114%	0.0396%
April	305,150	0.0069%	0.0240%
May	199,485	0.0045%	0.0157%
June	453,828	0.0102%	0.0357%
July	259,214	0.0058%	0.0204%
August	822,311	0.0185%	0.0646%
September	827,416	0.0186%	0.0650%
October	3,171,550	0.0714%	0.1505%
November	7,001,093	0.1577%	0.3449%
December	2,196,347	0.0495%	0.1088%
<b>2020 average</b>	<b>1,387,384</b>	<b>0.0313%</b>	<b>0.0784%</b>

	Average daily trading volume	Average daily trading volume to total issued Shares (Note 1)	Average daily trading volume to total issued Shares held by the public (Note 2)
<b>2021</b>			
January	22,011,407	0.4959%	1.2273%
February	2,597,527	0.0585%	0.1448%
March	564,367	0.0127%	0.0315%
From 1 April to the Latest Practicable Date	737,750	0.0166%	0.0411%

Source: Bloomberg and the website of the Stock Exchange

Notes:

1. Based on the number of total issued Shares as at each month end or the Latest Practicable Date.
2. Based on the number of Shares held by the public as calculated by deducting the Shares held by the Offeror and the Offeror Concert Parties from the number of total issued Shares as at each month end or the Latest Practicable Date.

As illustrated above, the average daily trading volume of the Shares during the above period ranged from approximately 0.0045% to 0.4959% of the total issued Shares and from approximately 0.0157% to 1.2273% of the issued Shares held by the public. Since the publication of the Announcement, there has been a surge in trading volume of the Shares, reflecting the market reaction to the Proposal and the Offeror's on-market purchase of the Shares. Since 21 January 2021, the date of the Announcement, and up to the Latest Practicable Date, the Offeror has purchased a total of 225,720,000 Shares, representing approximately 5.08% of total Shares in issue as at the Latest Practicable Date.

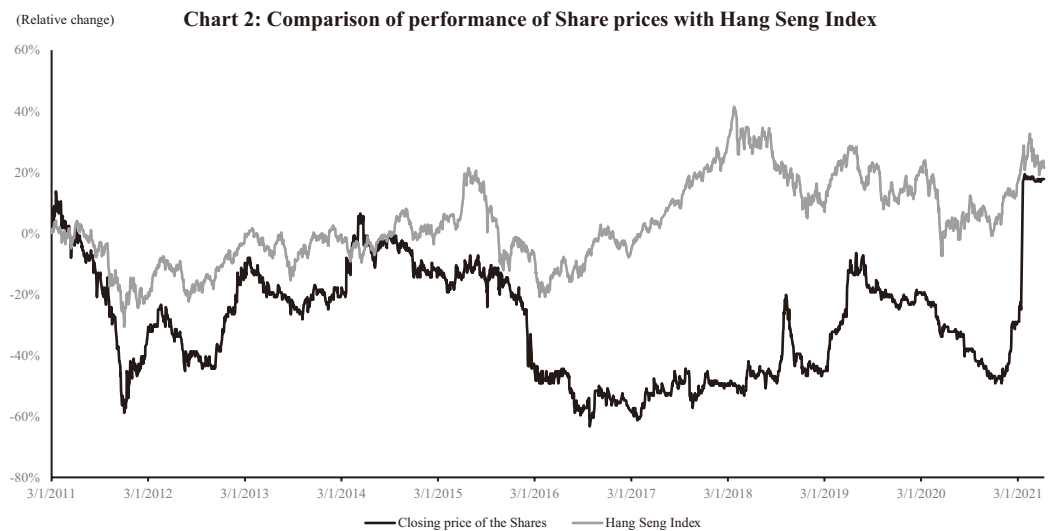
As illustrated in the above table, the trading of the Shares was not active. Given the thin liquidity of the Shares in general, it may be difficult for the Scheme Shareholders to dispose of a significant number of Shares without exerting downward pressure on the Share prices. The Proposal represents an opportunity for the Scheme Shareholders to exit at the fixed Cancellation Price which is substantially above the market prices prior to the issue of the Announcement.



## 7. Evaluation of the Cancellation Price

### (a) Share price performance

Set out below are the charts showing (i) the movements of daily closing prices of the Shares and the Hang Seng Index (chart 1); and (ii) the comparison of the performance of the Share prices with the Hang Seng Index (chart 2), from 3 January 2011 up to the Latest Practicable date (the “**Review Period**”), being approximately 10 years:



Source: Bloomberg

As shown in chart 1 above, the Shares were traded below the Cancellation Price at all times during the Review Period. Chart 2 above illustrates the performance of the Shares compared to that of the Hang Seng Index. The performance of the Shares generally lagged behind the Hang Seng Index during the Review Period.

From 3 January 2011 to the Last Trading Day (the “**Pre-Announcement Period**”), the closing prices of the Shares fluctuated between HK\$0.455 and HK\$1.41 with an average of approximately HK\$0.87. The Share price dropped from HK\$1.41 on 19 January 2011 to HK\$0.51 on 4 October 2011. It then exhibited an upward trend and reached a high of HK\$1.32 on 14 March 2014.

Following the publication of (i) the annual results of the Group for the three years ended 31 December 2015 on 26 March 2014, 18 March 2015 and 23 March 2016, respectively; (ii) the announcement on 23 November 2015 that the Lote P Project could not be completed before the Expiry Date and an application (the “**Application**”) had been made to the Macau Government for an extension of the Expiry Date; and (iii) the announcement on 4 December 2015 that the Macau Government had declined the Application, the Share price decreased from HK\$1.31 on 26 March 2014 to HK\$0.455 on 29 July 2016.

The Share price was then on an upward trend and reached a high of HK\$1.15 on 28 May 2019 subsequent to the announcements of (i) a positive profit alert for the two years ended 31 December 2018 on 12 March 2018 and 28 February 2019, respectively; and (ii) the acquisition of property projects in Zhongshan and Zhuhai on 22 June 2018, notwithstanding the rejection by the Tribunal de Ultima Instancia (the Court of Final Appeal) of Macau of the application made by the Owner for invalidating the decision made by the Chief Executive of Macau to terminate the land concession of the Lote P Project on 23 May 2018.

After the termination of the acquisition of the property project in Zhuhai on 6 January 2020 and the publication of the profit warning announcements on 27 February 2020 and 5 August 2020, the Share price reached a low of HK\$0.63 on 2 November 2020 from HK\$1.15 on 28 May 2019 before closing at HK\$0.93 on the Last Trading Day.

During the Pre-Announcement Period, the Hang Seng Index reached the highest of 33,154 points on 26 January 2018 from 23,436 points on 3 January 2011. The Hang Seng Index was then on a downward trend and dropped to 28,574 points on the Last Trading Day, representing a decrease of approximately 13.8% from the peak. During the Pre-Announcement Period, the Hang Seng Index increased by approximately 21.9% while the closing prices of the Shares decreased by approximately 25.0%.

During the Pre-Announcement Period, the highest closing price of the Shares was HK\$1.41 on 19 January 2011 (about ten years ago) which represented a discount of 6.0% to the Cancellation Price. The lowest closing price of the Shares during the Pre-Announcement Period was HK\$0.455 on 29 July 2016 which represented a discount of approximately 69.7% to the Cancellation Price.

Immediately after the publication of the Announcement, the Share price rose to HK\$1.45 on 22 January 2021, representing an increase of approximately 55.9% from HK\$0.93 on the Last Trading Day. From 22 January 2021 to the Latest Practicable Date, the Shares closed between HK\$1.45 and HK\$1.48, representing discounts between 3.3% and 1.3% to the Cancellation Price. The Shares closed at HK\$1.47 as at the Latest Practicable Date.

We are of the view that the aforesaid surge in the Share price was driven by the Announcement, in particular, the Cancellation Price of HK\$1.50 per Scheme Share. Scheme Shareholders should note that the Shares were closed below the Cancellation Price at all times during the Pre-Announcement Period and the prevailing Share prices may not be sustained if the Scheme is not approved or otherwise lapses.

The Cancellation Price of HK\$1.50 per Scheme Share represents:

- (i) a premium of approximately 61.29% over the closing price of HK\$0.93 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 63.22% over the average closing price of HK\$0.919 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 72.55% over the average closing price of approximately HK\$0.8693 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 94.23% over the average closing price of approximately HK\$0.7723 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (v) a premium of approximately 104.14% over the average closing price of approximately HK\$0.7348 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 105.82% over the average closing price of approximately HK\$0.7288 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 99.12% over the average closing price of approximately HK\$0.7533 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (viii) a premium of approximately 76.47% over the average closing price of HK\$0.85 per Share based on the daily closing prices as quoted on the Stock Exchange for the 360 trading days up to and including the Last Trading Day;
- (ix) a premium of approximately 2.04% over the closing price of HK\$1.47 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (x) a discount of approximately 53.02% to the NAV per Share of approximately HK\$3.1926, calculated based on the audited equity attributable to the Shareholders of approximately HK\$14.2 billion as at 31 December 2020 and 4,438,967,838 Shares in issue as at the Latest Practicable Date; and
- (xi) a discount of approximately 54.61% to the Adjusted NAV per Share of approximately of HK\$3.3049.

(b) *Comparable Companies*

The Property Business is the primary business of the Group, accounting for approximately 87.9%, 79.9% and 69.6% of total revenue for FY2018, FY2019 and FY2020, respectively. In particular, the La Marina Project, which is located in Macau, contributed approximately 87.9%, 79.4% and 69.6% of total revenue for FY2018, FY2019 and FY2020, respectively.

Given the Group is primarily engaged in the Property Business and has over 50% of its revenue generated from Macau, in assessing the fairness and reasonableness of the Cancellation Price, we have identified an exhaustive list of companies listed on the Stock Exchange which (i) are principally engaged in property development and investment; and (ii) generated over 50% of their revenue from Macau in their latest financial year. Based on these criteria, we identified two companies, namely Shun Tak Holdings Limited (stock code: 242) (“**Shun Tak**”) and Emperor International Holdings Limited (stock code: 163) (“**Emperor International**”) (collectively, the “**Macau Companies**”). We consider the Macau Companies are analogous to the Company as they are engaged in the same sector as the Group does and have the majority of the revenue derived from Macau.

Given (i) the small sample size of the Macau Companies identified; and (ii) the Group has property interests in Zhongshan and Hong Kong in addition to Macau, we have further researched, on an exhaustive basis, companies listed on the Stock Exchange which (i) are principally engaged in property development and investment; (ii) have properties interests located in Macau; (iii) generated over 50% of their revenue from Hong Kong, the PRC and/or Macau in their latest financial year; and (iv) have market capitalization within HK\$8,000 million as at the Latest Practicable Date, being approximately 200% of the market capitalization of the Company of approximately HK\$4,128.2 million on the Last Trading Day. Based on these criteria, we identified three additional companies, namely Tomson Group Limited (stock code: 258) (“**Tomson**”), CSI Properties Limited (stock code: 497) (“**CSI**”) and Cheuk Nang (Holdings) Limited (stock code: 131) (“**Cheuk Nang**”) (collectively, the “**PRC/HK Companies**”) (together with the Macau Companies, the “**Comparable Companies**”).

We consider that the Comparable Companies are representative and appropriate for comparison purpose as (i) they are principally engaged in property-related business; (ii) they have property interests located in Macau, being the primary place of operation of the Group; (iii) they have exposure to the markets in Hong Kong and the PRC in terms of revenue contribution or the locations of their property interests whereas the Group also holds property interests in Zhongshan and Hong Kong; and (iv) their sizes are generally comparable to that of the Company in terms of market capitalization.

The table below illustrates, among other things, (i) the price-to-earnings multiples (“**P/E(s)**”); (ii) the price-to-book multiples (“**P/B(s)**”); and (iii) the discounts of share price to NAV per share, of the Comparable Companies based on their respective NAV per share as derived from their respective latest published financial statements and the closing share prices of the Comparable Companies as at the Latest Practicable Date:

Comparable Companies (stock code)	Principal activities	Percentage of revenue generated from property development and investment in latest financial year	Geographical contribution in terms of revenue in latest financial year	Location of major property interests for the property development and investment segment	Market capitalization as at the Latest Practicable Date (HK\$' million)	P/E (times)	P/B (times)	Discount of share price to NAV per share	Gearing ratio (Note 3)
1. Shun Tak (242)	Property development, investment and management, transportation, hospitality and investment holding	86.7%	Macau (61.9%) Hong Kong (17.0%) The PRC (17.3%) Others (3.8%)	Macau, Hong Kong, the PRC and Singapore	7,342.20	27.85	0.21	79.07%	35.8%
2. Emperor International (163)	Property development, lease of properties and hotel and hotel related operations	48.7%	Macau (50.1%) Hong Kong (40.5%) The PRC (5.3%) Others (4.1%)	Macau, Hong Kong, the PRC and United Kingdom	3,971.75	Loss making (Note 4)	0.15	85.00%	90.0%
3. Tomson (258)	Property development and investment, sale of polyvinyl chloride pipes and fittings, golf club operations and media and entertainment	94.4%	The PRC (96.0%) Macau (3.6%) Hong Kong (0.4%)	The PRC and Macau	4,020.89	22.98	0.16	84.40%	Net cash
4. CSI (497)	Property development and investment	100%	Hong Kong (97.5%) The PRC (2.4%) Macau (0.1%)	Hong Kong, the PRC and Macau	2,364.25	Loss making (Note 4)	0.18	81.81%	29.4%
5. Cheuk Nang (131)	Property sales, property rental and estate management	97.4%	The PRC (90.6%) Hong Kong (9.2%) Macau (0%) Others (0.2%)	The PRC, Hong Kong, Macau and Malaysia	1,840.55	Loss making (Note 4)	0.27	72.79%	6.8%
					<b>High</b>	27.85	0.27	85.00%	90.0%
					<b>Low</b>	22.98	0.15	72.79%	6.8%
					<b>Average</b>	25.42	0.19	80.61%	40.5%
					<b>Median</b>	25.42	0.18	81.81%	32.6%
The Company (208)		69.6%	Macau (69.6%) Hong Kong (25.7%) Kazakhstan (4.7%)	Macau, the PRC and Hong Kong		15.52 (Note 1)	0.47 (Note 2)	53.02%	11.1%

Source: Bloomberg and the website of the Stock Exchange

*Notes:*

1. *Based on (i) the Cancellation Price of HK\$1.50 per Scheme Share; (ii) 4,438,967,838 Shares in issue as at the Latest Practicable Date; and (iii) the profit attributable to the Shareholders of approximately HK\$429.0 million for FY2020.*
2. *Based on (i) the Cancellation Price of HK\$1.50 per Scheme Share; (ii) 4,438,967,838 Shares in issue as at the Latest Practicable Date; and (iii) the equity attributable to the Shareholders of approximately HK\$14.2 billion as at 31 December 2020.*
3. *Being the sum of bank loans, notes and/or amounts due to related parties less the sum of amount due from related parties and cash and bank balances and divided by total equity attributable to the shareholders.*
4. *The companies incurred a net loss for the last twelve months based on the latest published interim and annual reports as at the Latest Practicable Date.*

P/E and P/B are the two most commonly used benchmarks in valuing a company. P/E is usually adopted for judging valuations for companies which are profit making. P/B, on the other hand, is typically applied for valuing companies which hold relatively liquid assets on their balance sheets and their book values approximate their fair market values such as property companies and banks. Given (i) interests in property development and cash and bank balances, whose carrying amounts approximate their fair values, constituted over 75% of the Group's total assets as at 31 December 2020; and (ii) the unstable earnings of the Group for the three years ended 31 December 2020, we consider the valuation methodology using P/B is more appropriate in valuing the Group.

The P/B as implied by the Cancellation Price was approximately 0.47 time which was higher than those of the Comparable Companies as at the Latest Practicable Date. The Cancellation Price represents a discount of approximately 53.02% to the audited NAV of the Group per Share as at 31 December 2020, which was lower than those of the Comparable Companies. On the other hand, for general reference only, the P/E as implied by the Cancellation Price was approximately 15.52 times which was lower than those of the Comparable Companies as at the Latest Practicable Date.

**(c) Dividend yield**

Based on the interim dividend of HK\$0.014 per Share for 2020H1 and the final dividend of HK\$0.06 per Share for FY2019, the dividend yields as implied by the closing Share price on the Last Trading Day of HK\$0.93 per Share and the Cancellation Price of HK\$1.50 per Scheme Share were approximately 7.96% and 4.93%, respectively. We have compared the above dividend yields to those of the Comparable Companies as illustrated below:

<b>Comparable Companies (stock code)</b>	<b>Dividend yield (Note)</b>
Shun Tak (242)	7.50%
Emperor International (163)	4.39%
Tomson (258)	5.56%
CSI (497)	2.07%
Cheuk Nang (131)	4.21%
	<b>High</b> 7.50%
	<b>Low</b> 2.07%
	<b>Average</b> 4.75%
	<b>Median</b> 4.39%
<b>The Company (208)</b>	
— based on closing price on the Last Trading Day	<b>7.96%</b>
— based on the Cancellation Price	<b>4.93%</b>

*Source: Bloomberg and website of the Stock Exchange*

*Note:*

*The dividend yields are calculated based on the total dividends per share in the preceding twelve months (excluding any special dividend) and the closing share prices of the Comparable Companies on the Last Trading Day.*

As shown above, the dividend yields of the Comparable Companies ranged from approximately 2.07% to approximately 7.50%, with an average and median of approximately 4.75% and 4.39%, on the Last Trading Day, respectively. The dividend yields of the Company as implied by the closing Share price on the Last Trading Day was approximately 7.96% which was slightly above the highest of the dividend yields of the Comparable Companies. The dividend yield of the Company as implied by the Cancellation Price was approximately 4.93% which was within the range of those of the Comparable Companies.

If the Scheme becomes effective and the Proposal is implemented, the Scheme Shareholders who place a high priority on dividend income would have the opportunity to re-invest the proceeds in other companies that have similar or higher historical dividend yields.

*(d) Comparison of Share prices with NAV of the Group per Share*

We have compared the closing Share prices, for a period of approximately three years prior to the Last Trading Day, against the then latest NAV of the Group per Share, as stated in the relevant annual or interim results announcements of the Company, as follows:

Period (Note 1)	NAV of the Group per Share (Note 2)	Closing price per Share		Discount to NAV of the Group per Share	
		Low	High	Highest	Lowest
28/03/2018 - 22/08/2018	2.762	0.61	0.99	77.92%	64.16%
23/08/2018 - 27/03/2019	2.888	0.66	0.93	77.15%	67.80%
28/03/2019 - 21/08/2019	3.095	0.97	1.16	68.66%	62.52%
22/08/2019 - 25/03/2020	3.171	0.82	1.01	74.14%	68.15%
26/03/2020 - 19/08/2020	3.153	0.70	0.87	77.80%	72.41%
20/08/2020 - Last Trading Day	3.103	0.63	0.96	79.69%	69.06%
			<b>Range</b>	<b>79.69%</b>	<b>62.52%</b>

**Discount of the Cancellation Price  
to the NAV per Share as at 31 December 2020** **53.02%**

Source: Bloomberg and the website of the Stock Exchange

Notes:

1. Each period commenced from the time after the Company released its annual or interim results announcement.
2. Based on the NAV of the Group disclosed in the Company's annual or interim results announcements.

As shown in the table above, the Shares were traded at discounts to the underlying NAV of the Group per Share at all times from 28 March 2018 to the Last Trading Day, being a period of approximately three years, with discounts ranging from approximately 62.52% to approximately 79.69%, indicating that the Shareholders could not realize their investments in the Shares at the entire underlying NAV of the Group per Share on the market.

The approximately 53.02% discount of the Cancellation Price to the audited NAV of the Group per Share of approximately HK\$3.1926 as at 31 December 2020 was lower than the historical discounts of the market prices to the NAV of the Group per Share as set out above and those of the Comparable Companies as set out in the section headed "7. Evaluation of the Cancellation Price — (b) Comparable Companies" above.



(e) *Privatization Precedents*

We have, on an exhaustive basis, reviewed a list of privatization precedents, involving companies listed on the Stock Exchange and engaged in property development and investment, which were announced since 1 January 2011, being approximately 10 years prior to the date of the Announcement, and up to the Latest Practicable Date (the “**Privatization Precedents**”) and successful as identified from the website of the Stock Exchange. Based on the aforesaid criteria, we identified 11 Privatization Precedents. Given (i) the Privatization Precedents are selected from a 10-year period of time which is of a reasonable length to obtain a sufficiently sized sample for comparison purpose; and (ii) the listed issuers involved in the Privatization Precedents have engaged in the same sector as the Group does, we consider that the Privatization Precedents are fair, representative and meaningful.

The table below illustrates (i) the premiums/discounts of the offer/cancellation prices offered by the Privatization Precedents over/to the prevailing share prices prior to the issue of the relevant privatization announcements as well as the NAV and the adjusted NAV per share of the Privatization Precedents; and (ii) the P/Es and P/Bs implied by the offer/cancellation prices under the Privatization Precedents:

Date of initial announcement	Company (stock code)	Principal activities	Offer/cancellation price (HK\$)	Premium of offer/cancellation price over the share price on the last trading day prior to announcement of privatization	Premium of offer/cancellation price over 30-day average share price prior to announcement of privatization	Premium of offer/cancellation price over 90-day average share price prior to announcement of privatization	Premium of offer/cancellation price over 180-day average share price prior to announcement of privatization	P/E (Note 1)	P/B (Note 2)	Premium/ (discount) of offer/cancellation price over/(to) NAV per share (Note 2)	Premium/ (discount) of offer/cancellation price over/(to) adjusted NAV per share
2 July 2020	Vantage International (Holdings) Limited (15)	Contract works business, property investment and development business and provision of finance business	0.9	80.0%	119.5%	104.1%	78.6%	Loss making	0.38	(61.70%)	(67.00%)
12 June 2020	Jimmao Hotel and Investments and Management Ltd (6139)	Asset owner of hotels and commercial properties in the PRC	4.8	30.4%	82.5%	64.4%	37.9%	Loss making	1.81	81.10%	(21.40%)
4 May 2020	Easy One Financial Group Limited (221)	Provision of finance and securities brokerage services in Hong Kong and property development in the PRC	0.3 plus eight shares of Wang On Group Limited (1222)	44.4%	90.1%	102.6%	107.6%	12.40	0.47	(52.80%)	(55.70%)
20 April 2020	Allied Properties (HK) Limited (56)	Property investment and development, hospitality related activities and provision of finance and investments in listed and unlisted securities	1.92	34.3%	39.1%	29.7%	23.1%	4.72	0.34	(66.30%)	(65.80%)

Date of initial announcement	Company (stock code)	Principal activities	Offer/cancellation price (HK\$)	Premium of offer/cancellation price over the share price on the last trading day prior to announcement of privatization	Premium of offer/cancellation price over 30-day average share price prior to announcement of privatization	Premium of offer/cancellation price over 90-day average share price prior to announcement of privatization	Premium of offer/cancellation price over 180-day average share price prior to announcement of privatization	P/E (Note 1)	P/B (Note 2)	Premium/ (discount) of offer/cancellation price over/(to) NAV per share (Note 2)	Premium/ (discount) of offer/cancellation price over/(to) adjusted NAV per share
27 February 2020	Wheelock and Company Limited (20)	Property investment in Hong Kong	12.0 plus one share of Wharf Real Estate Investment Company Limited (1997) plus one share of The Wharf (Holdings) Limited (4)	52.2%	45.2%	45.9%	45.2%	16.09	0.55	(45.00%)	(1.80%)
5 December 2018	Hopewell Holdings Limited (54)	Property development, property investments in power plants, hotel ownership and management	38.8	46.7%	55.5%	49.6%	45.1%	9.80	0.64	(35.60%)	(43.00%)
20 March 2017	Goldin Properties Holdings Limited (283) ("Goldin Properties")	Property development, property investment and operation of hotel and polo club	9.0	36.8%	33.9%	36.6%	49.5%	56.82	2.01	101.30%	28.60%
30 March 2016	Dalian Wanda Commercial Properties Company Limited (3699)	Property leasing and management, development and sales of properties	52.8	36.1%	50.2%	32.7%	16.0%	6.82	1.13	13.30%	(10.80%)

Date of initial announcement	Company (stock code)	Principal activities	Offer/cancellation price (HK\$)	Premium of offer/cancellation price over the share price on the last trading day prior to announcement of privatization	Premium of offer/cancellation price over 30-day average share price prior to announcement of privatization	Premium of offer/cancellation price over 90-day average share price prior to announcement of privatization	Premium of offer/cancellation price over 180-day average share price prior to announcement of privatization	P/E (Note 1)	P/B (Note 2)	Premium/ (discount) of offer/cancellation price over/(to) NAV per share (Note 2)	Premium/ (discount) of offer/cancellation price over/(to) adjusted NAV per share
6 January 2016	New World China Land Limited (917)	Property arm of New World Development in the PRC and is one of the large-scale national developers in the PRC	7.8	25.6%	40.8%	53.8%	56.9%	29.01	1.15	14.60%	(29.40%)
27 May 2015	Dorsett Hospitality International Limited (2266)	Hotel development, ownership and operation	0.72 plus 0.28125 share of Far East Consortium International Limited (35)	32.4%	41.7%	42.9%	34.3%	40.07	0.99	(1.10%)	(74.60%)
20 January 2011	Shanghai Forte Land Co., Ltd. (2337)	Development and sale of high quality commercial and residential properties in the PRC	3.5	25.4%	34.3%	43.0%	52.4%	4.39	1.08	7.50%	(26.20%)
<b>Privatization Precedents</b>											
21 January 2021	The Company (208)	The Property Business, the Ice and Cold Storage Business, the Oil Business and the Financial Investment Business	High Low Average Median 1.50	80.0% 25.4% 40.4% 36.1%	119.5% 33.9% 57.5% 45.2%	104.1% 29.7% 55.0% 45.9%	107.6% 16.0% 49.7% 45.2%	56.82 4.39 20.01 12.40	2.01 0.34 0.96 0.99	101.30% (66.30%) (4.06%) (1.10%)	28.60% (74.60%) (33.37%) (29.40%)
21 January 2021	The Company (208)	The Property Business, the Ice and Cold Storage Business, the Oil Business and the Financial Investment Business	1.50	61.3%	72.6%	104.1%	99.1%	15.52	0.47	(53.02%)	(54.61%)

Source: Scheme documents, circulars and Bloomberg

Notes:

1. *Based on the offer/cancellation prices, the profit attributable to shareholders for the last twelve months prior to the initial announcements of the privatisation proposals and the number of total issued shares as at the latest practicable dates of the respective Privatisation Precedents.*
2. *Based on the offer/cancellation prices, the latest available equity attributable to shareholders as extracted from the respective scheme documents or circulars and the number of total issued share as at the latest practicable dates of the respective Privatisation Precedents.*

As shown in the table above, all the offer/cancellation prices of the Privatization Precedents represent premiums over the then prevailing market prices of the relevant shares prior to the initial announcements of the privatizations over the periods indicated.

The premiums as represented by the offer/cancellation prices over the closing prices or average closing prices of the Privatization Precedents for (i) the last trading days prior to the issue of the initial announcements of the privatization proposals ranged from approximately 25.4% to 80.0% with an average and median of approximately 40.4% and 36.1%; (ii) 30 trading days prior to initial announcements of the privatization proposals ranged from approximately 33.9% to 119.5% with an average and median of approximately 57.5% and 45.2%; (iii) 90 trading days prior to initial announcements of the privatization proposals ranged from approximately 29.7% to 104.1% with an average and median of approximately 55.0% and 45.9%; and (iv) 180 trading days prior to initial announcements of the privatization proposals ranged from approximately 16.0% to 107.6% with an average and median of approximately 49.7% and 45.2%, respectively.

The premiums as represented by the Cancellation Price were approximately 61.3%, 72.6%, 104.1% and 99.1% over the closing price on the Last Trading Day, and the average closing prices for the periods of 30, 90 and 180 trading days up to and including the Last Trading Day, respectively, which are within the ranges of, and higher than the averages and medians of, those of the Privatization Precedents.

The P/E implied by the Cancellation Price of approximately 15.52 times is within the range of those of the Privatization Precedents. The P/B implied by the Cancellation Price of approximately 0.47 time is within the range of those of the Privatization Precedents. In addition, the offer/cancellation prices offered by the Privatization Precedents ranged from a discount of approximately 66.30% to a premium of approximately 101.30% to the NAV per share of the respective companies. The Cancellation Price of HK\$1.50 per Scheme Share represents a discount of approximately 53.02% to the audited NAV of the Group of approximately HK\$3.1926 per Share as at 31 December 2020, which is within the range of those of the Privatization Precedents.

As shown in the table above, other than Goldin Properties, the offer/cancellation prices offered by the Privatization Precedents ranged from a discount of approximately 1.80% to approximately 74.60% to the adjusted NAV per share of the respective companies. The Cancellation Price of HK\$1.50 per Scheme Share represents a discount of approximately 54.61% to the Adjusted NAV of approximately HK\$3.3049 per Share, which is within the range of those of the Privatization Precedents.

It should be noted that Share price is the market consensus of the valuation of the Company. Scheme Shareholders can only realize their investments in the Shares through disposals of the Shares but not by way of disposal of any portion of the underlying net assets of the Group.

*(f) Overall comment*

Taking into consideration of the following:

- (i) the closing prices of the Shares were below the Cancellation Price at all times during the Review Period of approximately 10 years;
- (ii) the P/B as implied by the Cancellation Price of approximately 0.47 time was higher than those of the Comparable Companies as at the Latest Practicable Date;
- (iii) the Cancellation Price represents a discount of approximately 53.02% to the audited NAV of the Group per Share as at 31 December 2020, which was lower than the historical discounts of the market prices of the Shares to the NAV of the Group per Share for the last three years and those of the Comparable Companies;
- (iv) the premiums as represented by the Cancellation Price were approximately 61.3%, 72.6%, 104.1% and 99.1% over the closing price on the Last Trading Day, and the average closing prices for the periods of 30, 90 and 180 trading days up to and including the Last Trading Day, respectively, which are within the ranges of, and higher than the averages and medians of, those of the Privatization Precedents;
- (v) the Cancellation Price of HK\$1.50 per Scheme Share represents a discount of approximately 53.02% to the audited NAV of the Group of HK\$3.1926 per Share as at 31 December 2020, which is within the range of those of the Privatization Precedents; and
- (vi) the Cancellation Price of HK\$1.50 per Scheme Share represents a discount of approximately 54.61% to the Adjusted NAV of the Group of approximately HK\$3.3049 per Share, which is within the range of the those of the Privatization Precedents,

we consider that the Cancellation Price is fair and reasonable.

**RECOMMENDATION AND OPINION**

In arriving at our recommendation in respect of the Proposal, we have considered the principal factors and reasons as discussed above and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- *the Proposal represents an opportunity for the Scheme Shareholders to realize their investments in the Shares at substantial premiums over the then Share prices prior to the issue of the Announcement without suffering illiquidity discount*

The premiums as represented by the Cancellation Price were approximately 61.3%, 72.6%, 104.1% and 99.1% over the closing price on the Last Trading Day, and the average closing prices for the periods of 30, 90 and 180 trading days up to and including the Last Trading Day, respectively.

The closing price of the Shares on the Last Trading Day was HK\$0.93 and surged by approximately 55.9% to HK\$1.45 on 22 January 2021, being the first trading day following the issue of the Announcement. Such increase in Share price was driven by the Announcement, in particular, the Cancellation Price of HK\$1.50 per Scheme Share. From 22 January 2021 to the Latest Practicable Date, the average closing price of the Shares was approximately HK\$1.46 per Share. The Share price closed at HK\$1.47 as at the Latest Practicable Date.

The prevailing Share prices may not be sustained if the Scheme is not approved or otherwise lapses.

The average daily trading volume per month between 1 January 2019 and the Latest Practicable Date ranged from 199,485 Shares to 22,011,407 Shares, representing approximately 0.0157% to 1.2273% of the Shares held by the public, respectively. Given the thin liquidity of the Shares in general, it may be difficult for the Scheme Shareholders to dispose of a significant number of Shares without exerting downward pressure on the Share prices;

- *the operating performance of the Group's property development and investment business in the near term*

The property development and investment business are the major revenue and profit contributors of the Group. Particularly, the La Marina Project, which is the Group's only property development project available for sales in Macau, contributed 100%, 99.4% and 99.9% of the Group's revenue generated from the Property Business for FY2018, FY2019 and FY2020, respectively, and contributed most of the Group's total segment results. Following completion of the La Marina Project in 2017, the Company has currently no property development projects in the pipeline in Macau. Although the Lote P Project will not proceed as a result of the reclamation by the Macau Government without any compensation paid to the Owner due to the New Land Law, Polytec Holdings has agreed to provide the Indemnity to the Group which has been accounted for in the consolidated financial statements of the Group. The 2019 Annual Report stated that the income to be received from the Group's interest in the La Marina Project is expected to make an important contribution to the Group's results in the next two years. As a result, the financial performance of the Group in the short term will largely hinge on the sales of the La Marina Project.

The Macau's economy decelerated to 6.5% in 2018 from 10.0% in 2017 and even shrank by 2.6% in 2019. As a result of the COVID-19 outbreak, the economic growth of Macau deteriorated in 2020 although the pandemic has been largely under control locally. The 2020 Interim Report stated that the COVID-19 pandemic is expected to last for a period of time and the economy will be unlikely to recover soon.

Total residential sales transaction value in Macau contracted significantly by 26.5% and 15.9% in 2019 and 2020, respectively. According to the News Release issued by JLL, while the uncertainty caused by the COVID-19 pandemic will gradually disappear, it takes time for the market to recover. JLL expected that the residential sales transaction volume in Macau will remain stable in 2021. We consider that the growth potential of the Group's Property Business, primarily relying on the La Marina Project, may be limited in the short term.

As for the Group's property investment business conducted through its joint venture company, the average occupancy rates of the retail and office portions of The Macau Square reached 98% and 88% in 2020, respectively. Given (a) the high occupancy rate of The Macau Square in general; (b) the lack of new investment properties in the coming years; (c) the negative impact of the COVID-19 pandemic on the rental values for the overall office and retail markets in Macau in 2020; (d) JLL expected the retail rents will face pressure in the short term given the current high vacancy rate and future supply of retail properties in Macau; and (e) the rental income generated from the Group's investment properties in Macau is expected to remain stable in 2021 as stated in the 2020 Annual Results, we consider that the growth of the Group's property investment business may be limited in the near term.

As at the Latest Practicable Date, the site drainage work of the Zhongshan Project was completed and the overall planning and design work was underway. No planning or other regulatory consent has been obtained for the Zhongshan Project and its detailed development schemes are yet to be approved and finalized. Given the Zhongshan Project is in the initial stage of development, there are uncertainties in the operating performance of the Zhongshan Project in the medium to longer term.

We consider that the outlook for the Group's property development and investment business remain cautious in the short term; and

- *the Cancellation Price is fair and reasonable*

For evaluation of the Cancellation Price, we have taken into consideration of the following:

- (a) the closing prices of the Shares were below the Cancellation Price at all times during the Review Period of approximately 10 years;
- (b) the P/B as implied by the Cancellation Price of approximately 0.47 time was higher than those of the Comparable Companies as at the Latest Practicable Date;
- (c) the Cancellation Price represents a discount of approximately 53.02% to the audited NAV of the Group per Share as at 31 December 2020, which was lower than the historical discounts of the market prices of the Shares to the NAV of the Group per Share for the last three years and those of the Comparable Companies;



- (d) the premiums as represented by the Cancellation Price were approximately 61.3%, 72.6%, 104.1% and 99.1% over the closing price on the Last Trading Day, and the average closing prices for the periods of 30, 90 and 180 trading days up to and including the Last Trading Day, respectively, which are within the ranges of, and higher than the averages and medians of, those of the Privatization Precedents;
- (e) the Cancellation Price of HK\$1.50 per Scheme Share represents a discount of approximately 53.02% to the audited NAV of the Group of HK\$3.1926 per Share as at 31 December 2020, which is within the range of those of the Privatization Precedents; and
- (f) the Cancellation Price of HK\$1.50 per Scheme Share represents a discount of approximately 54.61% to the Adjusted NAV of the Group of approximately HK\$3.3049 per Share, which is within the range of the those of the Privatization Precedents.

The Share price is the market consensus of the valuation of the Company. The Scheme Shareholders can only realize their investments in the Shares through disposals of the Shares but not by way of disposal of any portion of the underlying net assets of the Group. It should be noted that the Shares were traded at discounts to the NAV of the Group per Share at all times during the period of about three years prior to the Last Trading Day, with discounts ranging from approximately 62.52% to approximately 79.69%. In other words, the Scheme Shareholders could not realize their investments in the Shares at the entire underlying NAV of the Group per Share on the market.

Based on the above, we consider that the terms of the Proposal are fair and reasonable so far as the Scheme Shareholders are concerned and accordingly advise the Independent Board Committee to recommend the Scheme Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM to approve and implement the Proposal.

The Scheme Shareholders are reminded that as stated in the “Letter from the Board” in this Scheme Document, the Cancellation Price will not be increased and the Offeror does not reserve the right to do so, and if the Scheme is not approved or otherwise lapses, neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

Yours faithfully,  
For and on behalf of  
**Rainbow Capital (HK) Limited**  
**Larry Choi**  
*Managing Director*

*Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 6 (advising on corporate finance) regulated activity under the SFO. He has over ten years of experience in the corporate finance industry.*

*This Explanatory Statement constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 1995 (revised).*

**A SCHEME OF ARRANGEMENT  
(UNDER SECTION 86 OF THE COMPANIES ACT OF THE CAYMAN ISLANDS)  
TO CANCEL AND EXTINGUISH ALL THE SCHEME SHARES**

**1. INTRODUCTION**

As disclosed in the Announcement, on 17 January 2021, the Offeror requested the Board to put forward the Proposal, which will involve the cancellation and extinguishment of the Scheme Shares and the payment of the Cancellation Price of HK\$1.50 per Scheme Share to Scheme Shareholders, and the withdrawal of the listing of the Shares on the Stock Exchange. The Proposal will be carried out by way of a scheme of arrangement under Section 86 of the Companies Act of the Cayman Islands.

If the Scheme is approved and the Proposal is implemented, the share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

The purpose of this Explanatory Statement is to set out the terms and effects of the Proposal and to give the Scheme Shareholders other relevant information in relation to the Proposal, in particular, to provide the intentions of the Offeror with regard to the Company and the shareholding structure of the Company before and after the Scheme becoming effective.

Particular attention is drawn to (a) a letter from the Board set out in Part IV of this Scheme Document; (b) a letter of recommendation from the Independent Board Committee set out in Part V of this Scheme Document; (c) a letter of advice from Rainbow Capital set out in Part VI of this Scheme Document; (d) the Scheme set out in Appendix V to this Scheme Document; (e) the property valuation report from Vigers set out in Appendix III to this Scheme Document; and (f) the property valuation report from Cushman & Wakefield set out in Appendix IV to this Scheme Document.

**2. THE SCHEME**

Under the Scheme, the Scheme Shares will be cancelled and extinguished and, in consideration thereof, each Scheme Shareholder will be entitled to receive the Cancellation Price in cash for each Scheme Share cancelled and extinguished.

The total consideration payable to the Scheme Shareholders for the Scheme Shares cancelled and extinguished will be paid by the Offeror in cash.

**The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.**

**As at the Latest Practicable Date, the Company has not declared any dividend which remains unpaid and the Company does not intend to declare and/or pay any dividend during the Offer Period.**

The Cancellation Price of HK\$1.50 per Scheme Share cancelled and extinguished represents:

- a premium of approximately 2.04% over the closing price of HK\$1.47 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 61.29% over the closing price of HK\$0.93 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 63.22% over the average closing price of HK\$0.919 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 72.55% over the average closing price of approximately HK\$0.8693 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 94.23% over the average closing price of approximately HK\$0.7723 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 104.14% over the average closing price of approximately HK\$0.7348 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 105.82% over the average closing price of approximately HK\$0.7288 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 99.12% over the average closing price of approximately HK\$0.7533 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a discount of approximately 52.43% to the audited consolidated total equity attributable to equity shareholders of the Company of approximately HK\$3.1530 per Share as at 31 December 2019, calculated based on the audited consolidated total equity attributable to equity shareholders of the Company of approximately HK\$13,996,134,000 as at 31 December 2019 and the 4,438,967,838 Shares in issue as at the Latest Practicable Date;
- a discount of approximately 53.02% to the audited consolidated total equity attributable to equity shareholders of the Company of approximately HK\$3.1926 per Share as at 31 December 2020, calculated based on the audited consolidated total equity attributable to equity shareholders of the Company of approximately HK\$14,171,642,000 as at 31 December 2020 and the 4,438,967,838 Shares in issue as at the Latest Practicable Date;
- a discount of approximately 54.61% to the adjusted unaudited consolidated net asset value of the Group of approximately HK\$3.3049 per share, which took into account (i) the audited consolidated total equity attributable to the equity shareholders of the Company as at 31 December 2020 and (ii) the valuation of the Group's property interests as at 31 January 2021, as detailed in Appendix I to this Scheme Document; and

- a discount of approximately 51.65% to the unaudited consolidated total equity attributable to equity shareholders of the Company of approximately HK\$3.1026 per Share as at 30 June 2020, calculated based on the total equity attributable to equity shareholders of the Company of approximately HK\$13,772,436,000 as at 30 June 2020 and the 4,438,967,838 Shares in issue as at the Latest Practicable Date.

The Cancellation Price has been determined on an arm's length basis after taking into account, among other things, the recent and historical market prices of the Shares, publicly available financial information of the Company, and other privatization transactions in Hong Kong in recent years.

### ***Highest and lowest prices of the Shares***

During the three years up to and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.16 per Share on 2 May 2019 and 3 May 2019, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.58 per Share on 5 March 2018.

### ***The Scheme Conditions***

The implementation of the Proposal is, and the Scheme will become effective and binding on the Offeror, the Company and the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Scheme Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) (i) the Scheme is approved (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Shares held by the Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and (ii) the number of votes cast (by way of poll) by the Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Shares held by all the Independent Shareholders;
- (c) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares, (ii) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve the withdrawal of listing of the Shares subsequent to the Scheme becoming effective, and (iii) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to immediately thereafter increase the number of issued Shares in the share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to the Offeror;

- (d) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the number of issued Shares in the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Act in relation to the reduction of the number of issued Shares in the share capital of the Company referred to in paragraph (c)(i) above;
- (f) all authorizations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal required before the Scheme becoming effective having been obtained from, given by or made with (as the case may be) the governments and/or government bodies, regulatory bodies, courts or institutions, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (g) all authorizations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal required before the Scheme becoming effective remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions in connection with the Proposal having been complied with and no requirement having been imposed by any governments and/or government bodies, regulatory bodies, courts or institutions which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (h) all necessary consents which may be required for the implementation of the Proposal under any existing contractual obligations of the Company being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (i) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms) from the Announcement Date up to and at the time when the Scheme becomes effective, other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal;
- (j) there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Group is a party or by or to which any of them is or are or may be bound, entitled or subject which as a consequence of the implementation of the Proposal could or might reasonably result in, to an extent which is material in the context of the Group taken as a whole from the Announcement Date up to and at the date when the Scheme Conditions become effective:

- (i) any monies borrowed by or other indebtedness (actual or contingent) of any member of the Group being repayable or being capable of being declared payable prior to their stated maturity;
  - (ii) the creation of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any member of the Group or any such security (whether arising or having arisen) becoming enforceable; and
  - (iii) any such arrangement, agreement, licence, permit, franchise or other instrument being terminated or adversely modified or any material action being taken or any material obligation arising thereunder; and
- (k) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets and undertakings of any member of the Group from the Announcement Date up to and at the date when the Scheme become effective.

The Offeror reserves the right to waive Scheme Conditions (f) to (k) either in whole or in part, either generally or in respect of any particular matter. Scheme Conditions (a) to (e) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Scheme Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke any such Scheme Condition are of material significance to the Offeror in the context of the Proposal. The Company has no right to waive any of the Scheme Conditions. All of the Scheme Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Scheme will lapse. When the Scheme Conditions are satisfied or waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all the Scheme Shareholders.

Assuming that the Scheme Conditions are satisfied or validly waived (as applicable), it is expected that the Scheme will become effective on 21 May 2021 (Cayman Islands time). A detailed timetable is set out in Part III of this Scheme Document.

In respect of Scheme Conditions (f) to (h), apart from the Scheme Condition (d) and the approval from each of the board of the Offeror and the Company in respect of the implementation of the Proposal, the directors of the Offeror and the Company are not currently aware of any other authorizations or consents which are required. As at the Latest Practicable Date, the approvals from each of the board of the Offeror and the Company in respect of the implementation of the Proposal have been obtained. None of the above Scheme Conditions have been fulfilled or waived as at the Latest Practicable Date.

If the Scheme is approved, the share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so allotted and issued, credited as fully paid, to the Offeror.

Shareholders and potential investors of the Company should be aware that the implementation of the Proposal is subject to the Scheme Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

### 3. REASONS FOR AND BENEFITS OF THE PROPOSAL

*The Proposal represents a good opportunity for the Scheme Shareholders to realise their investment with a substantial premium against the backdrop of low liquidity*

The Offeror considers that the Proposal will provide the Scheme Shareholders with an opportunity to realise their investment in the Company at a price above the prevailing market price of the Shares.

The Cancellation Price, being HK\$1.50 per Scheme Share, represents a premium of approximately 61.29% over the closing price of HK\$0.93 per Share as quoted on the Stock Exchange on the Last Trading Day. It also represents a premium of approximately 72.55%, 94.23%, 104.14%, 105.82% and 99.12% over the average closing price of approximately HK\$0.8693, HK\$0.7723, HK\$0.7348, HK\$0.7288 and HK\$0.7533 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30, 60, 90, 120 and 180 trading days up to and including the Last Trading Day, respectively.

During the three years up to and including the Last Trading Day, the lowest and highest closing prices per Share as quoted on the Stock Exchange were HK\$0.58 and HK\$1.16, respectively. The Cancellation Price represents a premium of approximately 158.62% to the lowest closing price and a premium of approximately 29.31% to the highest closing price in the above period.

The liquidity of the Shares has been at a relatively low level over a long period of time. For the one year up to and including the Last Trading Day, the average daily trading volume of the Shares was approximately 1,443,000 Shares, representing only approximately 0.03% of the issued Shares as of the Last Trading Day and the average daily turnover was approximately HK\$1,043,000. The low trading liquidity of the Shares makes it difficult for Shareholders to execute significant on-market disposals without adversely affecting the market price of the Shares.

The Proposal is intended to provide the Scheme Shareholders with an opportunity to realise their entire investment in the Company for cash at a substantial premium over market prices of the Shares without having to suffer any illiquidity discount.

#### *Costs and expenses of maintaining the Company's listing status*

The Company has not in recent years conducted any equity fund raising activities, being primary benefit of a listing status. Continued listing of the Shares is not expected to provide any meaningful benefit to the Company in the near term.

The listing of the Company involves administrative, compliance and other listing-related costs and expenses. If the Proposal is successful, these costs and expenses would be eliminated and thus allow the Offeror and the Company to allocate more resources for the development of the business of the Group.

Furthermore, following the implementation of the Proposal, the Company can be relieved from market expectations and share price fluctuation as a publicly listed company. The management of the Company can also utilise the resources which would otherwise go towards administrative, compliance and other listing-related matters of the Company on the business operations of the Group.

***The Proposal will enable the Group to execute its strategies more efficiently and effectively***

The principal activities of the Group are property investment and development, oil exploration and production, manufacturing of ice, provision of cold storage services and financial investments. In order to achieve long-term commercial development and maintain competitiveness, the Group needs to assess its strategies and implement appropriate changes to its business model if necessary. Following the implementation of the Proposal, the Group will be in a better position to execute its business strategies more efficiently and effectively as a private entity. With the Company becoming an unlisted wholly-owned subsidiary of the Offeror, the Offeror considers that it will help improving the Company's operational efficiency and achieve economies of scale, for example through resources sharing with the Offeror such as sharing of expertise, hence achieving cost savings.

#### **4. TOTAL CONSIDERATION AND FINANCIAL RESOURCES**

The Proposal will involve the cancellation and extinguishment of the Scheme Shares at the Cancellation Price of HK\$1.50 per Scheme Share cancelled and extinguished. As at the Latest Practicable Date, there are 4,438,967,838 Shares in issue of which the Offeror holds an aggregate of 2,615,636,918 Shares (representing approximately 58.92% of the issued share capital of the Company), and there are 1,823,330,920 Scheme Shares in issue. There are no outstanding options, warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

On the assumption that there will be no change in the shareholding structure of the Company before completion of the Proposal and based on the Cancellation Price of HK\$1.50 per Scheme Share and a total of 1,823,330,920 Scheme Shares, the total consideration required for the Scheme is approximately HK\$2,735 million. The Offeror intends to finance the implementation of the Scheme through available loan facilities. BOCI, one of the joint financial advisers to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Scheme.



## 5. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the total authorized share capital of the Company is HK\$1,050,000,000. The authorized share capital of the Company for its ordinary shares is HK\$1,000,000,000 divided into 10,000,000,000 Shares at a par value of HK\$0.10 each and the authorized share capital of the Company for its preference shares is HK\$50,000,000 divided into 5,000,000,000 shares at a par value of HK\$0.01 each. The Company has 4,438,967,838 Shares in issue and no preference shares in issue.

The table below sets out the simplified shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) on the basis that the Scheme becomes effective:

Shareholders	As at the Latest Practicable Date		Upon the Scheme becoming effective	
	Number of Shares	Approximate % of the issued share capital of the Company (Note (1))	Number of Shares	Approximate % of the issued share capital of the Company (Note (1))
<b><i>The Offeror and the Offeror Concert Parties</i></b>				
The Offeror	2,615,636,918	58.92	4,438,967,838	100.00
Ms. Wong Yuk Ching (Note (2))	9,895,900	0.22	—	—
Mr. Yeung Kwok Kwong (Note (2))	2,498,600	0.06	—	—
Ms. Chio Koc Ieng (Note (2))	893,250	0.02	—	—
Mr. Lai Ka Fai (Note (3))	2,510,270	0.06	—	—
Ms. Or Pui Ying, Peranza (Note (4))	7,000,000	0.16	—	—
Mr. Or Pui Kwan (Note (5))	7,120,495	0.16	—	—
<b><i>Sub-total</i></b>	<b><u>2,645,555,433</u></b>	<b><u>59.60</u></b>	<u>—</u>	<u>—</u>
<b><i>Independent Shareholders</i></b>				
Independent Shareholders	1,793,412,405	40.40	—	—
<b>Total number of Shares in issue</b>	<b><u>4,438,967,838</u></b>	<b><u>100.00</u></b>	<b><u>4,438,967,838</u></b>	<b><u>100.00</u></b>
Total number of Scheme Shares	<u>1,823,330,920</u>	<u>41.08</u>	<u>—</u>	<u>—</u>

Notes:

- (1) All percentages in the above table are approximations. The percentages may not add up to the relevant total or sub-total percentage due to rounding.
- (2) Each of Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching and Ms. Chio Koc Ieng is an executive Director and is deemed to be a party acting in concert with the Offeror under Class (6) of the definition of “acting in concert” under the Takeovers Code.
- (3) Mr. Lai Ka Fai is a non-executive Director and a director of the Offeror and is deemed to be a party acting in concert with the Offeror under Class (2) and Class (6) of the definition of “acting in concert” under the Takeovers Code.
- (4) Ms. Or Pui Ying, Peranza is a non-executive Director and the daughter of Mr. Or Wai Sheun and is deemed to be a party acting in concert with the Offeror under Class (6) and Class (8) of the definition of “acting in concert” under the Takeovers Code.
- (5) Mr. Or Pui Kwan is the son of Mr. Or Wai Sheun and is deemed to be a party acting in concert with the Offeror under Class (8) of the definition of “acting in concert” under the Takeovers Code.

As at the Latest Practicable Date, there are no options, warrants or convertible securities in respect of the Shares held, controlled or directed by the Offeror and the Offeror Concert Parties, or outstanding derivatives in respect of the Shares entered into by the Offeror and the Offeror Concert Parties. The Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into Shares as at the Latest Practicable Date.

## 6. FINANCIAL INFORMATION OF THE GROUP

Based on the published consolidated audited financial statements of the Company, the profit before and after taxation and total comprehensive income attributable to equity shareholders of the Company for the three years ended 31 December 2020 and the total equity attributable to equity shareholders of the Company as at 31 December 2018, 2019 and 2020 are as follows:

	For the year ended 31 December		
	2020 (Audited) HK\$'000	2019 (Audited) HK\$'000	2018 (Audited) HK\$'000
Profit before taxation	438,144	741,809	1,623,863
Profit after taxation	431,609	710,621	1,620,665
Total comprehensive income attributable to equity shareholders of the Company	503,992	683,572	1,618,545
<b>Total equity attributable to equity shareholders of the Company</b>	<b><u>14,171,642</u></b>	<b><u>13,996,134</u></b>	<b><u>13,738,703</u></b>

## 7. INFORMATION ON THE COMPANY AND THE OFFEROR'S INTENTION REGARDING THE COMPANY

The Company was incorporated in the Cayman Islands with limited liability. The Shares have been listed on the Main Board of the Stock Exchange since 9 September 1998 with the stock code 208. The Group is principally engaged in property investment and development, oil exploration and production, manufacturing of ice, provision of cold storage services and financial investments.

Following implementation of the Proposal, the Offeror intends that the Company would continue carrying on its current business and does not intend to make any major changes to the current operations, or discontinue the employment of the employees of the Company nor do they have plans to redeploy any of the fixed assets of the Company after implementation of the Proposal. The Offeror will continue to monitor the Group's performance and assess and implement appropriate strategies for the Group and its business.

**8. INFORMATION ON THE OFFEROR**

The Offeror was incorporated in British Virgin Islands with limited liability and is principally engaged in investment holding. The Offeror is ultimately wholly owned by Mr. Or Wai Sheun, an executive Director.

As at the Latest Practicable Date, the Offeror held 2,615,636,918 Shares (representing approximately 58.92% of the issued share capital of the Company).

**9. INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising Mr. Liu Kwong Sang, Dr. Tsui Wai Ling, Carlye, and Prof. Dr. Teo Geok Tien Maurice, each an independent non-executive Director, has been established by the Board to make a recommendation to the Independent Shareholders as to whether or not the terms of the Proposal are fair and reasonable and as to voting. Ms. Or Pui Ying, Peranza, a non-executive Director, is the daughter of Mr. Or Wai Sheun, the ultimate beneficial owner of the Offeror. Mr. Lai Ka Fai, a non-executive Director, is a director of the Offeror. They are therefore not considered to be independent for the purpose of Rule 2.8 of the Takeovers Code and are excluded from members of the Independent Board Committee.

As at the Latest Practicable Date, the Offeror is a company ultimately wholly-owned by Mr. Or Wai Sheun, an executive Director. Mr. Or Wai Sheun will abstain from voting at meetings of the Board in relation to the Proposal given that he has a material interest in the Proposal. Ms. Or Pui Ying, Peranza and Mr. Lai Ka Fai have abstained and will continue to abstain from voting at meetings of the Board in relation to the Proposal given each of them has a material interest in the Proposal. The Independent Board Committee has given its recommendation as set out in Part V of this Scheme Document after taking into account the advice of Rainbow Capital.

The Independent Shareholders are reminded to carefully read this Scheme Document, including the letter of advice from Rainbow Capital to the Independent Board Committee set out in Part VI of this Scheme Document, before making a decision.

**10. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE**

Rainbow Capital has been appointed as the independent financial adviser to advise the Independent Board Committee in connection with the Proposal. The appointment of Rainbow Capital as the independent financial adviser has been approved by the Independent Board Committee.

The full text of the letter from Rainbow Capital is set out in Part VI of this Scheme Document.

## 11. WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, the Scheme Shares will be cancelled and extinguished and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules. The Shareholders will be notified of the last day for dealing in the Shares and the date on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme is set out in Part III of this Scheme Document, which contains, inter alia, further details of the Proposal.

## 12. IF THE SCHEME IS NOT APPROVED OR OTHERWISE LAPSES

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Scheme Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date.

If the Scheme is not approved or otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

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

## 13. OVERSEAS SHAREHOLDERS

The making and implementation of the Scheme to Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any Overseas Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any acceptance by Overseas Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers, that those laws and regulatory requirements have been complied with. If such Overseas Shareholders are in doubt as to their positions, they should consult their professional advisers.

As at the Latest Practicable Date, to the Company's best knowledge, there were 2 Shareholders whose addresses as shown in the register of members of the Company were situated in the United Kingdom (the "**United Kingdom Shareholders**"), 18 Shareholders whose addresses as shown in the register of members of the Company were situated in the PRC (the "**PRC Shareholders**"), 4 Shareholders whose addresses as shown in the register of members of the Company were situated in Canada (the "**Canada Shareholders**"), 2 Shareholders whose addresses as shown in the register of members of the Company were situated in Australia (the "**Australia Shareholders**"), 2 Shareholders whose addresses as shown in the register of members of the Company were situated in Singapore (the "**Singapore Shareholders**") and a Shareholder whose address as shown in the register of members of the Company was situated in Macau (the "**Macau Shareholder**"). The Company has made an enquiry with its legal advisers in the United Kingdom (the "**United Kingdom Legal Advisers**"), its legal advisers in the PRC (the "**PRC Legal Advisers**"), its legal advisers in Canada (the "**Canada Legal Advisers**"), its legal advisers in Australia (the "**Australia Legal Advisers**"), its legal advisers in Singapore (the "**Singapore Legal Advisers**") and its legal advisers in Macau (the "**Macau Legal Advisers**") as to whether there are any legal restrictions or requirements of the relevant body or stock exchange under the laws of the United Kingdom, the PRC, Canada, Australia, Singapore and Macau with respect to extending the Scheme and despatching the Scheme Document to the United Kingdom Shareholders, the PRC Shareholders, the Canada Shareholders, the Australia Shareholders, the Singapore Shareholders and the Macau Shareholder, respectively. The United Kingdom Legal Advisers, the PRC Legal Advisers, the Canada Legal Advisers, the Singapore Legal Advisers and the Macau Legal Adviser advised that there is no restriction or requirement (including but not limited to registration requirement) under the laws or regulations of the United Kingdom, the PRC, Canada, Singapore and Macau (as the case may be) for extending the Scheme and despatching the Scheme Document to the United Kingdom Shareholders, the PRC Shareholders, the Canada Shareholders, the Singapore Shareholders or the Macau Shareholder (as the case may be), and the Australia Legal Advisers advised that there are such restrictions or requirements (including but not limited to additional disclosure requirements) under the laws or regulations of Australia for extending the Scheme and despatching the Scheme Document to the Australia Shareholders which were addressed by way of a relief application to the Australian Securities & Investments Commission for exemptions from these requirements under sections 926A(2) and 1020F(1)(a) of the *Corporations Act 2001* (Cth) and which was granted by the Australian Securities & Investments Commission on 9 April 2021. Therefore, the Scheme will be extended to the United Kingdom Shareholders, the PRC Shareholders, the Canada Shareholders, the Australia Shareholders, the Singapore Shareholders and the Macau Shareholder and the Company will not apply for the waivers required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code in respect of extending the Scheme and despatching the Scheme Document to the United Kingdom Shareholders, the PRC Shareholders, the Canada Shareholders, the Australia Shareholders, the Singapore Shareholders and the Macau Shareholder.

#### 14. SCHEME SHARES, COURT MEETING, AND EGM

As at the Latest Practicable Date, the Offeror holds an aggregate of 2,615,636,918 Shares representing approximately 58.92% of the total number of issued Shares in the share capital of the Company. Such 2,615,636,918 Shares will not constitute Scheme Shares and will not be voted on the Scheme at the Court Meeting.

The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will comply with and be subject to the terms and conditions of the Scheme.

Each of Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching and Ms. Chio Koc Ieng is an executive Director. Given each of them is presumed to be acting in concert with the Offeror under Class (6) of the definition of “acting in concert” under the Takeovers Code, each of them will be required to abstain from voting at the Court Meeting for the purpose of the Takeovers Code. Each of them is not an Independent Shareholder but is qualified as a Scheme Shareholder.

Ms. Or Pui Ying, Peranza, a non-executive Director and the daughter of Mr. Or Wai Sheun, is presumed to be acting in concert with the Offeror under Class (6) and Class (8) of the definition of “acting in concert” under the Takeovers Code. She will be required to abstain from voting at the Court Meeting for the purpose of the Takeovers Code. She is not an Independent Shareholder but is qualified as a Scheme Shareholder.

Mr. Or Pui Kwan is the son of Mr. Or Wai Sheun and is presumed to be acting in concert with the Offeror under Class (8) of the definition of “acting in concert” under the Takeovers Code. He will be required to abstain from voting at the Court Meeting for the purpose of the Takeovers Code. He is not an Independent Shareholder but is qualified as a Scheme Shareholder.

Mr. Lai Ka Fai, a non-executive Director and a director of the Offeror, is presumed to be acting in concert with the Offeror under Class (2) and Class (6) of the definition of “acting in concert” under the Takeovers Code. He will be required to abstain from voting at the Court Meeting for the purpose of the Takeovers Code. He is not an Independent Shareholder but is qualified as a Scheme Shareholder.

Each of BOCI and Somerley is presumed to be acting in concert with the Offeror under class (5) of the definition of “acting in concert” in the Takeovers Code. As at the Latest Practicable Date, no Shares are owned, controlled or directed by each of BOCI and Somerley.

All Shareholders will be entitled to attend the EGM and vote on, among other things, (i) a special resolution to approve and give effect to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares, (ii) a special resolution to approve the withdrawal of listing of the Shares subsequent to the Scheme becoming effective, and (iii) an ordinary resolution to immediately thereafter increase the number of issued Shares in the share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to the Offeror.

The Offeror has undertaken that if the Scheme is approved at the Court Meeting, it will cast the votes in respect of those Shares held by it in favour of the resolutions to be proposed at the EGM.

**15. COSTS OF THE SCHEME**

In light of the recommendation of the Independent Board Committee as set out in Part V of this Scheme Document and the recommendation of Rainbow Capital as set out in Part VI of this Scheme Document, Rule 2.3 of the Takeovers Code is not applicable. The Offeror and the Company have agreed that all costs, charges and expenses of the advisers and counsels appointed by the Company, including Rainbow Capital, will be borne by the Company, all costs, charges and expenses of the advisers and counsels appointed by the Offeror will be borne by the Offeror, and other costs, charges and expenses of the Proposal incurred by each of the Offeror and the Company will be borne by them respectively.

**16. GENERAL**

The Offeror has appointed BOCI and Somerley as its joint financial advisers in connection with the Proposal.

There are no arrangements (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Company which might be material to the Proposal (see Note 8 to Rule 22 of the Takeovers Code).

There are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal.

The Offeror and the Offeror Concert Parties have not borrowed or lent any Shares or any other securities of the Company as at the Latest Practicable Date.

Other than the Cancellation Price, the Offeror or the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares.

As at the Latest Practicable Date, there are no options, warrants or convertible securities in respect of the Shares held, controlled or directed by the Offeror and the Offeror Concert Parties, or outstanding derivatives in respect of the Shares entered into by the Offeror and the Offeror Concert Parties. No irrevocable commitment to vote for or against the Proposal has been received by the Offeror, as at the Latest Practicable Date.

As at the Latest Practicable Date, there is no understanding, arrangement or agreement or special deal between (i) any Scheme Shareholders and persons acting in concert with them; and (ii)(a) the Offeror and the Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.

Save for the following, none of the Offeror or the Offeror Concert Parties had any dealings in the relevant securities of the Company during the Relevant Period.

## 1. Distribution in Specie

On 30 October 2020, Kowloon Development Company Limited (“KDC”) distributed 3,141,605,560 Shares via Marble King International Limited (a wholly-owned subsidiary of KDC) as special dividend to the qualifying shareholders of KDC in proportion to their respective shareholdings in KDC on the basis for every 1 ordinary share of KDC held for 2.67 Shares (the “**Distribution in Specie**”). Details of the Shares involved with respect to the Offeror and the Offeror Concert Parties in connection with such distribution are as follows:

Date	Name of Shareholder	Notes	Number of Shares involved
30/10/2020	Offeror	(1)	922,708,404
		(2)	736,122
30/10/2020	Mr. Yeung Kwok Kwong	(3)	480,600
30/10/2020	Ms. Wong Yuk Ching	(3)	3,123,900
30/10/2020	Ms. Chio Koc Ieng	(3)	600,750
30/10/2020	Mr. Lai Ka Fai	(4)	2,005,170
30/10/2020	Mr. Or Pui Kwan	(5)	116,145

*Notes:*

- Prior to the Distribution in Specie, Mr. Or Wai Sheun, through its controlled corporations (including KDC), held 3,225,446,444 Shares. 3,141,605,560 Shares were distributed in connection with the Distribution in Specie, in which the Offeror received 2,218,897,156 Shares, resulting in an overall decrease of 922,708,404 Shares ultimately held by Mr. Or Wai Sheun.
- Following the Distribution in Specie, the undistributed 736,122 Shares were disposed of by the Offeror through its controlled corporations of which 735,000 Shares were disposed of at a consideration of HK\$0.65 per Share and of which 1,122 Shares were disposed of at a consideration of HK\$0.62 per Share.
- Each of Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching and Ms. Chio Koc Ieng is an executive Director and is deemed to be a party acting in concert with the Offeror under Class (6) of the definition of “acting in concert” under the Takeovers Code. The number of Shares held by them was increased by 480,600 Shares, 3,123,900 Shares and 600,750 Shares respectively due to the Distribution in Specie.
- Mr. Lai Ka Fai is a non-executive Director and a director of the Offeror and is deemed to be a party acting in concert with the Offeror under Class (2) and Class (6) of the definition of “acting in concert” under the Takeovers Code. The number of Shares held by him was increased by 2,005,170 Shares due to the Distribution in Specie.
- Mr. Or Pui Kwan is the son of Mr. Or Wai Sheun and is deemed to be a party acting in concert with the Offeror under Class (8) of the definition of “acting in concert” under the Takeovers Code. The number of Shares held by him was increased by 116,145 Shares due to the Distribution in Specie.



**2. Acquisitions by the Offeror in cash:**

<b>Date (Note)</b>	<b>Number of Shares acquired</b>	<b>Actual price per Share</b>
29/01/2021	105,000	HK\$1.4700
28/01/2021	6,515,000	HK\$1.4700
27/01/2021	7,810,000	HK\$1.4700
26/01/2021	49,060,000	HK\$1.4700
25/01/2021	29,625,000	HK\$1.4600
22/01/2021	7,095,000	HK\$1.4400
22/01/2021	125,510,000	HK\$1.4500
11/12/2020	4,995,000	HK\$0.8600
10/12/2020	1,600,000	HK\$0.8200 - HK\$0.8400
09/12/2020	10,000	HK\$0.7800
08/12/2020	1,010,000	HK\$0.7600 - HK\$0.7700
02/12/2020	2,820,000	HK\$0.7200 - HK\$0.7500
01/12/2020	385,000	HK\$0.7100
30/11/2020	2,500,000	HK\$0.7100
26/11/2020	2,400,000	HK\$0.7000 - HK\$0.7100
25/11/2020	2,880,000	HK\$0.7000
24/11/2020	2,140,000	HK\$0.6900
23/11/2020	6,615,000	HK\$0.6800
14/11/2020 - 20/11/2020	13,360,000	HK\$0.6600 - HK\$0.6900
07/11/2020 - 13/11/2020	4,990,000	HK\$0.6600
03/11/2020 - 06/11/2020	42,210,000	HK\$0.6200 - HK\$0.6800

*Note:* In accordance with the provisions of Note 4 to paragraph 4 of Schedule I to the Takeovers Code, (i) acquisitions of Shares during the Offer Period and in the one month period prior to the publication of the Announcement on 21 January 2021 (i.e. from 21 December 2020 onwards) as shown in the table above were not aggregated; (ii) acquisitions of Shares in the period from 21 November 2020 to 20 December 2020 as shown in the table above were aggregated on a daily basis; and (iii) acquisitions of Shares in the period falling on or before 20 November 2020 as shown in the table above were aggregated on a weekly basis. As set out in the paragraph headed “10. Documents Available for Inspection” in Appendix II to this Scheme Document, the full list of dealings is available for inspection at the addresses and during the period stated therein.

**17. COURT MEETING AND EGM**

In accordance with the direction of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing the resolution to approve the Scheme (with or without modification(s)).

Scheme Shareholders whose names appear on the register of members of the Company as at the Scheme Court Meeting Record Date will be entitled to attend and vote on the Scheme at the Court Meeting in person or by proxy. At the Court Meeting, Scheme Shareholders present and voting either in person or by proxy, will be entitled to vote their Scheme Shares in favour of the Scheme or against it.

The Scheme is conditional upon, amongst other things, approval by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares present and voting in person or by proxy at the Court Meeting. In addition, the Scheme must be approved (by way of poll) by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voting either in person or by proxy at the Court Meeting; provided that the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Independent Shareholders.

In accordance with the Companies Act, the “75% in value” requirement will be met if the total value of the Shares being voted in favour of the Scheme is at least 75% of the total value of the Shares voted at the Court Meeting. In accordance with the Companies Act, the “majority in number” requirement will be met if the number of the Scheme Shareholders voting in favour of the Scheme exceeds the number of the Scheme Shareholders voting against the Scheme. For the purpose of calculating the “majority in number” requirement, the number of the Scheme Shareholders, present and voting in person or by proxy, will be counted. For the purpose of the Takeovers Code, only the number of Scheme Shares from an Independent Shareholder being so voted will count towards the “75% in value” requirement as Shareholders who are not Independent Shareholders will be required to abstain from voting at the Court Meeting in accordance with the Takeovers Code.

In accordance with the direction from the Grand Court, for the purpose of calculating the “majority in number”, HKSCC Nominees Limited shall be permitted to vote once for and once against the Scheme in accordance with the instructions received by it from the Investor Participants and other CCASS Participants. For the purpose of the headcount test, if HKSCC Nominees Limited receives an instruction to vote both for and against the Scheme, it will be counted as one Shareholder under “for” and as one shareholder under “against”. The number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they are cast and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be disclosed to the Grand Court and may be taken into account in deciding whether or not the Grand Court should exercise its discretion to sanction the Scheme.

The EGM will be held as soon as after the Court Meeting has been concluded or adjourned for the purpose of considering and, if thought fit, passing resolutions to approve, among other things, the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing all Scheme Shares. All Shareholders will be entitled to attend and vote in person or by proxy on such resolutions at the EGM.

At the EGM, a poll will be taken, and each Shareholder present and voting, either in person or by proxy, will be entitled to vote all of his/her/its Shares in favour of (or against) the special resolutions and/or the ordinary resolution. Alternatively, such Shareholder may vote some of their Shares in favour of the special resolutions and/or the ordinary resolution and any or all of the balance of their Shares against the special resolutions and/or the ordinary resolution (and vice versa). At the relevant EGM, the special and ordinary resolutions will be put to the vote by way of poll as required under Rule 13.39(4) of the Listing Rules.

Announcement(s) will be made by the Company and the Offeror in relation to the results of the Court Meeting and the EGM in accordance with Rule 19.1 of the Takeovers Code to the extent applicable. Information on the number of votes cast for and the number of votes cast against the Scheme, and the number of CCASS Participants on whose instructions they are cast will be included in such announcement(s).

Notices of the Court Meeting and the EGM are set out in Appendix VI and Appendix VII of this Scheme Document.

## **18. ACTIONS TO BE TAKEN BY THE SHAREHOLDERS**

Your attention is drawn to the section headed “Actions to be taken – Actions to be taken by the Shareholders” set out in Part II of this Scheme Document.

## **19. RECOMMENDATIONS**

Rainbow Capital has been appointed as the independent financial adviser to advise the Independent Board Committee in connection with the Proposal. The appointment of Rainbow Capital as the independent financial adviser has been approved by the Independent Board Committee. The text of the letter of advice from the Rainbow Capital containing its recommendation and the principal factors and reasons that it has taken into consideration in arriving at its recommendation is set out in Part VI of this Scheme Document. We would advise you to read this letter and the letter of advice from Rainbow Capital carefully before you take any action in respect of the Proposal.

The Independent Board Committee has considered the terms of the Proposal and taken into account the advice of Rainbow Capital, in particular the factors, reasons and recommendation as set out in the letter from Rainbow Capital in Part VI of this Scheme Document. The Independent Board Committee’s recommendation is set out in Part V of this Scheme Document.

As at the Latest Practicable Date, the Offeror is a company ultimately wholly-owned by Mr. Or Wai Sheun, an executive Director. Mr. Or Wai Sheun will abstain from voting at meetings of the Board in relation to the Proposal given that he has a material interest in the Proposal. Ms. Or Pui Ying, Peranza and Mr. Lai Ka Fai will also abstain from voting at meetings of the Board in relation to the Proposal. The Directors (excluding the members of the Independent Board Committee) believe that the terms of the Proposal are fair and reasonable and in the interests of the Scheme Shareholders.

## **20. REGISTRATION AND PAYMENT**

Assuming that the Scheme Record Date falls on Friday, 21 May 2021, it is proposed that the register of members of the Company will be closed from Tuesday, 18 May 2021 (or such other date as the Shareholders may be notified by way of an announcement) onwards in order to establish entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Shareholders should ensure that the transfers of their Shares are lodged with the Hong Kong branch share registrar and transfer office of the Company for registration in their names or in the names of their nominees before 4:30 p.m. on Monday, 17 May 2021. The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

**Payment of the Cancellation Price to Scheme Shareholders**

Upon the Scheme becoming effective, payment of the Cancellation Price for the Scheme Shares will be made to the Scheme Shareholders whose names appear on the register of members of the Company as at the Scheme Record Time on the Scheme Record Date. On the basis that the Scheme becomes effective on Friday, 21 May 2021 (Cayman Islands time), cheques for payment of the Cancellation Price will be paid for by the Offeror as soon as possible but in any event within 7 business days (as defined under the Takeovers Code) following the Scheme having become effective and accordingly, the cheques are expected to be despatched on or before Tuesday, 1 June 2021. Cheques will be sent by ordinary post addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in the register of members of the Company in respect of the joint holding of the Shares. All such cheques will be sent at the risk of the person(s) entitled thereto and none of the Offeror, the Company, BOCI, Somerley, the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, will be responsible for any loss or delay in despatch.

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

Before the expiry of six years from the Effective Date, the Offeror shall make payments from the deposit or custodian account of the sums, without any accrued interest, to persons who satisfy the Offeror that they are respectively entitled thereto. On the expiry of six years from the Effective Date, the Offeror and the Company shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and expenses incurred.

Assuming that the Scheme becomes effective, all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Friday, 21 May 2021 (Cayman Islands time).

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

**21. TAXATION**

As the Scheme does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation and extinguishment of the Scheme Shares upon the Scheme becoming effective. The Scheme Shareholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisers if they are in doubt as to the taxation implications of accepting the Proposal. It is emphasized that none of the Offeror, the Company, parties acting in concert with them or presumed to be acting in concert with them and their respective advisers or any of their respective directors, officers or associates or any other person involved in the Proposal accepts any responsibility whatsoever for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

**22. THE SCHEME AND THE COURT MEETING**

Pursuant to Section 86 of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs. It is expressly provided in Section 86 of the Companies Act that if a majority in number representing 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the Company.

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

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

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

As at the Latest Practicable Date, the Independent Shareholders held in aggregate 1,793,412,405 Shares and 10% of the votes attached to all Scheme Shares held by the Independent Shareholders was approximately 179,341,241 Shares.

**24. BENEFICIAL OWNERS**

Beneficial Owners are urged to have their names entered in the register of members of the Company as soon as possible for, among other things, the following reasons:

- (a) to enable the Beneficial Owners to become Shareholders so that they can attend the Court Meeting in the capacity as members of the Company or be represented by proxies to be appointed by them and to be included for the purpose of calculating the majority in number of Shareholders as required under Section 86 of the Companies Act in their capacity as members of the Company;
- (b) to enable the Company to properly classify members of the Company as Scheme Shareholders for the purposes of Section 86 of the Companies Act; and
- (c) to enable the Company and the Offeror to make arrangements to effect payments by way of the delivery of cheques to the most appropriate person when the Scheme becomes effective.

No person shall be recognized by the Company as holding any Shares upon any trust. In the case of any Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), such Beneficial Owner should contact the Registered Owner and provide him, her or it with instructions or make arrangements with the Registered Owner in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the EGM. Such instructions and/or arrangements should be given or made in advance of the relevant latest time for the lodgment of forms of proxy in respect of the Court Meeting and the EGM in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgment of forms of proxy in respect of the Court Meeting and the EGM, then any such Beneficial Owner should comply with the requirements of such Registered Owner.

Any Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited must, unless such Beneficial Owner is a person admitted to participate in CCASS as an Investor Participant, contact their broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, another CCASS Participant regarding voting instructions to be given to such person(s) if they wish to vote in respect of the Scheme. Beneficial Owners should contact their broker, custodian, nominee or such other relevant person in advance of the deadline(s) in respect of the Court Meeting and the EGM set by them, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which Shares of the Beneficial Owner should be voted at the Court Meeting and/or the EGM. The procedures for voting in respect of the Scheme by HKSCC Nominees Limited with respect to the Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the "General Rules of CCASS" and the "CCASS Operational Procedures" in effect from time to time.

**25. BINDING EFFECT OF THE SCHEME**

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

**26. IRREVOCABLE UNDERTAKINGS TO ACCEPT OR REJECT THE PROPOSAL**

As at the Latest Practicable Date, the Offeror has not received any irrevocable commitment from any Shareholders in respect of voting at the Court Meeting and/or the EGM.

**27. SUMMARY OF ACTIONS TO BE TAKEN**

The summary of actions to be taken by the Shareholders can be found in the section headed “Actions to be Taken” set out in Part II of this Scheme Document.

**28. RECOMMENDATION**

Your attention is drawn to the following:

- (a) the paragraph headed “21. Recommendations” in the letter from the Board in Part IV of this Scheme Document;
- (b) the letter from the Independent Board Committee set out in Part V of this Scheme Document; and
- (c) the letter from Rainbow Capital set out in Part VI of this Scheme Document.

**29. FURTHER INFORMATION**

Further information is set out in the Appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Statement.

The Scheme Shareholders and Shareholders should rely only on the information contained in this Scheme Document. None of the Offeror, the Company, parties acting in concert with them or presumed to be acting in concert with them and their respective advisers or any of their respective directors, officers or associates or any other person involved in the Proposal has authorized anyone to provide you with information that is different from what is contained in this Scheme Document.

## 1. FINANCIAL SUMMARY

The following summary financial information for each of the three years ended 31 December 2020 has been extracted from the results announcements and published financial statements of the Company for the three years ended 31 December 2020.

**Consolidated Income Statement and Statement of Comprehensive Income**

	<b>For the year ended 31 December</b>		
	<b>2020</b> <i>HK\$ '000</i> (Audited)	<b>2019</b> <i>HK\$ '000</i> (Audited)	<b>2018</b> <i>HK\$ '000</i> (Audited)
<b>Revenue</b>	718,475	906,877	1,592,854
Cost of sales	<u>(48,111)</u>	<u>(70,670)</u>	<u>(62,822)</u>
<b>Gross profit</b>	670,364	836,207	1,530,032
Other net income	43,109	17,390	11,786
Selling and distribution expenses	(26,027)	(38,948)	(48,090)
Administrative expenses	(37,644)	(44,828)	(48,512)
Other operating expenses	(51,525)	(50,121)	(51,365)
Impairment of oil production and exploitation assets	(59,463)	(231,573)	—
Fair value changes on interests in property development	<u>(50,642)</u>	<u>252,305</u>	<u>170,201</u>
<b>Profit from operations</b>	488,172	740,432	1,564,052
Finance costs	(48,209)	(69,065)	(51,808)
Share of profits less losses of joint ventures	<u>(1,819)</u>	<u>70,442</u>	<u>111,619</u>
<b>Profit before taxation</b>	438,144	741,809	1,623,863
Income tax	<u>(6,535)</u>	<u>(31,188)</u>	<u>(3,198)</u>
<b>Profit for the year</b>	<u><u>431,609</u></u>	<u><u>710,621</u></u>	<u><u>1,620,665</u></u>
Attributable to:			
Equity shareholders of the Company	428,968	707,329	1,618,545
Non-controlling interests	<u>2,641</u>	<u>3,292</u>	<u>2,120</u>
<b>Profit for the year</b>	<u><u>431,609</u></u>	<u><u>710,621</u></u>	<u><u>1,620,665</u></u>
<b>Earnings per share — basic and diluted</b>	<u><u>9.66 HK cents</u></u>	<u><u>15.93 HK cents</u></u>	<u><u>36.46 HK cents</u></u>
<b>Dividends</b>	<u><u>62,146</u></u>	<u><u>324,045</u></u>	<u><u>421,702</u></u>
<b>Dividends per Share</b>	<u><u>1.40 HK cents</u></u>	<u><u>7.30 HK cents</u></u>	<u><u>9.50 HK cents</u></u>



	For the year ended 31 December		
	2020	2019	2018
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
<b>Other comprehensive income for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	(6,203)	594	—
Share of other comprehensive income of joint ventures	81,227	(24,351)	—
	<u>75,024</u>	<u>(23,757)</u>	<u>—</u>
<b>Total comprehensive income for the year</b>	<u>506,633</u>	<u>686,864</u>	<u>1,620,665</u>
Attributable to:			
Equity shareholders of the Company	503,992	683,572	1,618,545
Non-controlling interests	2,641	3,292	2,120
<b>Total comprehensive income for the year</b>	<u><u>506,633</u></u>	<u><u>686,864</u></u>	<u><u>1,620,665</u></u>

There was no modified opinion, emphasis of matter, or material uncertainty related to going concern contained in the auditors' report of the Group for each of the three years ended 31 December 2020. Other than those disclosed above, no other items of any income or expense which are material for the three years ended 31 December 2020.

## 2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Scheme Document the statement of financial position, statement of cash flows and any other primary statement as shown in the last published audited accounts and preliminary announcement made since the last published audited accounts, together with the notes to the relevant published accounts or preliminary announcement which are of major relevance to the appreciation of the above financial information.

The audited consolidated financial statements of the Company for the year ended 31 December 2020 (the “**2020 Financial Statement**”) are set out on pages 5 to 21 of the annual results announcement of the Company for the year ended 31 December 2020 (the “**2020 Annual Results Announcement**”), which was published on 31 March 2021. The 2020 Annual Results Announcement is posted on the website of the Stock Exchange and the Company, please also see below a direct link to the 2020 Annual Results Announcement:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0331/2021033102134.pdf>

The audited consolidated financial statements of the Company for the year ended 31 December 2019 (the “**2019 Financial Statement**”) are set out on pages 48 to 118 of the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”), which was published on 28 April 2020. The 2019 Annual Report is posted on the website of the Stock Exchange and the Company, please also see below a direct link to the 2019 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042801400.pdf>

The audited consolidated financial statements of the Company for the year ended 31 December 2018 (the “**2018 Financial Statement**”) are set out on pages 50 to 114 of the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”), which was published on 26 April 2019. The 2018 Annual Report is posted on the website of the Stock Exchange and the Company, please also see below a direct link to the 2018 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/ltn201904261236.pdf>

The 2018 Financial Statement, the 2019 Financial Statement and 2020 Financial Statement (but not any other part of the 2018 Annual Report, the 2019 Annual Report and the 2020 Annual Results Announcement in which they appear) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

### 3. INDEBTEDNESS STATEMENT

At the close of business on 31 January 2021, the Group had outstanding borrowings of approximately HK\$1,900.7 million, comprising secured bank loans of approximately HK\$1,798.0 million, unsecured amount due to a related company of approximately HK\$102.7 million.

The bank loans were secured by the Group’s leasehold land and buildings, the joint venture’s investment properties and the corporate guarantees provided by the Company.

Save as aforesaid and apart from intra-group liabilities and trade payables in the normal course of business, at the close of business on 31 January 2021, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities. The Directors are not aware of any material changes in the indebtedness and contingent liabilities of the Group since 31 January 2021 (being the date to which the indebtedness statement is made) and up to the Latest Practicable Date.

### 4. MATERIAL CHANGE

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up, up to the Latest Practicable Date.

## 5. PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE

The valuation of the property interests of the Group as at 31 January 2021 have been conducted by Vigers (with respect to the property interests in Hong Kong) and Cushman & Wakefield (with respect to the property interests in the PRC and Macau), the independent professional valuers appointed by the Company. The market value of the aforesaid property interests attributable to the Group as at 31 January 2021 was approximately HK\$7,807,402,000. Further details of the aforementioned property interests and the corresponding property valuation reports prepared by Vigers and Cushman & Wakefield are set out in Appendix III — “Property Valuation Report from Vigers” and Appendix IV — “Property Valuation Report from Cushman & Wakefield” to this Scheme Document respectively.

By taking into account the effect of revaluation surplus or deficit arising from the valuation of the aforementioned property interests, set out below is the calculation of the adjusted unaudited consolidated net asset value (the “**Adjusted NAV**”) of the Group:

	<i>HK\$'000</i>
Audited consolidated net asset value of the Group attributable to equity shareholders as at 31 December 2020 ( <i>Note 1</i> )	14,171,642
Adjustments:	
— Net revaluation surplus arising from valuation of the property interests attributable to the Group as at 31 January 2021 ( <i>Note 2</i> )	420,155
— Net deferred taxes on revaluation surplus attributable to the Group ( <i>Note 3</i> )	78,562
<b>Adjusted NAV</b>	<b>14,670,359</b>
<b>Adjusted NAV per Share (<i>Note 4</i>)</b>	<b>HK\$3.3049</b>

*Notes:*

1. The amount is extracted from the annual results announcement of the Company for the year ended 31 December 2020, published on 31 March 2021.
2. The net revaluation surplus represents the net excess of market value of the property interests attributable to the Group as at 31 January 2021 over their corresponding book values attributable to the Group as at 31 December 2020.
3. The amount represents net deferred taxes on temporary differences between the market values of the property interests and the corresponding tax base used in computation of taxable profit. Deferred tax is only determined for the surplus or deficit of completed properties for sales and properties held for future development. Deferred tax is calculated at tax rates of 12% for Macau corporate tax and 25% for PRC corporate income tax, while land appreciation tax is estimated at progressive rates ranging from 30% to 60% of appreciation value with certain allowable deductions according to the relevant PRC tax laws and regulations.
4. The Adjusted NAV per Share is arrived at on the basis of 4,438,967,838 Shares in issue as at the Latest Practicable Date.

## 1. RESPONSIBILITY STATEMENTS

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

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

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

## 2. SHARE CAPITAL

As at the Latest Practicable Date:

- (a) the authorized share capital of the Company for its ordinary shares was HK\$1,000,000,000 divided into 10,000,000,000 Shares at a par value of HK\$0.10 each;
- (b) the authorized share capital of the Company for its preference shares was HK\$50,000,000 divided into 5,000,000,000 shares at a par value of HK\$0.01 each;
- (c) the total authorized share capital of the Company was HK\$1,050,000,000;
- (d) the issued share capital for Shares of the Company was HK\$443,896,784 divided into 4,438,967,838 Shares at a par value of HK\$0.10 each and there has been no change in the issued share capital since 31 December 2020 to the Latest Practicable Date;
- (e) no preference shares are in issue;
- (f) all of the issued Shares ranked pari passu in all respects with each other, including all rights as to dividends, voting and capital; and
- (g) other than the Shares as disclosed above, there were no other outstanding options, warrants, derivatives or other convertible securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

### 3. DISCLOSURE OF INTERESTS

#### (a) Directors' interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying Shares of the Company or its associated corporations (within the meaning of Part XV of the SFO), 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 in which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules (the “**Model Code**”) were as follows:

#### Long positions in the Shares

Directors	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary share capital (Note 1)
Mr. Or Wai Sheun (Note 2)	Interest via controlled corporations	2,615,636,918	58.92%
Mr. Yeung Kwok Kwong	Beneficial interest	2,498,600	0.06%
Ms. Wong Yuk Ching	Beneficial interest	9,895,900	0.22%
Ms. Chio Koc Ieng	Beneficial interest	893,250	0.02%
Mr. Lai Ka Fai	Beneficial interest	2,510,270	0.06%
Ms. Or Pui Ying, Peranza	Beneficial interest	7,000,000	0.16%

#### Notes:

- As at the Latest Practicable Date, the total number of issued shares of the Company was 4,438,967,838 Shares.
- As at the Latest Practicable Date, such 2,615,636,918 Shares are held by the Offeror which is in turn wholly-owned by New Explorer Developments Limited. The sole beneficial owner of New Explorer Developments Limited is Mr. Or Wai Sheun.

**Long positions in the shares of an associated corporation****— Kowloon Development Company Limited (“KDC”)**

<b>Directors</b>	<b>Capacity and nature of interests</b>	<b>Number of ordinary shares held</b>	<b>Percentage of the issued ordinary share capital (Note 1)</b>
Mr. Or Wai Sheun (Note 2)	Interest via controlled corporations	831,047,624	70.63%
Mr. Yeung Kwok Kwong	Beneficial interest	180,000	0.02%
Ms. Wong Yuk Ching	Beneficial interest	1,170,000	0.10%
Ms. Chio Koc Ieng	Beneficial interest	225,000	0.02%
Mr. Lai Ka Fai	Beneficial interest	751,000	0.06%

*Notes:*

- As at the Latest Practicable Date, the total number of issued shares of KDC was 1,176,631,296 ordinary shares.
- The Offeror, which is in turn wholly-owned by New Explorer Developments Limited, held 831,047,624 ordinary shares of KDC. The sole beneficial owner of New Explorer Development Limited is Mr. Or Wai Sheun. Mr. Or Wai Sheun was therefore deemed to be interested in 831,047,624 ordinary shares of KDC via New Explorer Developments Limited as at the Latest Practicable Date.

For the purpose of satisfying Scheme Condition (a) as set out in the section headed “The Scheme Conditions” in Part IV of this Scheme Document, each of Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching, Ms. Chio Koc Ieng, Mr. Lai Ka Fai and Ms. Or Pui Ying, Peranza intends, in respect of his/her own beneficial shareholdings, to vote in favour of the Scheme. Their votes will however not be counted for the purpose of the Scheme Condition (b) as set out in the section headed “The Scheme Conditions” in Part IV of this Scheme Document as they are not Independent Shareholders for the purpose of the Takeovers Code.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporation which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code and the Takeovers Code.

**(b) Substantial Shareholders' and Other Persons' interests and Short Positions in Shares and Underlying shares**

As at the Latest Practicable Date, Shareholders (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who had interests and short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

**Long positions in the Shares**

<b>Substantial shareholders</b>	<b>Capacity and nature of interests</b>	<b>Number of Shares held</b>	<b>Percentage of the issued ordinary share capital (Note 1)</b>
New Explorer Developments Limited (Note 2)	Interest via controlled corporation	2,615,636,918	58.92%
Offeror (Note 2)	Beneficial owner	2,615,636,918	58.92%

*Notes:*

- As at the Latest Practicable Date, the total number of issued shares of the Company was 4,438,967,838 Shares.
- The interests in such 2,615,636,918 Shares as disclosed by New Explorer Developments Limited and the Offeror in this section and as disclosed by Mr. Or Wai Sheun in note 2 of subsection of "Long positions in the Shares" in the section under the heading of "Directors' interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporations of the Company" were the same interests in the Company.

Save as disclosed above, as at the Latest Practicable Date, there was no person (other than the interest disclosed above in respect of the Director or the chief executive of the Company) who (i) had an interest or short position in the Shares and underlying Shares of the Company which (a) would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to Section 336 of the SFO, to be entered in the register referred therein; or (ii) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

Save as disclosed above and save for the 7,120,495 Shares held by Mr. Or Pui Kwan, as at the Latest Practicable Date, none of the Offeror, its directors and the Offeror Concert Parties, owned or controlled any Shares or any options, warrants, derivatives or securities convertible into Shares.

As at the Latest Practicable Date and during the Relevant Period, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or with any party acting in concert with the Offeror or with any other associate of the Offeror.

As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code.

As at the Latest Practicable Date, there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of the Shares to be acquired pursuant to the Proposal and the Offeror had no intention to transfer, charge or pledge any Shares acquired pursuant to the Proposal to any other person.

As at the Latest Practicable Date and during the Relevant Period, the Offeror and any party acting in concert with it had not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

**(c) Dealings in the relevant securities of the Company**

- (1) Save for the following, none of the Offeror, the Offeror Concert Parties or the directors of the Offeror had dealt for value in any Shares, convertible securities, warrants, options and derivatives in respect of the Shares, and none of the Directors had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.



### 1. *Distribution in Specie*

On 30 October 2020, KDC distributed 3,141,605,560 Shares via Marble King International Limited (a wholly-owned subsidiary of KDC) as special dividend to the qualifying shareholders of KDC in proportion to their respective shareholdings in KDC on the basis for every 1 ordinary share of KDC held for 2.67 Shares (the “**Distribution in Specie**”). Details of the Shares involved with respect to the Offeror and the Offeror Concert Parties in connection with such distribution are as follows:

<b>Date</b>	<b>Name of Shareholder</b>	<i>Notes</i>	<b>Number of Shares involved</b>
30/10/2020	Offeror	(1)	922,708,404
		(2)	736,122
30/10/2020	Mr. Yeung Kwok Kwong	(3)	480,600
30/10/2020	Ms. Wong Yuk Ching	(3)	3,123,900
30/10/2020	Ms. Chio Koc Ieng	(3)	600,750
30/10/2020	Mr. Lai Ka Fai	(4)	2,005,170
30/10/2020	Mr. Or Pui Kwan	(5)	116,145

*Notes:*

1. Prior to the Distribution in Specie, Mr. Or Wai Sheun, through its controlled corporations (including KDC), held 3,225,446,444 Shares. 3,141,605,560 Shares were distributed in connection with the Distribution in Specie, in which the Offeror received 2,218,897,156 Shares, resulting in an overall decrease of 922,708,404 Shares ultimately held by Mr. Or Wai Sheun.
2. Following the Distribution in Specie, the undistributed 736,122 Shares were disposed of by the Offeror through its controlled corporations of which 735,000 Shares were disposed of at a consideration of HK\$0.65 per Share and of which 1,122 Shares were disposed of at a consideration of HK\$0.62 per Share.
3. Each of Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching and Ms. Chio Koc Ieng is an executive Director and is deemed to be a party acting in concert with the Offeror under Class (6) of the definition of “acting in concert” under the Takeovers Code. The number of Shares held by them was increased by 480,600 Shares, 3,123,900 Shares and 600,750 Shares respectively due to the Distribution in Specie.
4. Mr. Lai Ka Fai is a non-executive Director and a director of the Offeror and is deemed to be a party acting in concert with the Offeror under Class (2) and Class (6) of the definition of “acting in concert” under the Takeovers Code. The number of Shares held by him was increased by 2,005,170 Shares due to the Distribution in Specie.
5. Mr. Or Pui Kwan is the son of Mr. Or Wai Sheun and is deemed to be a party acting in concert with the Offeror under Class (8) of the definition of “acting in concert” under the Takeovers Code. The number of Shares held by him was increased by 116,145 Shares due to the Distribution in Specie.

2. *Acquisitions by the Offeror in cash:*

Date (Note)	Number of Shares acquired	Actual price per Share
29/01/2021	105,000	HK\$1.4700
28/01/2021	6,515,000	HK\$1.4700
27/01/2021	7,810,000	HK\$1.4700
26/01/2021	49,060,000	HK\$1.4700
25/01/2021	29,625,000	HK\$1.4600
22/01/2021	7,095,000	HK\$1.4400
22/01/2021	125,510,000	HK\$1.4500
11/12/2020	4,995,000	HK\$0.8600
10/12/2020	1,600,000	HK\$0.8200 - HK\$0.8400
09/12/2020	10,000	HK\$0.7800
08/12/2020	1,010,000	HK\$0.7600 - HK\$0.7700
02/12/2020	2,820,000	HK\$0.7200 - HK\$0.7500
01/12/2020	385,000	HK\$0.7100
30/11/2020	2,500,000	HK\$0.7100
26/11/2020	2,400,000	HK\$0.7000 - HK\$0.7100
25/11/2020	2,880,000	HK\$0.7000
24/11/2020	2,140,000	HK\$0.6900
23/11/2020	6,615,000	HK\$0.6800
14/11/2020 - 20/11/2020	13,360,000	HK\$0.6600 - HK\$0.6900
07/11/2020 - 13/11/2020	4,990,000	HK\$0.6600
03/11/2020 - 06/11/2020	42,210,000	HK\$0.6200 - HK\$0.6800

*Note:* In accordance with the provisions of Note 4 to paragraph 4 of Schedule I to the Takeovers Code, (i) acquisitions of Shares during the Offer Period and in the one month period prior to the publication of the Announcement on 21 January 2021 (i.e. from 21 December 2020 onwards) as shown in the table above were not aggregated; (ii) acquisitions of Shares in the period from 21 November 2020 to 20 December 2020 as shown in the table above were aggregated on a daily basis; and (iii) acquisitions of Shares in the period falling on or before 20 November 2020 as shown in the table above were aggregated on a weekly basis. As set out in the paragraph headed “10. Documents Available for Inspection” in this Appendix, the full list of dealings is available for inspection at the addresses and during the period stated therein.

## (2) During the Offer Period and up to the Latest Practicable Date:

- (i) no subsidiaries of the Company, pension funds (if any) of any member of the Group, any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or any associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;

- (ii) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or with any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares; and
- (iii) no fund managers connected with the Company had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.

**(d) Interest in the Offeror**

As at the Latest Practicable Date, none of the Company or any of the Directors, other than Mr. Or Wai Sheun, had any interest in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

**(e) Dealings in the securities of the Offeror**

During the Relevant Period, none of the Company nor the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

**(f) Other arrangements in relation to the Proposal**

As at the Latest Practicable Date:

- (i) no benefit was or would be given to any Director as compensation for his loss of office or otherwise in connection with the Proposal;
- (ii) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or the Offeror Concert Parties on one hand and any Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or was dependent upon the Proposal;
- (iii) there was no agreement or arrangement to which the Offeror is a party which relate to circumstances in which it may or may not invoke or seek to invoke a Scheme Condition; and
- (iv) there was no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Shares which might be material to the Proposal.

**(g) Other interests**

As at the Latest Practicable Date:

- (i) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or by an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code;
- (ii) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or with any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (iii) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Company;
- (iv) no agreement, arrangement or understanding (including any compensation arrangement) exists between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal;
- (v) no material contracts have been entered into by the Offeror in which any Director has a material personal interest; and
- (vi) none of the Company and the Directors had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

**4. MATERIAL LITIGATION**

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

**5. MATERIAL CONTRACTS**

No contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) had been entered into by the Company or any of its subsidiaries within the two years before the commencement of the Offer Period, up to and including the Latest Practicable Date and were or might be material.

## 6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within six (6) months preceding the commencement of the Offer Period; or (b) is a continuous contract with a notice period of 12 months or more; or (c) is a fixed term contract that has more than 12 months to run irrespective of the notice period.

## 7. MARKET PRICES

The table below shows the closing prices per Share on the Stock Exchange on (i) the Latest Practicable Date; (ii) the Last Trading Day; and (iii) the last Trading Day of each of the calendar months during the Relevant Period.

Date	Closing Price (HK\$)
31 July 2020	0.72
31 August 2020	0.69
30 September 2020	0.66
30 October 2020	0.65
30 November 2020	0.71
31 December 2020	0.88
15 January 2021 (i.e. the Last Trading Day)	0.93
29 January 2021	1.48
26 February 2021	1.47
31 March 2021	1.45
Latest Practicable Date	1.47

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.48 per Share on 28 January 2021 and 29 January 2021 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.63 per Share on 9 October 2020 and 2 November 2020.

## 8. CONSENTS AND QUALIFICATIONS OF EXPERTS

The following are the qualifications of the experts (the “**Experts**”) who have been named in this Scheme Document or have given opinion or advice which are contained in this Scheme Document:

BOCI	a licensed corporation under the SFO, licensed to carry out Type 1 ( <i>dealing in securities</i> ) and Type 6 ( <i>advising on corporate finance</i> ) regulated activities
Somerley	a licensed corporation under the SFO, licensed to carry out Type 1 ( <i>dealing in securities</i> ) and Type 6 ( <i>advising on corporate finance</i> ) regulated activities
Rainbow Capital	a licensed corporation under the SFO, licensed to carry out Type 6 ( <i>advising on corporate finance</i> ) regulated activity
Vigers	an independent property valuer
Cushman & Wakefield	an independent property valuer

Each of the Experts has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion of its letter and advice (as the case may be) and the references to its name in the form and context in which they are included.

As at the Latest Practicable Date, none of the Experts has any shareholdings in the Company.

## 9. MISCELLANEOUS

- (i) The directors of the Offeror are Mr. Or Wai Sheun, Mr. Lai Ka Fai and Ms. Ng Chi Man.
- (ii) The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of the Offeror is at 23rd Floor, Pioneer Centre, 750 Nathan Road, Kowloon, Hong Kong.
- (iii) The Offeror was incorporated in British Virgin Islands with limited liability, and is principally engaged in investment holding. The Offeror is ultimately wholly-owned by Mr. Or Wai Sheun, an executive Director.
- (iv) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (v) The principal members of the Offeror Concert Parties are Ms. Or Pui Ying, Peranza, Mr. Or Pui Kwan and Mr. Lai Ka Fai. The address of each of them is 12th Floor, South China Building, 1-3 Wyndham Street, Central, Hong Kong.
- (vi) The principal place of business of BOCI is 26/F Bank of China Tower, 1 Garden Road, Central, Hong Kong.
- (vii) The principal place of business of Somerley is at 20th Floor, China Building, 29 Queen's Road Central, Hong Kong.
- (viii) The head office and principal place of business of the Company is situated at 23rd Floor, Pioneer Centre, 750 Nathan Road, Kowloon, Hong Kong.
- (ix) The company secretary of the Company is Mr. Yeung Kwok Kwong. He has complied with all the required qualifications, experience and training requirements of the Listing Rules.
- (x) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (xi) This Scheme Document is prepared in both English and Chinese. In the event of inconsistency, the English language text shall prevail.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the head office and the principal place of business of the Company in Hong Kong at 23rd Floor, Pioneer Centre, 750 Nathan Road, Kowloon, Hong Kong from 9:00 a.m. to 5:00 p.m. (except Saturday, Sunday and public holidays) and on the website of the Company at [www.polytecasset.com](http://www.polytecasset.com) and the website of the SFC at [www.sfc.hk](http://www.sfc.hk) during the period from the date of this Scheme Document until (a) the Effective Date; and (b) the date on which the Scheme lapses or is withdrawn, whichever is earlier:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the memorandum and articles of association of the Company;
- (iii) the annual results announcement of the Company for the year ended 31 December 2020;
- (iv) the annual report of the Company for the year ended 31 December 2019;
- (v) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;
- (vi) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (vii) the letter from Rainbow Capital, the text of which is set out in Part VI of this Scheme Document;
- (viii) the letter, summary of property valuations and property valuation report from Vigers, the text of which is set out in Appendix III to this Scheme Document;
- (ix) the letter, summary of property valuations and property valuation report from Cushman & Wakefield, the text of which is set out in Appendix IV to this Scheme Document;
- (x) the written consents issued by BOCI, Somerley, Rainbow Capital, Vigers and Cushman & Wakefield referred to in the paragraph headed “8. Consents and qualifications of experts” in this Appendix;
- (xi) the full list of dealings referred to in the paragraph headed “(c) Dealings in the relevant securities of the Company” under “3. Disclosure of Interests” in this Appendix II to this Scheme Document; and
- (xii) this Scheme Document.

*The following is the text of a letter and valuation reports prepared for the purpose of incorporation in this Scheme Document received from Vigers Appraisal And Consulting Limited, an independent valuer, in connection with their valuations of the properties as at 31 January 2021.*

**Vigers Appraisal And Consulting Limited**

*International Asset Appraisal Consultants*

27th Floor, Standard Chartered Tower

Millennium City 1

388 Kwun Tong Road

Kowloon

Hong Kong



16 April 2021

**The Directors**

Polytec Asset Holdings Limited

23/F, Pioneer Centre

750 Nathan Road

Kowloon

Hong Kong

Dear Sirs,

**RE: VALUATION OF PROPERTIES IN HONG KONG**

In accordance with your instructions for us to value the property interests owned by Polytec Asset Holdings Limited (the “**Company**”, together with its subsidiaries, “**the Group**”), we confirm that we have inspected the properties, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of the values of the properties as at 31 January 2021 (“**the date of valuation**”).

Our valuation is our opinion of market value of the properties which is defined as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Our valuations have been made on the assumption that the owners sold the properties on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which might serve to affect the values of the properties.

We have valued the properties by direct comparison approach which made reference to comparable transactions as available in the relevant market. Appropriate adjustments and analysis are made to the differences between the comparable property and the subject property.

We have conducted land searches at the Land Registry but we have not scrutinised the original documents to ascertain ownership nor to verify any lease amendments which might not appear on the copies handed to us. In any events, we reserve the right to revise our valuations should there disclose any information which is in contravention to the information provided to us.



We have relied on considerable extent on the information provided by the Group and have accepted advice given to us on such matters as tenure, areas, occupation, statutory notice, easements, development proposal and all other relevant matters. All documents have been used as reference purposes only. All dimensions, measurements and areas are approximate.

The properties were inspected by Mr. Gilbert K. M. Yuen, MHKIS MRICS RPS(GP) of Vigers Appraisal And Consulting Limited on 23 March 2021 to the extent for the purpose of these valuations. However, we have not carried out any structural survey nor have we inspected woodwork or other parts of the structures which were covered, unexposed or inaccessible to us. We are therefore unable to report whether the properties were free from any structural or non-structural defects.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or pulverized fly ash or any other deleterious material has been used in the construction of the properties and we are therefore unable to report that the properties were free from risk in this respect. For the purpose of these valuations, we have assumed that such investigation would not disclose the presence of any such material in any adverse conditions.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties or any expenses or taxation which might be incurred in effecting a sale. Unless otherwise stated, we have assumed that the properties were free from any encumbrances, restrictions and outgoings of an onerous nature which could serve to affect the value of the properties.

As advised by the Group, properties of Group I, which are held for own occupation, will be subject to profit tax of 16.5% of net profit upon disposal, save for deduction of any profit which is capital in nature. The Group has no intention to dispose of these properties at present. Therefore, the likelihood of such tax liability is remote. In respect of property of Group II, the potential tax liability is stamp duty and 16.5% profit tax which would arise on the disposals. It is expected that the relevant tax will be crystallized in the future as the property is held for sale.

Our valuation has been prepared in accordance with “The HKIS Valuation Standards (2020 Edition)” published by The Hong Kong Institute of Surveyors, the relevant provisions in the Companies Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board) and Rule 11 of Takeovers Code.

We enclose herewith the valuation reports.

Yours faithfully,  
For and on behalf of  
**VIGERS APPRAISAL AND CONSULTING LIMITED**  
**Gilbert K. M. Yuen**  
*MHKIS MRICS RPS(GP)*  
*Executive Director*

*Note: Mr. Gilbert K. M. Yuen is a Registered Professional Surveyor in General Practice Division with about 30 years' post qualification valuation experience on properties in Hong Kong.*

## SUMMARY OF VALUATION

**Group I — Property interests held by the Group for Own Occupation in Hong Kong**

<b>Property</b>	<b>Capital Value in its existing state as at 31 January 2021</b>
1. Yau Tong Bay Ice Plant, No. 422 Cha Kwo Ling Road, Yau Tong, Kowloon	HK\$40,000,000
2. Tai Po Ice Plant, No. 2 Yu On Street, Yim Tin Tsai, Tai Po, New Territories	HK\$11,000,000
3. Shek Pai Wan Ice Plant & Cold Store, No. 11 Tin Wan Praya Road, Shek Pai Wan, Aberdeen, Hong Kong	HK\$278,000,000
4. Castle Peak Bay Ice Plant, No. 11 Sam Shing Street, Tuen Mun, New Territories	HK\$9,500,000

**Group II — Property interest held by the Group for Sale in Hong Kong**

<b>Property</b>	<b>Capital Value in its existing state as at 31 January 2021</b>
5. Lot Nos. 714SARP, 722SARP, 722SASS1, 722SASS2, 722SASS3, 722SB, 722SC, 722SD, 722SE, 722SF, 722RP, 723RP, 723SA, 723SBRP, 723SBSS1, 724, 725, 726, 728, 730RP, 730SARP, 730SASS1, 731RP, 731SA in D.D. 171 and Lot Nos. 4, 5, 6, 7, 9, 12 (1/2 share), 16 (1/2 share) and 67 in D.D. 175, Shatin, New Territories	HK\$112,000,000
<b>Total:</b>	<b>HK\$450,500,000</b>

## VALUATION REPORT

## Property interests held by the Group for own occupation in Hong Kong

Property	Description & Tenure	Particular of Occupancy	Capital Value in its existing state as at 31 January 2021
<p>1. Yau Tong Bay Ice Plant, No. 422 Cha Kwo Ling Road, Yau Tong, Kowloon, Hong Kong</p> <p>The Property is registered being as Yau Tong Marine Lot No. 71.</p>	<p>The property comprises an ice plant erected on a site with site area of 3,000 sq.m. (32,292 sq.ft.) or thereabouts.</p> <p>The ice plant comprises a two-storey building with ancillary loading/unloading and carparking facilities completed in 1980.</p> <p>The total gross floor area of the property in accordance with the building plans is 1,346.65 sq.m. (14,495 sq.ft.) approximately including plant room of 398.55 sq.m. (4,290 sq.ft.).</p> <p>The property is held from the Government by Condition of Sale No.11180 for a term expiring on 30 June 1997 and has been extended to 30 June 2047 by virtue of New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rents for the property is equivalent to 3% of the rateable value for the time being of the property.</p>	<p>The property is used by the owner as ice making factory.</p>	<p>HK\$40,000,000</p>

*Notes:*

1. The registered owner of the property is The Hong Kong Ice & Cold Storage Company Limited, an indirect wholly owned subsidiary of the Company.
2. The property is subject to an Order No. UBCS/03-27/0001/10 by the Building Authority Under S. 24 (1) of the Building Ordinance registered vide Memorial No. 11091602950236 dated 5 August 2011.
3. The property is subject to a Mortgage in favour of Hang Seng Bank Limited registered vide Memorial No. 14111402670167 dated 30 October 2014.
4. The property is zoned “Comprehensive Development Area” under Cha Kwo Ling, Yau Tong, Lei Yue Mun Outline Zoning Plan No. S/K15/25 dated 11 April 2017. According to the explanatory note attached to the Outline Zoning Plan, this zone is intended for residential and/or commercial uses with the provision of open spaces and other community and supporting facilities. The zoning is to facilitate appropriate planning control over development mix, scale, design and layout of development taking into account of various environmental, traffic, infrastructure and other constraints.
5. The Conditions of Sales No. 11180 contains *inter alia* the following conditions:
  - The lot or any part thereof or any building or buildings erected or to be erected thereon or any part of such building or buildings shall not be used for any purpose other than for ice making and cold storage purposes.
  - No part of any structure to be erected on the lot shall exceed a height of 51.5 metres above Hong Kong Principal Datum.
  - The purchaser shall have no right of ingress or egress to the sea from the lot except between the points marked A and B through C on the plan annexed thereto.
  - No pier, jetty, pontoon or other marine structure shall be erected from the sea frontage of the lot into the harbour.
  - The purchaser shall maintain at his own expense and to the satisfaction of the Director of Public Works that portion of sea wall between the points shown and marked A and B through C on the plan annexed thereto. All the building works shall be so designed and constructed as not to affect the stability of the existing seawall fronting the lot. The maximum superimposed loading on the seawall shall be restricted to ten kilo Newtons per square metre.
6. The property is situated at Cho Kwo Ling Road at the waterfront of Yau Tong Bay close to the Eastern Harbour Tunnel. The stretch of land along this waterfront has been earmarked for comprehensive development of residential and/or commercial uses under town planning. In the long term, the existing industrial nature would be faded out for this purpose. This redevelopment potential, however, is not expected to be realized in the foreseeable future.
7. In our valuation, we have made reference to comparable transactions of industrial units in the locality. Appropriate adjustments and analysis are made to the difference between the comparable properties and the subject property such as location, size, time of transaction, etc. Addition consideration is given to the peculiarity of the property in terms of its uniqueness, restriction on uses under the Government Lease and sea fronting. The adjusted unit rates of these comparables are within the range of HK\$2,709 to HK\$3,290 per sq.ft. on gross area. Our valuation of the property is within this range.

Property	Description & Tenure	Particular of Occupancy	Capital Value in its existing state as at 31 January 2021
<p>2. Tai Po Ice Plant, No. 2 Yu On Street, Yim Tin Tsai, Tai Po, New Territories, Hong Kong</p> <p>The property is registered being as Tai Po Town Lot No. 47.</p>	<p>The property comprises an ice plant erected on a site with site area of 1,012 sq.m. (10,893 sq.ft.) or thereabouts.</p> <p>The ice plant is a single storey ice factory comprising ice storage, machine room, sales office, and ancillary accommodation and a single storey consumer switch room and open transformer bay with ancillary loading/unloading and carparking facilities completed in 1987.</p> <p>The total gross floor area of the property in accordance with the building plans is 299.4 sq.m. (3,222 sq.ft.) approximately.</p> <p>The property is held from the Government by New Grant No. 12132 for a term expiring on 30 June 1997 and has been extended to 30 June 2047 by virtue of New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rents for the property is equivalent to 3% of the rateable value for the time being of the property.</p>	<p>The property is used by the owner as ice-making factory.</p>	<p>HK\$11,000,000</p>

*Notes:*

1. The registered owner of the property is The Hong Kong Ice & Cold Storage Company Limited, an indirect wholly owned subsidiary of the Company.
2. The property is subject to a Mortgage in favour of Hang Seng Bank Limited registered vide Memorial Nos. 14111402670202 dated 31 October 2014.
3. The property is not covered by any statutory Outline Zoning Plan.
4. The property is situated in Yim Tin Tsai, Tai Po on the western side of Yu On Street which branches off from Ting Kok Road. It is fronting Tolo Harbour. This stretch of land along Yu On Street with waterfront fosters the trades and businesses such as ice-making, fisheries processing, ship repairing and concrete batching, which are seen established in the locality.
5. New Grant No. 12132 contains *inter alia* the following conditions:
  - The lot or any part thereof or any building or buildings erected or to be erected thereon or any part of such building or buildings shall not be used for any purpose other than for ice making and cold storage purposes as may be approved by the Director (of Lands) at his sole discretion.
  - If it is at any time shown to the satisfaction of the Director (of Lands) that the lot or any part thereof or any building or part of any building thereon has ceased to be used for the purposes as permitted for the purposes of ice making and ancillary cold storage (as to which the non-user thereof for such purposes for a period of six months shall be conclusive) or that the extent of the use thereof for such purposes has so diminished that the retention of the lot or any part thereof is no longer justified, it shall be lawful for the Government to re-enter upon and take possession of the lot or any part thereof and all buildings thereon without notice and the rights of the Purchaser in and to the same under this Agreement shall thereupon absolutely ceased and determined.
  - Any building or buildings erected on the lot shall not contains more than two storeys.
  - The Purchaser shall have no right of ingress or egress to the sea from the lot except between points C and D shown and marked on the plan annexed thereto.
  - The Government reserves the right to reclaim the foreshore to seaward of the lot at any time and the Purchaser shall make no objection to, and shall have no right to any compensation, in respect of, any such reclamation.
  - Access to the sea through the existing seawall shall be allowed only for the loading and unloading goods to the production plant within the lot, and the type of goods and the berthing arrangement of vessels shall be to satisfaction of the Director of Marine.
  - The Purchaser shall not erect or construct or permit or suffer to be erected or constructed any pier or slipway along the existing seawall between points C and D shown and marked on the plan annexed thereto except with the prior written consent and to the satisfaction of Direct of the Marine.
  - The Government reserves the right to erect, allow or cause to be erected along the foreshore to the seaward of any adjacent land at any time any service jetties and the Purchaser shall raise no objection to and shall have no claim of damages or compensation in whatever form and manner in respect to such erection.
6. In our valuation, we have made reference to comparable transactions of industrial units in the locality. Appropriate adjustments and analysis are made to the difference between the comparable properties and the subject property such as location, size, time of transaction, floor layout etc. Additional consideration is given to the peculiarity of the property in terms of its uniqueness, restriction on uses under Government Lease and sea fronting. The adjusted unit rates of these comparables are within the range of HK\$3,290 to HK\$3,482 per sq.ft. on gross floor area. Our valuation of the subject property falls within this range.

Property	Description & Tenure	Particular of Occupancy	Capital Value in its existing state as at 31 January 2021
<p>3. Shek Pai Wan Ice Plant &amp; Cold Store, No. 11 Tin Wan Praya Road, Shek Pai Wan, Aberdeen, Hong Kong</p> <p>The property is registered being as Aberdeen Marine Lot No. 10 and Aberdeen Marine Lot No. 11.</p>	<p>The property comprises an ice plant and cold stores erected on two contiguous lots with total site area of 6,017.28 sq.m. (64,770 sq.ft.) or thereabouts.</p> <p>Erected on Lot No. 10 is a single storey building of ice-making plant, whilst on Lot No. 11, it is a two-storey cold store building. Ancillary office, loading/unloading and carparking facilities are provided within the lots. The property was completed in 1975.</p> <p>The total gross floor area of the property is about 8,892.04 sq.m. (95,714 sq.ft.) approximately as noted and measured from the building plans.</p> <p>The property is held from the Government under Conditions of Sale No. 9940 (for Aberdeen Marine Lot No. 10) and Conditions of Exchange No. 10426 (for Aberdeen Marine Lot No. 11) for a term of 75 years renewable for a further term of 75 years from 28 June 1971 and 1 January 1971 respectively.</p> <p>The annual Government rents for Aberdeen Marine Lot No. 10 and Aberdeen Marine Lot No. 11 are HK\$332 and HK\$1,154 respectively.</p>	<p>The property is used by the owner for ice-making factory and cold storages which are available for rent. The cold storage erected on Aberdeen Marine Lot No. 11 is available to let on short term basis. The Government Lease permits not more than 50% of the total cold storage capacity can be used other than the cold storage of ice, marine life and products processed therefrom.</p>	<p>HK\$278,000,000</p>

*Notes:*

1. The registered owner of the property is The Hong Kong Ice & Cold Storage Company Limited, an indirect wholly owned subsidiary of the Company.
2. The property is subject to a Mortgage in favour of Hang Seng Bank Limited registered vide Memorial Nos. 14111402670180 dated 31 October 2014.
3. The property is zoned “Industrial” under Aberdeen & Ap Lei Chau Outline Zoning Plan No. S/H15/33 dated 21 August 2018.
4. The property is situated on the southern side of Tin Wan Praya Road fronting Aberdeen Typhoon Shelter. This area is conventionally associated with marine and fishery process and storage. The characteristic of this location is not expected to change in the foreseeable future.
5. Conditions of Sale No. 9940 contains *inter alia* the following conditions:
  - The lot shall be used for any ice-making plant having a production capacity of not less than one hundred tons per day. In addition, the lot may be used for the processing of marine life and such other business allied to the fishing industry as may be approved in writing by the Director of Public Works, but for no other purpose.
  - No building or buildings shall be erected on the lot except as specified above and such quarters as may be required for watchmen or caretakers who, in the opinion of the Commissioner of Labour, are essential to the safety and security of the buildings.
  - Any rights pertaining to sea frontage shall extend only to that boundary of the lot marked Y and Z on plan I annexed thereto and will continue to attach to the lot only so long as the lot continues to be used for the purposes as specified above.
  - Upon development or redevelopment of the lot or any part thereof, the building or buildings erected or to be erected shall in all respects comply with the Building Ordinance, any regulations made thereunder and any amending legislation.
  - No building or buildings or support for any building or buildings shall be erected at or within 16 feet 6 inches above ground level on or over the sea shown coloured pink cross-hatched black on the plan annexed thereto. Building or buildings at first floor level and above may however be erected over the area shown coloured pink cross-hatched black on the plan annexed thereto.
  - The purchaser shall maintain at his own expense and to the satisfaction of the Director of Public Works the seawall between the points Y and Z marked on the plan annexed thereto, and shall pay to the Government on demand the cost of repair and reinstatement to the said seawall which shall or may have been necessitated at any time during the term by the purchaser or others under his charge and resulting from damage caused by any works or other activities carried out upon the lot and shall indemnify the Government against any action arising therefrom.



6. Conditions of Exchange No. 10426 contains *inter alia* the following conditions:
- The lot or any part thereof or any building or buildings erected or to be erected thereon or any part of such building or buildings shall not be used for any purpose other than for the purposes of the processing of marine life, the manufacture of ice and general cold storage purposes and such other business allied to the fishing industry as may be approved in writing by the Director of Public Works; provided always that not more than 50% of the total cold storage capacity on the lot shall be utilized for cold storage, other than the cold storage of ice, marine life and products processed therefrom, without the consent in writing of the said Director.
  - No building or buildings shall be erected on the lot except a factory or factories or a warehouse or warehouses or both, ancillary offices and such quarters as may be required for watchmen or caretakers who, in the opinion of the Commissioner of Labour, are essential to the safety and security of the buildings.
  - Any rights pertaining to sea frontage shall extend only to that boundary of the lot marked Y and Z on plan I annexed thereto and will continue to attach to the lot only so long as the lot continues to be used for the purposes specified in the Conditions of Exchange.
  - The design and disposition of any building to be erected on the lot shall be subject to the approval in writing of the Director of Public Works.
  - No part of any structure to be erected on the lot shall exceed a height of 85 feet above the mean formation level on the land on which it stands.
  - No building or buildings or support for any building or buildings shall be erected at or within 16 feet 6 inches above ground level on or over the area shown coloured pink cross-hatched black on Plan I annexed thereto i.e. within 20 feet of the seawall marked Y and Z on the said plan. Building or buildings at first floor level or above may however be erected over the area shown coloured pink cross-hatched black on the said plan provided there is clear space extending upwards from the ground level to a height of 16 feet 6 inches and also provided that it can be shown to the satisfaction of the Director of Public Works that the stability of the seawall and its foundations would not be adversely affected by the erection of such building or buildings.
  - The grantee shall maintain at his own expense and to the satisfaction of the Director of Public Works the seawall between the points marked Y and Z on the plan annexed thereto, and shall pay to Government on demand the cost of repair and reinstatement to the said seawall which shall or may have been necessitated at any time during the term by the grantee or others under his charge and resulting from damage caused by any works or other activities carried out upon the lot and shall indemnify Government against any action arising therefrom.
  - The lot is granted subject to full right and liberty for the owner of the three pieces or parcels of land collectively known and registered in the Land Office as Aberdeen Inland Lot No. 335 and delineated and shown marked “AIL 335” on the Plan annexed thereto, to operate, inspect, maintain, repair and renew or to remove the existing electricity lines, cables, conductors, and other equipment necessary for conveying electricity over the lot by way of the said electricity lines; and full right and liberty for the said owner and all persons authorized by him from time to time and at all reasonable times upon reasonable notice except in cases of emergency to enter upon the lot for any of the purpose as specified in this clause and also for the purpose of operating, inspecting, maintaining, repairing and renewing the three existing towers standing on the said Aberdeen Inland Lot No. 335.
7. In our valuation, we have made reference to comparable transactions of industrial units in the locality. Appropriate adjustments and analysis are made to the difference between the comparable properties and the subject property such as location, size, time of transaction, etc. Addition consideration is given to the peculiarity of the property in terms of its uniqueness, restriction on uses under the Government Lease and sea fronting. The adjusted unit rates of these comparables are within the range of HK\$2,895 to HK\$3,560 per sq.ft. on gross area. Our valuation of the property is within this range.

Property	Description & Tenure	Particular of Occupancy	Capital Value in its existing state as at 31 January 2021
<p>4. Castle Peak Bay Ice Plant, No. 11 Sam Shing Street, Tuen Mun, New Territories, Hong Kong</p> <p>The property is registered being as Tuen Mun Town Lot No. 120.</p>	<p>The property comprises an ice plant erected on a site with total site area of 929.02 sq.m. (10,000 sq.ft.) or thereabouts.</p> <p>The ice plant comprises a single storey building with, ice plant room, ice storage room and ancillary office, transformer room etc., and loading/unloading and carparking facilities completed in 1978.</p> <p>The total gross floor area of the property in accordance with the building plans is 328.26 sq.m. (3,533 sq.ft.) approximately.</p> <p>The property is held from the Government by New Grant No. 2234 for a term expiring on 30 June 1997 and has been extended to 30 June 2047 by virtue of New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.</p>	<p>The property is used by the owner as ice-making factory.</p>	<p>HK\$9,500,000</p>

*Notes:*

1. The registered owner of the property is The Hong Kong Ice & Cold Storage Company Limited, an indirect wholly owned subsidiary of the Company.
2. The property is subject to a Mortgage in favour of Hang Seng Bank Limited registered vide Memorial Nos. 14111402670220 dated 31 October 2014.
3. The property is zoned "Open Space" under Tuen Mun Outline Zoning Plan No. S/TM/35 dated 11 December 2018.
4. The property is situated on the southwestern side of Sam Shing Street beside Sam Shing Estate, Tuen Mun and is fronting Castle Peak Bay. The property may be within the future promenade park. However, the landscape of the neighbourhood, which includes a number of seafood stalls and restaurants is not expected to change in the foreseeable future.
5. New Grant No. 2234 contains *inter alia* the following conditions:
  - The grantee shall have no right of access to the sea from the lot except between the points marked C and D on the plan annexed thereto.
  - Upon development and redevelopment of the lot or any part thereof, the building, or buildings erected to be erected thereon shall in all respects comply with the Buildings Ordinance any regulations made thereunder and any amending legislation and no building or buildings containing more than 2 storeys shall be erected within the area shown coloured red hatched black on the attached plan thereof.
  - The lot or any part thereof or any building or buildings erected or to be erected thereon shall not be used for any purpose other than as an ice-making plant, cold storage and such ancillary and other use as may be approved in writing by the Secretary For New Territories excluding any trade which is now or may hereafter be declared to be offensive trade under the Public Health and Urban Services Ordinance or any enactment amending the same or substituted therefor. The grantee shall comply with all the provisions of Dangerous Goods Ordinance, any regulations made thereunder and any amending legislation. In the event of the lot or any part thereof being used for godown purposes or for the storage of petroleum products or dangerous goods, the method of storages of goods and the nature and the volume or quality of the goods stored on the lot shall be subject to the approval of the Director of Fire Services.
  - No building or buildings shall be erected on the lot except a factory or factories or a warehouse or warehouses or both, ancillary offices and such quarters as may be required for watchmen or caretakers who, in the opinion of the Commissioner for Labour, are essential to the safety and security of the buildings.
  - The grantee shall maintain the seawall between points C and D shown on the plan thereto and any associated fendering system fronting the lot at his own expense to the satisfaction of the Director of Public Works.
6. In our valuation, we have made reference to comparable transactions of industrial units in the locality. Appropriate adjustments and analysis are made to the difference between the comparable properties and the subject property such as location, size, time of transaction, etc. Addition consideration is given to the peculiarity of the property in terms of its uniqueness, restriction on uses under the Government Lease and sea fronting. The adjusted unit rates of these comparables are within the range of HK\$2,258 to HK\$2,871 per sq.ft. on gross area. Our valuation of the property is within this range.

## Property interest held by the Group for Sale in Hong Kong

Property	Description & Tenure	Particular of Occupancy	Capital Value in its existing state as at 31 January 2021
5. Various lots including Lot Nos. 714SARP, 722SARP, 722SASS1, 722SASS2, 722SASS3, 722SB, 722SC, 722SD, 722SE, 722SF, 722RP, 723RP, 723SA, 723SBRP, 723SBSS1, 724, 725, 726, 728, 730RP, 730SARP, 730SASS1, 731RP, 731SA in D.D. 171 and Lot Nos. 4, 5, 6, 7, 9, 12 (1/2 share), 16 (1/2 share) and 67 in D.D. 175, Shatin, New Territories	<p>The property comprises 6 blocks of three-storey New Territories Exempted houses (“NTEH”) erected on Lot No. 67 in D.D. 175, which has a site area of 390.18 sq.m. (4,200 sq.ft.) or thereabout completed in about 2009. The total gross floor area of the 6 houses is 1,170.52 sq.m. (12,600 sq.ft.) approximately.</p> <p>In addition, there are 31 pieces of agricultural lots surrounding the subject NTEH, which are largely contiguous. The total lot area of the agricultural lots are about 2,709.6 sq.m. (29,166 sq.ft.) approximately.</p> <p>The property is held from the Government. Lot No. 67 in D.D. 175 is held by New Grant No. 13122 whilst the other lots are held either under Block Government Lease of D.D. 171 or D.D. 175. The lease tenure of the subject lots runs for a same term expiring on 30 June 1997 and has been extended to 30 June 2047 by virtue of New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to 3% of the rateable value for the time being of the property.</p>	The property is currently vacant	HK\$112,000,000

## Notes:

1. The registered owners of the property are as follows:

Lot Nos. 714SARP, 722SARP, 722SASS1, 722SASS2, 722SAS3, 722SB, 722SC, 722SD, 722SE, 722SF, 722RP, 723RP, 723SA, 723SBRP, 723SBSS1, 724, 726, 728, 730RP, 730SARP, 730SASS1 and 731SA in D.D. 171; Lot Nos. 4, 5, 6, 9, 12 (1/2 share), 16 (1/2 share) and 67 in D.D. 175 : Eastford Development Limited, an indirect wholly owned subsidiary of the Company

Lot Nos. 725, 731RP in D.D. 171 and Lot No. 7 in D.D. 175 : Richstone International Limited, an indirect wholly owned subsidiary of the Company

2. The property is situated off Kau To Path close to Pine Villa and Windsor Heights. The locality is characteristic with luxury houses and apartments as well as some village typed developments. At present the 6 blocks on Lot No. 67 in D.D. 175 are surrounded by the subject lots which are covered and grown with scrubs, bushes and weeds. Access to the locality is mainly by vehicles and franchised light buses are available from Shatin and Fo Tan MTR stations.
3. The property is zoned “Green Belt” under Shatin Outline Zoning Plan No. S/ST/34 dated 29 May 2018. According to the note attached to the Outline Zoning Plan, the planning intention of this zone is primarily for defining the limits of urban and sub-urban development areas by natural features and contain sprawls as well as to provide passive recreational outlets. There is general presumption against development within this zone.

Approval has been obtained for Lot No. 67 in D.D. 175 on 21 February 2003 from Town Planning Board for a development of 6 New Territories Exempted Houses with total gross floor area of 1,170.54 sq.m. and maximum of 3 storeys.

4. New Grant No. 13122 contains *inter alia* the following conditions:

- The lot or any part thereof or any building or buildings erected or to be erected thereon shall not be used for any purpose other than for private residential purposes.
- Any building or buildings erected or to be erected thereon shall be in all or respects (save for site formation works) comply with Buildings Ordinance (Application to New Territories) Ordinance, any regulations made thereunder or any amending legislations.
- The total gross floor area of any building or buildings erected or to be erected on the lot shall not be more than 1,170.54 square metres or less than 702 square metres.
- No structure or structures shall be erected on the lot other than six buildings which shall neither contain more than three storeys nor exceed a height of 8.23 metres and the maximum roofed-over area of each building shall not exceed 65.03 square metres PROVIDED always that where any building is of a height of more than 7.62 metres but not more than 8.23 metres, then the thickness of each load-bearing wall :—
  - (i) shall in case of a load-bearing reinforced concrete wall, be not less than 175 millimetres; or
  - (ii) of the lowest storey shall, in the case of a loading-bearing brick wall be not less than 340 millimetres; and
  - (iii) of any higher storey shall, in the case of load-bearing wall, be not less than 225 millimetres.
- The Grantee shall not divide vertically building or buildings erected or to be erected on the lot or partition any of floors of any such building or buildings or buildings into more than one self-contained unit on each floor of any such building or buildings. The Grantee shall not make or erect or permit or suffer to be made or erected any openings, doorways, walkways, passages or other works within or outside any such building or buildings erected or to be erected on the lot or in any walls or floors or any part of any such building or buildings which shall result in any such building or buildings being internally linked to and accessible from any such building or buildings adjoining or adjacent thereto.
- Not more than two balconies and one canopy for each building will be permitted to project over and above Government land provided that:—
  - (a) such balconies and canopy shall be erected on the same side of each of the six buildings erected or to be erected on the lot and project for a distance of not more than 1.22 metres;
  - (b) each of such balconies shall have a parapet or railing not exceeding 1.22 metres nor less than 0.92 metres in height along the outer edges and shall not be enclosed; and
  - (c) the position of such balconies and canopy shall be subject to the prior written approval of the Director (of Lands).

5. Certificate of Compliance has been issued to Lot 67 in D.D. 175 registered vide Memorial No. 09121600910013 dated 9 December 2009.
6. Under the respective Block Government Leases, Lot Nos. 714, 722, 731 in D.D. 171 and Lot Nos. 4, 5, 6, 7, 9, 12, 16 in D.D. 175 are described as “Dry Cultivation” whilst Lot Nos. 723, 724, 725, 726, 728, 730 in D.D. 171 are described as “Padi”. These uses are classified as being agricultural uses when land use is concerned.
7. In our valuation of the NTEH, we have made reference to comparable transactions of similar developments in the locality. Appropriate adjustments and analysis are made to the difference between the comparable properties and the subject property as location, size, age of buildings, time of transaction, etc. The adjusted unit rates of these comparables are within the range of HK\$8,517 to HK\$10,080 per sq.ft. on gross area. Additional consideration has to be taken to the fact that the NTEH have not been used since completion and are not inhabitable because of deterioration due to long deserted use. Clearance of the blockage in the surrounding environment is essential. After allowing this factor, our valuation of the NTEH is within the reasonable range. In respect of the agricultural lots, since transactions of the agricultural lots in the locality are scarce, we have taken a wider territory to the transactions of agricultural lots especially to those zoned for “green belt” use. The unit rates of these lots were transacted in a range of HK\$275 to HK\$656 per sq.ft. We have valued the subject lots on a high side of this range.

*The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this Scheme Document received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market value in existing state of the Properties held by the Group in the PRC and Macau as at 31 January 2021.*



27/F One Island East  
Taikoo Place  
18 Westlands Road  
Quarry Bay  
Hong Kong

16 April 2021

The Directors  
Polytec Asset Holdings Limited  
23rd Floor, Pioneer Centre  
750 Nathan Road  
Kowloon  
Hong Kong

Dear Sirs,

**RE: PROPERTY VALUATIONS IN THE PEOPLE’S REPUBLIC OF CHINA AND MACAU (THE “PROPERTIES”)**

#### **INSTRUCTIONS, PURPOSE & VALUATION DATE**

In accordance with the instructions from Polytec Asset Holdings Limited (“**the Company**”) for us to prepare market valuation of the Properties in which the Company, its subsidiaries and/or joint ventures (together the “**Group**”) have property interests or interest in property development in Macau and the People’s Republic of China (the “**PRC**”, excluding Macau here for ease of reference); we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties in existing state as at 31 January 2021 (the “**Valuation Date**”).

#### **DEFINITION OF MARKET VALUE**

Our valuation of each of the Properties represents its market value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

#### **VALUATION BASIS & ASSUMPTIONS**

Our valuations of the Properties exclude estimated prices inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any elements of values available only to specific owners or purchasers.

In respect of Property No.1 which is situated in the PRC, we have made reference to the PRC legal opinion prepared by the Company's legal adviser, Beijing Dentons (Shenzhen) Law Firm (北京大成(深圳)律師事務所), dated 16 April 2021. In valuing this property, we have prepared our valuation on the basis that transferable land use rights in respect of the property for its specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid.

We have relied on the information and advice given by the Company, regarding the titles to the Properties and the interests in the Properties. In valuing the Properties, we have prepared our valuation on the basis that the Group has enforceable title to the Properties and has free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired terms as granted.

In respect of the property situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group, are set out in the notes in the valuation report.

No allowance has been made in our valuation for any charges, pledges or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

## METHOD OF VALUATION

In valuing the property in Group I, which is held for future development by the Group in the PRC, we have adopted Market Comparison Method assuming sale with the benefit of vacant possession and by making reference to comparable sales evidence as available on the market.

Market Comparison Method is a commonly used valuation method for vacant land where there are relevant comparable land sales evidence for reference to arrive at the market value. This method rests on the premise that market evidences are the best indicator which can be extrapolated to value similar land, subject to allowances for their differences in all relevant aspects. We consider the market value arrived at by Market Comparison Method is reliable and the use of such method is in line with the market practice.

We have made reference to some land comparable in Zhongshan City. The accommodation value assumed by us are consistent with the said land comparable. Due adjustments to the accommodation value of those land sale comparable have been made to reflect factors including but not limited to time, location, and other characteristics between the land comparables and the property in arriving the appropriate accommodation value.

Key Assumptions adopted in Market Comparison Method for the Property in Group I:

<b>Parameter</b>	<b>Market Unit Value</b> <i>RMB/sq m</i>
Land accommodation value	8,859



In valuing the properties in Group II, III and IV, in which the Group has interests for investment, sale and property development respectively in Macau, we have adopted Market Comparison Method by making reference to comparable sales evidences as available in the relevant market, or where appropriate, Investment Method by considering the capitalised rental income derived from the existing tenancies with due provision for the reversionary rental potential.

Key Assumptions adopted in Investment Method for the Properties in Macau:

Use	<b>Market Unit Rent</b> <i>HK\$/sq m/per month</i>	<b>Capitalisation Rate</b>
Shop	\$107 to \$3,650	4.25% to 4.50%
Office	\$204 to \$227	4.50%

Key Assumptions adopted in Market Comparison Method for the Properties in Macau:

Use	<b>Market Unit Value</b> <i>HK\$/sq m or parking space</i>
Domestic	\$92,400 to \$136,400
Parking spaces	\$200,000 to \$1,650,000

## POTENTIAL TAX LIABILITIES

As advised by the Company, the potential tax liabilities which would arise on the direct disposal of the properties held by the Group at the amounts valued by us mainly comprise the following:

### THE PRC

- Enterprise income tax at 25% on the gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation of property value

### MACAU

- Corporate tax at 12% on the gain

In respect of the Properties in Group I and II, the likelihood of the relevant tax liabilities being crystallised is remote as the Group has not commenced development or has no plans for disposal of the Properties yet.

In respect of the Properties in Group III and IV, it is likely that the relevant tax liabilities will be crystallised upon sale.

According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liabilities. The precise tax implication will be subject to prevailing rules and regulations at the time of disposal.

## SOURCE OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on the information given by the Group in respect of the Properties and have accepted advices given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the Properties, development scheme, tenancy details, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

## TITLE INVESTIGATION

We have been provided by the Company with copies of documents in relation to the current title to the property in the PRC. Regarding the properties in Macau, we have been provided by the Company with copies of the land searches relating to the properties made at Conservatória do Registo Predial (the Land Registry in Macau). However, we have not inspected the original documents to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the Properties and we have therefore relied on the advice given by the PRC Legal adviser and the Company.

## SITE INSPECTION

In respect of the property in the PRC, our Guangzhou Office valuer, Ms. Aileen Zhang (who has 7 years of valuation experience in the PRC), has inspected the exterior and, wherever possible, the interior of the property in March 2021. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during construction.

In respect of the properties in Macau, our Shenzhen Office valuer, Ms. Sharon Zheng (who has 5 years of valuation experience in the PRC), has inspected the exterior and, wherever possible, the interior of them in April 2021. We did not note any serious defects in our inspection. However, no structural survey has been made, We are not able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services.

Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the Properties, and we have assumed that the areas shown on the copies of the documents handed to us are correct.

## CURRENCY

Unless otherwise stated, all monetary amounts indicated in our valuations for the property in the PRC are in Renminbi (RMB) and the properties in Macau are in Hong Kong Dollars (HK\$).

**OTHER DISCLOSURE**

We hereby confirm that we and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the Properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Rule 11 of The Code on Takeovers and Mergers published by the Securities and Futures Commission and HKIS Valuation Standards 2020. We also confirm that we are an independent qualified valuer, as referred in Rule 5.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**MARKET UNCERTAINTY ALERT**

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuations of the Properties are valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuations when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

**INTENDED USE AND USER OF REPORT**

This valuation report is issued for the use of the Company for the purpose of incorporating into the Scheme Document only.

We attach herewith a summary of valuations and our valuation report.

Yours faithfully,  
For and on behalf of  
**Cushman & Wakefield Limited**  
K B Wong  
Registered Professional Surveyor (General Practice)  
Registered China Real Estate Appraiser  
*CHKIS*  
*Executive Director*  
Valuation & Advisory Services, Hong Kong

*Note: Mr. K B Wong is Registered Professional Surveyor who has over 30 years' experience in the valuation of properties in the Greater China.*

## SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 January 2021	The Group's attributable interest	Market value in existing state as at 31 January 2021 attributable to the Group
<b>Group I — Property held for future development by the Group in the PRC</b>			
1. The property development project located at Nantongwei and Shawei, Beitai Village, South District, Zhongshan City, Guangdong Province the PRC (中國廣東省中山市南區北台村沙圍及南通尾) with a total gross floor area of approximately 587,004 sq m and a total site area of approximately 234,802 sq m	RMB5,200,000,000	50%	RMB2,600,000,000
<b>Grand Total of Group I:</b>	<b><u>RMB5,200,000,000</u></b>		<b><u>RMB2,600,000,000</u></b>
<b>Group II — Property held for investment by the Group in Macau</b>			
2. 208 shop units, 208 office units and 265 car parking spaces, The Macau Square, Rua do Dr. Pedro Jose Lobo Nos. 2-16A, Avenida do Infante D. Henrique Nos. 43-53A and Avenida Doutor Mario Soares Nos. 81-113, Macau	HK\$3,342,000,000	50%	HK\$1,671,000,000
<b>Sub-total of Group II:</b>	<b><u>HK\$3,342,000,000</u></b>		<b><u>HK\$1,671,000,000</u></b>

## SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 January 2021	The Group's attributable interest	Market value in existing state as at 31 January 2021 attributable to the Group
<b>Group III — Properties held for sale by the Group in Macau</b>			
3. Shops A to Z and AA to AI on 1st Floor and 57 private car parking spaces, China Plaza, Avenida da Praia Grande Nos. 730-804 and Avenida de D. Joao IV Nos. 2-6-B, Macau	HK\$256,000,000	70.5%	HK\$180,480,000
4. Car Parking Spaces Nos. 128, 129, 132 and 133 in Basement 1, Va long, Praca da Amizade Nos. 6-52, Avenida do Infante D. Henrique Nos. 25-31 and Avenida Doutor Mario Soares Nos. 227-259, Macau	HK\$6,000,000	100%	HK\$6,000,000
5. Motorcycle Parking Spaces Nos. M02 and M03 in Basement 2, Pacifica Garden, Rua de Zhanj lang Nos. 13-63, Estrada Coronel Nicolan de Mesquita Nos. 99-141, Rua do Porto Nos. 2-51 and Travessa da Povoacao de Sam Ka Nos. 44-66, Taipa, Macau	HK\$400,000	58%	HK\$232,000
<b>Sub-total of Group III:</b>	<b>HK\$262,400,000</b>		<b>HK\$186,712,000</b>
<b>Group IV — Interest in property development held by the Group in Macau</b>			
6. 43 Domestic Units, 17 Duplex Units, All Shop Units on Ground Floor, 620 Private Parking Spaces and 281 Motorcycle Parking Spaces, La Marina, Avenida Leste do Hipodromo Nos. 420-452, Avenida da Ponte da Amizada Nos. 144-230, Rua Central da Areia Preta Nos. 747-933 and Rua de Maio Nos. 435-507, Macau	HK\$2,980,000,000	80%	HK\$2,384,000,000
<b>Sub-total of Group IV:</b>	<b>HK\$2,980,000,000</b>		<b>HK\$2,384,000,000</b>
<b>Grand Total of Group II, III &amp; IV:</b>	<b>HK\$6,584,400,000</b>		<b>HK\$4,241,712,000</b>

## VALUATION REPORT

## Group I — Property held for future development by the Group in the PRC

Property	Description and tenure	Particulars of Occupancy	Market value in existing state as at 31 January 2021
<p>1. The property development project located at Nantongwei and Shawei, Beitai Village, South District, Zhongshan City, Guangdong Province, the PRC ( 中國廣東省 中山市南區北台村沙圍及南通尾 ) with a total gross floor area of approximately 587,004 sq m and a total site area of approximately 234,802 sq m</p>	<p>The property comprises a residential development to be erected on a parcel of land with a site area of approximately 234,801.70 sq m.</p> <p>As advised by the Group, the development will comprise a total planned gross floor area of 587,004 sq m.</p> <p>The property is located at the north-east corner of the intersection of Songxi Road and Xihuan 8th Road, South District, Zhongshan City, Guangdong Province. Developments nearby are mainly industrial and residential development. According to the Group, the property is planned for residential use; there is no environmental issues and litigation dispute; there is no plan to change the use of the property.</p>	<p>The property is a vacant site pending for future development.</p>	<p>RMB5,200,000,000 (RENMINBI FIVE BILLION TWO HUNDRED MILLION)</p> <p>(50% interest attributable to the Group: RMB2,600,000,000 (RENMINBI TWO BILLION SIX HUNDRED MILLION))</p>
	<p>The land use right of the property has been granted for a term due to expire on 20 December 2062 for residential uses.</p>		

*Notes:*

- (1) According to Real Estate Title Certificate No. (2017)0299319 dated 22 December 2017, the land use right of the property has been granted to 中山市雋達房地產有限公司 (Zhongshan Junda Property Co., Ltd\*) (“**Zhongshan Junda**”), a 50% owned joint venture of the Company, with a site area of 234,801.70 sq m for a term due to expire on 20 December 2062 for residential use.
- (2) According to Zhongshan Construction Land Planning Requirements No. 340322011100001 dated 15 November 2011, the construction works of the property are in compliance with the urban planning requirements and have been approved with details follows:
- Location: Nantongwei and Shawei, Beitai Village, South District, Zhongshan City  
 Site Area: 234,801.70 sq m  
 Land Use: Commercial and residential  
 Plot Ratio: 2.5 (in which maximum 15% for ancillary commercial)
- (3) According to Business Licence No. 91442000588285843L dated 7 March 2016, Zhongshan Junda was established as a limited liability company with a registered capital of RMB250,000,000 for a valid operation period from 14 February 2012 to 14 February 2042.
- (4) According to the PRC legal opinion:
- (i) Zhongshan Junda is legally established under the PRC law;
  - (ii) Zhongshan Junda has legally obtained Real Estate Title Certificate, and is the sole registered owner of land use rights, recognized and protected by PRC law;
  - (iii) Zhongshan Junda has rights to occupy and use land within the time limit, and has rights to mortgage, transfer, lease of land use rights or deal with land use rights by other means;
  - (iv) Zhongshan Junda can commence the construction work according to land use term and within the time limit agreed in Urban Real Estate Administration Law of the PRC and Grant Contract of Land Use Rights and the Supplementary Contract; and
  - (v) No notice has been obtained from Land and Resources Administrative Department regarding the determination of idle land.
- (5) The status of the title and grant of major approvals and licence in accordance with the information provided by Zhongshan Junda and the opinion of the PRC legal adviser:
- |   |     |
|---|-----|
| Real Estate Title Certificate                     | Yes |
| Zhongshan Construction Land Planning Requirements | Yes |
| Business Licence                                  | Yes |
- (6) As advised by the Company, no planning or other regulatory consent has been obtained for the property. The detailed development schemes, including area for each proposed residential, commercial, car parking and ancillary uses, total cost of completing the development and the anticipated dates of completion, are yet to be approved and finalized. We thus cannot estimate the value after the development has been completed of the property at the current and this early stage.

## VALUATION REPORT

## Group II — Property held for investment by the Group in Macau

Property	Description and tenure	Particulars of Occupancy	Market value in existing state as at 31 January 2021
2. 208 shop units, 208 office units and 265 car parking spaces, The Macau Square, Rua do Dr. Pedro Jose Lobo Nos. 2-16A, Avenida do Infante D. Henrique Nos. 43-53A and Avenida Doutor Mario Soares Nos. 81-113, Macau	<p>The Macau Square comprises a 23-storey plus mezzanine commercial building erected on five levels of basement. The building was completed in about 1998 and the Occupation Permit was issued in December 2001.</p> <p>The five levels of basements (CV1 to CV5) are designed for car parking uses. The ground, mezzanine, 1st and 2nd floors are shop units whilst the 3rd to 22nd floors are office units.</p> <p>The property comprises 265 car parking spaces on levels CV1, CV2, CV4 and CV5, the whole of the shop units on ground to 2nd floors and 208 office units on 8th to 22nd floors of The Macau Square.</p> <p>The approximate total gross floor areas of the property are as follows:—</p>	<p>Portions of the property with a total gross floor area of approximately 32,707.82 sq.m. (352,067 sq.ft.) are subject to various tenancies with the latest term due to expire in March 2027 at a total monthly rent of about HK\$12,600,000, exclusive of management fees.</p> <p>The car parking spaces are let to various tenants on monthly basis at a total monthly rent of about HK\$520,000, inclusive of management fees.</p>	<p>HK\$3,342,000,000 (HONG KONG DOLLARS THREE BILLION THREE HUNDRED FORTY TWO MILLION)</p> <p>(50% interest attributable to the Group: HK\$1,671,000,000 (HONG KONG DOLLARS ONE BILLION SIX HUNDRED SEVENTY ONE MILLION))</p>

## Gross Floor Area

	<i>sq.m.</i>	<i>sq.ft.</i>
Car Parking	8,900.00	95,800
Shop	8,400.18	90,420
Office	28,152.87	303,037
<b>Total:</b>	<b>45,453.05</b>	<b>489,257</b>

The property is held under a land lease from the Macau Government for a term of 10 years from 29 July 2017.

In undertaking our valuation, we have valued on the basis that the land lease will be renewed for successive terms of 10 years until 19 December 2049 in accordance with the land policy of the Macau Government.



*Notes:*

- (1) The registered owner of the property is 南灣中心有限公司 Companhia de South Bay Centro Limitada, a 50% owned joint venture of the Company.
- (2) Portions of the property (Re: The whole of CV5, CV2, 1/F, 9/F, 11/F, 13/F, 15/F, 17/F, 19/F and 21/F and Shops A, C, E, G, I, K, M, O, R, S, T and V on Ground Floor and Offices A, D, E, F, G, H, I, J, K, L, M and N on 8th Floor only) are subject to 兩份意定抵押 (two Legal Charges) and 一份收益用途之指定 (an Assignment of Rentals and Receivables) both in favour of Banco Industrial e Comercial da China (Macau), S.A.. The remainder of the property is subject to 兩份意定抵押 (two Legal Charges) and 兩份收益用途之指定 (two Assignment of Rentals and Receivables) both in favour of Hang Seng Bank Limited — Sucursal de Macau.

- (3) The property comprises the following units:—

Floor	Units/Nos.	Uses
CV5	A1, A2, A3, A4, A5, A6, A7, A8, A9, A10, A11, A12, A13, A14, A15, A16, A17, A18, A19, A20, A21, A22, A23, A24, A25, A26, A27, A28, A29, A30, A31, A32, A33, A34, A35, A36, A37, A38, A39, A40, A41, A42, A43, A44, A45, A46, A47, A48, A49, A50, A51, A52, A53, A54, A55, A56, A57, A58, A59, A60, A61, A62, A63, A64, A65, A66 and A67.	Car Park
CV4	A1, A2, A3, A4, A5, A6, A7, A8, A9, A10, A11, A12, A13, A14, A15, A16, A17, A18, A19, A20, A21, A22, A23, A24, A25, A26, A27, A28, A29, A30, A31, A32, A33, A34, A35, A36, A37, A38, A39, A40, A41, A42, A43, A44, A45, A46, A47, A48, A49, A50, A51, A52, A53, A54, A55, A56, A57, A58, A59, A60, A61, A62, A63, A64, A65, A66 and A67.	Car Park
CV2	A1, A2, A3, A4, A5, A6, A7, A8, A9, A10, A11, A12, A13, A14, A15, A16, A17, A18, A19, A20, A21, A22, A23, A24, A25, A26, A27, A28, A29, A30, A31, A32, A33, A34, A35, A36, A37, A38, A39, A40, A41, A42, A43, A44, A45, A46, A47, A48, A49, A50, A51, A52, A53, A54, A55, A56, A57, A58, A59, A60, A61, A62, A63, A64, A65, A66 and A67.	Car Park
CV1	A1, A2, A3, A4, A5, A6, A7, A8, A9, A10, A11, A12, A13, A14, A15, A16, A17, A18, A19, A20, A21, A22, A23, A24, A25, A26, A27, A28, A29, A30, A31, A32, A33, A34, A35, A36, A37, A38, A39, A40, A41, A42, A43, A44, A45, A46, A47, A48, A49, A50, A51, A52, A53, A54, A55, A56, A57, A58, A59, A60, A61, A62, A63 and A64.	Car Park
Ground	Whole.	Shop
Mezzanine	Whole.	Shop
1st	Whole.	Shop
2nd	Whole.	Shop
8th	A, D, E, F, G, H, I, J, K, L, M and N.	Office
9th to 22nd	A, B, C, D, E, F, G, H, I, J, K, L, M and N.	Office

## VALUATION REPORT

## Group III — Properties held for sale by the Group in Macau

Property	Description and tenure	Particulars of Occupancy	Market value in existing state as at 31 January 2021
3. Shops A to Z and AA to AI on 1st Floor and 57 private car parking spaces, China Plaza, Avenida da Praia Grande Nos. 730-804 and Avenida de D. Joao IV Nos. 2-6-B, Macau	<p>China Plaza is a 23-storey commercial building erected over 5 levels of basement completed in 1995.</p> <p>The property comprises 35 shop units on the 1st floor and 57 car parking spaces on level 1 to level 5 of the basement of China Plaza.</p> <p>The gross floor area of the property is approximately 1,939.99 sq.m. (20,882 sq.ft.), excluding the area of the car parking spaces.</p> <p>The property is held under a land lease from the Macau Government under 政府長期租借批地 (Concessão Por Aforamento) for an unspecified term.</p>	<p>The shops are subject to a tenancy for a term of 5 years from 19 May 2019 to 18 May 2024 at a monthly rent of about HK\$640,000, exclusive of management fees.</p> <p>The car parking spaces are let to various tenants on monthly basis at a total monthly rent of about HK\$123,700.</p>	<p>HK\$256,000,000 (HONG KONG DOLLARS TWO HUNDRED FIFTY SIX MILLION)</p> <p>(70.5% interest attributable to the Group: HK\$180,480,000 (HONG KONG DOLLARS ONE HUNDRED EIGHTY MILLION FOUR HUNDRED EIGHTY THOUSAND))</p>

## Notes:

- (1) The registered owner of the property is Think Bright Limited, an indirect 70.5% owned subsidiary of the Company.
- (2) The property comprises the following units:—

Floor	Units/Nos.	Uses
1st	A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, AB, AC, AD, AE, AF, AG, AH and AI	Shop
Basement 1	2, 9, 12, 13, 22, 23, 34, 41, 42, 43, 44 and 56.	Car Park
Basement 2	1, 9, 10, 11, 12, 13, 14, 20, 21, 23, 24, 25, 61, 62, 63, 64, 65 and 66.	Car Park
Basement 3	3, 6, 7, 8, 15, 16, 17, 32, 33, 36, 38, 40, 45, 48, 49, 53, 54, 64, 65, 66 and 71.	Car Park
Basement 4	17, 18, 19, 20 and 21.	Car Park
Basement 5	34.	Car Park

## VALUATION REPORT

## Group III — Properties held for sale by the Group in Macau

Property	Description and tenure	Particulars of Occupancy	Market value in existing state as at 31 January 2021
4. Car Parking Spaces Nos. 128, 129, 132 and 133 in Basement 1, Va long, Praca da Amizade Nos. 6-52, Avenida do Infante D. Henrique Nos. 25-31 and Avenida Doutor Mario Soares Nos. 227-259, Macau	<p>Va long comprises 2 blocks of high-rise residential towers with a 3-level car parking basement completed in about 1991.</p> <p>The property comprises 4 private car parking spaces on basement 1 of Va long.</p> <p>The property is held under a land lease from the Macau Government for a term of 10 years from 20 May 2013. In undertaking our valuation, we have valued on the basis that the land lease will be renewed for successive terms of 10 years until 19 December 2049 in accordance with the land policy of the Macau Government.</p>	2 car parking spaces are vacant and 2 car parking spaces are subject to two tenancies at a total monthly rent of about HK\$4,750.	<p>HK\$6,000,000 (HONG KONG DOLLARS SIX MILLION)</p> <p>(100% interest attributable to the Group: HK\$6,000,000 (HONG KONG DOLLARS SIX MILLION))</p>

*Note:* The registered owner of the property is Power Giant Limited, an indirect wholly owned subsidiary of the Company.

## VALUATION REPORT

## Group III — Properties held for sale by the Group in Macau

Property	Description and tenure	Particulars of Occupancy	Market value in existing state as at 31 January 2021
5. Motorcycle Parking Spaces Nos. M02 and M03 in Basement 2, Pacifica Garden, Rua de Zhanj Iang Nos. 13-63, Estrada Coronel Nicolan de Mesquita Nos. 99-141, Rua do Porto Nos. 2-51 and Travessa da Povoacao de Sam Ka Nos. 44-66, Taipa, Macau	Pacifica Garden comprises 2 blocks of high-rise residential towers with a 2-level carpark basement completed in 2010.  The property comprises two motorcycle parking spaces in Basement 2 of Pacifica Garden.  The property is held under 私有產權地 (Propriedade Privada).	The property was vacant.	HK\$400,000 (HONG KONG DOLLARS FOUR HUNDRED THOUSAND)  (58% interest attributable to the Group: HK\$232,000 (HONG KONG DOLLARS TWO HUNDRED THIRTY TWO THOUSAND))

*Note:* The registered owner of the property is 金源置業投資有限公司 Investimento Imobiliario Kam Yuen, Limitada, an indirect 58% owned subsidiary of the Company.

## VALUATION REPORT

## Group IV — Interest in property development held by the Group in Macau

Property	Description and tenure	Particulars of Occupancy	Market value in existing state as at 31 January 2021															
6. 43 Domestic Units, 17 Duplex Units, All Shop Units on Ground Floor, 620 Private Parking Spaces and 281 Motorcycle Parking Spaces, La Marina, Avenida Leste do Hipodromo Nos. 420-452, Avenida da Ponte da Amizada Nos. 144-230, Rua Central da Areia Preta Nos. 747-933 and Rua de Maio Nos. 435-507, Macau	<p>La Marina comprises 6 blocks of high-rise residential towers with its ground floor devoted to shops units plus a 2-level carpark basement. The development was completed in 2017.</p> <p>The property comprises 43 domestic units on various floors, 17 duplex units on the 45th floor, all shop units on the ground floor, 620 private car parking spaces and 281 motorcycle parking spaces in Basements 1 and 2 of La Marina.</p> <p>The approximate total gross floor areas of the property are as follows:—</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;">Gross Floor Area</th> </tr> <tr> <th></th> <th style="text-align: center;"><i>sq.m.</i></th> <th style="text-align: center;"><i>sq.ft.</i></th> </tr> </thead> <tbody> <tr> <td>Domestic</td> <td style="text-align: center;">9,748.23</td> <td style="text-align: center;">104,930</td> </tr> <tr> <td>Shop</td> <td style="text-align: center;">10,320.98</td> <td style="text-align: center;">111,095</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: center;"><b><u>20,069.21</u></b></td> <td style="text-align: center;"><b><u>216,025</u></b></td> </tr> </tbody> </table> <p>The property is held under a land lease from the Macau Government for a term of 10 years from 6 July 2017. In undertaking our valuation, we have valued on the basis that the land lease will be renewed for successive terms of 10 years until 19 December 2049 in accordance with the land policy of the Macau Government.</p>		Gross Floor Area			<i>sq.m.</i>	<i>sq.ft.</i>	Domestic	9,748.23	104,930	Shop	10,320.98	111,095	<b>Total:</b>	<b><u>20,069.21</u></b>	<b><u>216,025</u></b>	<p>Portions of the shop units with a total gross floor area of approximately 7,610.09 sq.m. (81,915 sq.ft.) are subject to various tenancies with the latest term due to expire in October 2024 at a total monthly rent of about HK\$1,780,000, exclusive of management fees.</p> <p>The car parking spaces are let to various tenants on monthly basis or at one year term at a total monthly rent of about HK\$1,560,000, exclusive of management fees.</p> <p>All the domestic units are vacant.</p>	<p>HK\$2,980,000,000 (HONG KONG DOLLARS TWO BILLION NINE HUNDRED AND EIGHTY MILLION)</p> <p>(80% interest attributable to the Group: HK\$2,384,000,000 (HONG KONG DOLLARS TWO BILLION THREE HUNDRED AND EIGHTY FOUR MILLION))</p>
	Gross Floor Area																	
	<i>sq.m.</i>	<i>sq.ft.</i>																
Domestic	9,748.23	104,930																
Shop	10,320.98	111,095																
<b>Total:</b>	<b><u>20,069.21</u></b>	<b><u>216,025</u></b>																

*Notes:*

- (1) The registered owner of the property is Fok Kiu — Investimento Predial, Limitada, a company ultimately wholly owned by Mr. Or Wai Sheun, an executive Director and the ultimate controlling shareholder of the Company.
- (2) Portions of the property (Re: All Shop Units on Ground Floor, 530 Private Car Parking Spaces and 281 Motorcycle Parking Spaces in Basements 1 and 2) are subject to 意定抵押 (a Legal Charge) and 收益用途之指定 (an Assignment of Rentals and Receivables) both in favour of Banco Industrial e Comercial da China (Macau), S.A..
- (3) According to the information provided by the Company, a total of 16 domestic flats and 14 private car parking spaces were subject to various Agreements for Sale and Purchase which had been sold at a total consideration of about HK\$213,800,000. In the course of our valuation, we had been taken into account the abovesaid consideration.
- (4) The property comprises the following units:—

Block	Floors	Units/Nos.	Uses
—	Basement 2	1-27, 29, 30, 32, 34-47, 51, 56-92, 94-104, 106-133, 135, 142, 143, 146, 148-151, 153, 154, 158, 172-176, 184, 187-219, 223, 224, 232, 234-237, 239, 240, 242, 246, 247, 249, 251, 257, 264, 265, 269, 272, 273, 276, 281-296, 299, 300, 302, 303, 307, 310, 312, 315-319, 324, 325, 327, 328, 330-337, 339, 340, 344, 348, 353, 354, 356-376	Car Park
—	Basement 2	1-174	Motorcycle
—	Basement 1	1-361	Car Park
—	Basement 1	1-107	Motorcycle
—	Ground	Whole	Shop
1	2nd-8th, 14th-15th, 24th, 27th-31st, 34th-37th, 39th-42nd and 44th	N	Typical Flat
1	45th	A, B and C	Duplex Flat
2	21st	E	Typical Flat
2	18th, 40th and 42nd	G	Typical Flat
2	45th	A, B and C	Duplex Flat
3	2nd	G & H	Typical Flat
3	37th	F & G	Typical Flat
3	43rd	C & G	Typical Flat
3	44th	B & G	Typical Flat
3	45th	A, B and C	Duplex Flat
4	2nd, 39th and 42nd	L	Typical Flat
4	25th	D	Typical Flat
4	42nd	B	Typical Flat
4	45th	A, B and C	Duplex Flat
5	45th	A, B and C	Duplex Flat
6	39th and 41st	A	Typical Flat
6	45th	A and B	Duplex Flat

IN THE GRAND COURT OF THE CAYMAN ISLANDS FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 62 OF 2021 (CRJ)

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES ACT (2021 REVISION)  
AND IN THE MATTER OF THE GRAND COURT RULES 1995 ORDER 102  
AND IN THE MATTER OF POLYTEC ASSET HOLDINGS LIMITED

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**SCHEME OF ARRANGEMENT**

**Between**

**POLYTEC ASSET HOLDINGS LIMITED**

**and**

**THE SCHEME SHAREHOLDERS**

**(as hereinafter defined)**

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(A) In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set opposite them:

“acting in concert”	has the same meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“BOCI”	BOCI Asia Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and joint financial adviser to the Offeror
“business day”	has the same meaning ascribed to it in the Takeovers Code
“Cancellation Price”	the cancellation price of HK\$1.50 per Scheme Share
“Companies Act”	the Companies Act (2021 Revision) of the Cayman Islands
“Company”	Polytec Asset Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 208)
“Composite Scheme Document”	the composite scheme document of the Company and the Offeror issued to, among others, the Shareholders containing, inter alia, further details of the Proposal

“Court Meeting”	a meeting of the Scheme Shareholders convened and held at the direction of the Grand Court at which the Scheme of Arrangement will be voted upon
“Director”	a director of the Company
“Effective Date”	the date on which the Scheme of Arrangement, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the order of the Grand Court sanctioning the Scheme of Arrangement and confirming the reduction of issued share capital resulting from the cancellation and extinguishment of the Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Act, which is expected to be Friday, 21 May 2021 (Cayman Islands time)
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company, which comprises Mr. Liu Kwong Sang, Dr. Tsui Wai Ling, Carlye, and Prof. Dr. Teo Geok Tien Maurice, each an independent non-executive Director, to make a recommendation to the Independent Shareholders, in respect of, among others, the Proposal
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, the independent financial adviser to the Independent Board Committee appointed pursuant to Rule 2.1 of the Takeovers Code in relation to, among others, the Proposal, being a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
“Independent Shareholders”	the Shareholders other than the Offeror and the Offeror Concert Parties
“Latest Practicable Date”	13 April 2021, being the latest practicable date prior to the printing of the Composite Scheme Document for ascertaining certain information contained herein



“Offeror”	Intellinsight Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder of the Company. The ultimate beneficial owner of the Offeror is Mr. Or Wai Sheun
“Offeror Concert Parties”	parties acting in concert with or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code
“Proposal”	the proposal for the privatization of the Company by the Offeror by way of the Scheme of Arrangement and the withdrawal of the listing of the Shares on the Stock Exchange
“Register”	the principal or branch register of members of the Company (as the case may be) in respect of the Shares
“Scheme Conditions”	the conditions to the implementation of the Scheme of Arrangement as set out in the section headed “Scheme Conditions” in the explanatory statement of the Composite Scheme Document
“Scheme Court Meeting Record Date”	Monday, 10 May 2021, or such other date as may be announced to, among others, the Scheme Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting
“Scheme of Arrangement”	a scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Act (subject to satisfaction (or waiver as applicable) of the Scheme Conditions) involving the cancellation and extinguishment of all the Scheme Shares and the restoration of the number of issued Shares in the share capital of the Company to the amount immediately before the cancellation and extinguishment of the Scheme Shares
“Scheme Record Date”	Friday, 21 May 2021, the date on which the Scheme of Arrangement becomes effective, or such other date as shall have been announced to the Scheme Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to the Cancellation Price upon the Scheme of Arrangement becoming effective
“Scheme Record Time”	4:00 p.m. (Hong Kong time) on the Scheme Record Date
“Scheme Shareholder(s)”	holder(s) of Scheme Shares as at the Scheme Record Time on the Scheme Record Date
“Scheme Share(s)”	Share(s) other than those directly or indirectly held by the Offeror as at the Scheme Record Time on the Scheme Record Date

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 par value each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sommerley”	Sommerley Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and joint financial adviser to the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong

- (B) The Company was incorporated as an exempted company on 17 April 1998 with limited liability in the Cayman Islands under the Companies Act.
- (C) The Company has a total authorized share capital of HK\$1,050,000,000, including an authorized share capital in respect of ordinary shares of HK\$1,000,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.10 each and an authorized share capital in respect of preference shares of HK\$50,000,000 divided into 5,000,000,000 shares of par value of HK\$0.01 each.
- (D) The Offeror, which is ultimately wholly owned by Mr. Or Wai Sheun, has proposed the privatization of the Company by way of the Scheme of Arrangement.
- (E) The primary purpose of the Scheme of Arrangement is to privatize the Company by cancelling and extinguishing all of the Scheme Shares in consideration for the Cancellation Price so that after the completion of the Scheme of Arrangement, the Offeror will own 100% of the Company. Simultaneously with the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be restored to its former amount by the issue to the Offeror credited as fully paid at par such number of Shares as is equal to the number of Scheme Shares cancelled and extinguished.
- (F) As at the Latest Practicable Date, 2,615,636,918 Shares were legally and/or beneficially owned by the Offeror and registered as follows:

Shareholder	As at the Latest Practicable Date		As at the Effective Date	
	Number of Shares	%	Number of Shares	%
Intellinsight Holdings Limited	2,615,636,918	58.92	4,438,967,838	100.00

- (G) The Offeror will procure that any Shares in respect of which it is interested will not be represented or voted at the meeting convened at the direction of the Grand Court for the purpose of considering and, if thought fit, approving the Scheme.

- (H) The Offeror has undertaken to the Grand Court to be bound by the terms of the Scheme of Arrangement and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to and satisfying its obligations under the Scheme of Arrangement.

## SCHEME OF ARRANGEMENT

### PART I

#### **Cancellation and extinguishment of the Scheme Shares and issue of new Shares credited as fully paid at par to the Offeror**

1. On the Effective Date:
  - (a) the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares and the Scheme Shareholders shall cease to have any right with respect to the Scheme Shares except the right to receive the Cancellation Price;
  - (b) subject to and forthwith upon such reduction of issued share capital taking effect, the issued share capital of the Company will be restored to its former amount by issuing to the Offeror the same number of Shares as is equal to the number of Scheme Shares cancelled and extinguished; and
  - (c) the Company shall apply the credit arising in its books of account as a result of the cancellation and extinguishment of the Scheme Shares by paying up in full at par such number of Shares as is equal to the number of Scheme Shares cancelled and extinguished, which shall be allotted and issued and credited as fully paid at par to the Offeror as mentioned in paragraph (b) above.

### PART II

#### **Consideration for the cancellation and extinguishment of the Scheme Shares**

2. In consideration of the cancellation and extinguishment of the Scheme Shares, the Offeror shall pay (or procure that there shall be paid) to each Scheme Shareholder (as appears in the Register at the Scheme Record Time on the Scheme Record Date);

**for each Scheme Share cancelled and extinguished .....HK\$1.50 in cash**

### PART III

#### **General**

3. (a) As soon as possible and in any event not later than five (5) business days after the Effective Date, on request, the Company shall issue share certificate(s) to the Offeror.
- (b) As soon as possible and in any event not later than seven (7) business days after the Effective Date, the Offeror shall send or cause to be sent to the Scheme Shareholders cheques representing the Cancellation Price.

- (c) Unless otherwise indicated in writing to the Hong Kong branch share registrar and transfer office of the Company, being Tricor Tengis Limited, all cheques to be despatched to the Scheme Shareholders shall be sent by ordinary post to the Scheme Shareholders at their respective addresses as appearing in the Register at the Scheme Record Time on the Scheme Record Date.
  - (d) Cheques shall be posted at the risk of the addressees and neither the Offeror nor the Company shall be responsible for any loss or delay in receipt.
  - (e) Cheques shall be in favour of the person to whom, in accordance with the provisions of paragraph (b) of this Clause 3, the envelope containing the same is addressed and the encashment of any such cheques shall be a good discharge to the Offeror for the monies represented thereby.
  - (f) On or after the day being six calendar months after the posting of the cheques pursuant to paragraph (b) of this Clause 3, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been encashed or has been returned uncashed and shall place all monies represented thereby in a deposit account in the Offeror's name with a licensed bank in Hong Kong selected by the Offeror. The Offeror shall hold such monies on trust for those entitled under the terms of the Scheme of Arrangement until the expiration of six years from the Effective Date and shall prior to such date pay out of such monies the sums payable pursuant to the Scheme of Arrangement to persons who satisfy the Offeror that they are entitled thereto and the cheques referred to in paragraph (b) of this Clause 3 of which they are payees have not been encashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme of Arrangement. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.
  - (g) On the expiration of six years from the Effective Date, the Offeror and the Company shall be released from any further obligation to make any payments under the Scheme of Arrangement.
  - (h) Paragraph (g) of this Clause 3 shall take effect subject to any prohibition or condition imposed by law.
  - (i) Upon cancellation and extinguishment of the Scheme Shares, the Register shall be updated to reflect such cancellation and extinguishment.
4. As from the Effective Date, any instruments of transfer relating to and all certificates representing the Scheme Shares shall cease to have effect as documents of title (and/or for any purpose as an instrument of transfer) and every Scheme Shareholder and every holder of such certificate shall be bound on the request of the Offeror to deliver up the same to the Offeror for cancellation thereof.

5. All mandates, representations, warranties, undertakings or relevant instructions to or by the Company in force at the Scheme Record Time on the Scheme Record Date relating to any of the Scheme Shares shall cease to be valid as effective mandates, representations, warranties, undertakings or instructions on the Effective Date.
6. The Scheme of Arrangement shall become effective as soon as a copy of the order of the Grand Court sanctioning the Scheme of Arrangement has been delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Act.
7. Unless the Scheme of Arrangement shall have become effective on or before 30 June 2021 or such later date as may be agreed between the Offeror and the Company, subject to approval by BOCI and Somerley, or to the extent applicable, as the Executive may consent and as the Grand Court on application of the Offeror or the Company may allow, the Scheme of Arrangement shall lapse and be of no effect.
8. The Company and the Offeror may, subject to the approval of the Grand Court and as the Executive may consent, jointly consent to any modification of or addition to the Scheme of Arrangement or to any condition contained therein.
9. The Offeror and the Company have agreed that all costs, charges and expenses of the advisers and counsels appointed by the Company, including the Independent Financial Adviser, will be borne by the Company whereas all costs, charges and expenses of the advisers and counsels appointed by Offeror will be borne by the Offeror, and other costs, charges and expenses of the Scheme of Arrangement incurred by each of the Offeror and the Company will be borne by them respectively.

16 April 2021

IN THE GRAND COURT OF THE CAYMAN ISLANDS FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 62 OF 2021 (CRJ)

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES ACT (2021 REVISION)  
AND IN THE MATTER OF THE GRAND COURT RULES 1995 ORDER 102  
AND IN THE MATTER OF POLYTEC ASSET HOLDINGS LIMITED

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**NOTICE OF COURT MEETING**

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**NOTICE IS HEREBY GIVEN** that, by an order (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Court**”) has directed a meeting (the “**Court Meeting**”) to be convened of the Scheme Shareholders (as defined in the Scheme of Arrangement hereinafter mentioned) for the purpose of considering and, if thought fit, approving (voting together as a single class), a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made between Polytec Asset Holdings Limited (the “**Company**”) and the Scheme Shareholders (as defined in the Scheme of Arrangement) and that the Court Meeting will be held at Chiu Garden, 4th Floor, Pioneer Centre, 750 Nathan Road, Kowloon, Hong Kong on Monday, 10 May 2021 at 10:00 a.m. (Hong Kong time) at which place and time all Scheme Shareholders are invited to attend.

A copy of the Scheme of Arrangement and a copy of an explanatory statement explaining the effect of the Scheme of Arrangement are incorporated in the composite scheme document of which this Notice forms part. A copy of the composite scheme document can also be obtained by the Scheme Shareholders from the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person (who must be an individual), whether a member of the Company or not, to attend, speak and vote in their stead. A **pink** form of proxy for use at the Court Meeting (or any adjournment thereof) is enclosed with the composite scheme document dated Friday, 16 April 2021 despatched to, among others, the Scheme Shareholders on Friday, 16 April 2021. Completion and return of the **pink** form of proxy will not prevent a Scheme Shareholder from attending and voting at the Court Meeting, or any adjournment thereof, in person if he/she wishes to do so and in such event, the **pink** form of proxy previously submitted shall be deemed to have been revoked by operation of law.

In the case of Scheme Shareholders jointly holding ordinary shares of HK\$0.10 par value each in the share capital of the Company (the “**Shares**”), any one of such persons may vote at the Court Meeting, either personally or by proxy, in respect of such Share as if he/she was solely entitled thereto. However, if more than one of such joint holders be present at the Court Meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding of the Shares. For this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the Register of Members of the Company in respect of such joint holding of the Shares, the first named Scheme Shareholder being the senior.

It is requested that **pink** form appointing proxies be deposited at the Hong Kong branch share registrar and transfer office of the Company in Hong Kong at Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 10:00 a.m. on Saturday, 8 May 2021, but if forms are not so lodged they may be handed to the chairman of the Court Meeting at the Court Meeting before the taking of the poll and the chairman of the Court Meeting should have absolute discretion whether or not to accept them.

By the Order, the Court has appointed Mr. Yeung Kwok Kwong, a director of the Company, or failing him, Ms. Wong Yuk Ching, also a director of the Company, or failing her, any other person who is a director of the Company as at the date of the Court Meeting, to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Court.

The Scheme of Arrangement will be subject to a subsequent application seeking the sanction of the Court.

By Order of the Board of  
**Polytec Asset Holdings Limited**  
**Or Wai Sheun**  
*Chairman*

Hong Kong, 16 April 2021

*Registered Office:*

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

*Head Office and Principal Place of Business:*

23rd Floor, Pioneer Centre  
750 Nathan Road  
Kowloon  
Hong Kong

*Notes:*

- (1) A Scheme Shareholder entitled to attend and vote at the Court Meeting is entitled to appoint one, and if such Scheme Shareholder is the holder of two or more Shares, more than one proxy (who must be an individual) to attend and vote instead of him. A proxy need not be a member of the Company, but must attend the Court Meeting in person to represent him.
- (2) A **pink** form of proxy for use at the Court Meeting (or any adjournment thereof) is enclosed with the composite document containing the Scheme of Arrangement dated 16 April 2021 despatched to, among others, the Scheme Shareholders.
- (3) In order to be valid, the **pink** form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be lodged with Tricor Tengis Limited, the Company's Hong Kong branch share registrar and transfer office at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time for holding the Court Meeting or any adjournment thereof but if forms are not so lodged they may be handed to the chairman of the Court Meeting at the Court Meeting before the taking of the poll and the chairman of the Court Meeting should have absolute discretion whether or not to accept them. Completion and return of the **pink** form of proxy will not preclude a Scheme Shareholder from attending the Court Meeting and voting in person if he so wishes. In the event that a Scheme Shareholder attends and votes at the Court Meeting after having lodged his **pink** form of proxy, his **pink** form of proxy shall be deemed to have been revoked by operation of law.

- (4) In the case of joint Scheme Shareholders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding of the Shares. The one of the said joint holders so present whose name stands first on the Register of Members of the Company in respect of such Share(s) shall be accepted to the exclusion of the votes of the other joint holders.
- (5) Voting at the Court Meeting will be taken by poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Code on Takeovers and Mergers.
- (6) The Register of Members of the Company in respect of the Shares will be closed from Tuesday, 4 May 2021 to Monday, 10 May 2021 (both days inclusive) and during such period no transfer of Shares will be registered. In order to be entitled to attend and vote at the Court Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 3 May 2021.
- (7) If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted, the Government of Hong Kong has announced or is expected to issue an announcement on "extreme conditions" caused by super typhoons or a black rainstorm warning signal is or is expected to be in force at any time after 7:00 a.m. on the date of the Court Meeting, the Court Meeting will be postponed or adjourned. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the Scheme Shareholders of the date, time and venue of the rescheduled meeting.



**POLYTEC ASSET HOLDINGS LIMITED****保利達資產控股有限公司\***

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

**(Stock Code: 208)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of holders of ordinary shares of HK\$0.10 par value each (the “**Shares**”) in the share capital of Polytec Asset Holdings Limited (the “**Company**”) will be held at Chiu Garden, 4th Floor, Pioneer Centre, 750 Nathan Road, Kowloon, Hong Kong on Monday, 10 May 2021, at 11:00 a.m. (Hong Kong time) (or as soon as after the conclusion or the adjournment of the meeting of the Scheme Shareholders (as defined in the Scheme of Arrangement hereinafter mentioned) convened at the direction of the Grand Court of the Cayman Islands for the same day and place), for the purpose of considering and, if thought fit, passing the following resolutions:

**SPECIAL RESOLUTIONS**1. “**THAT:**

- (a) pursuant to a scheme of arrangement dated 16 April 2021 (the “**Scheme of Arrangement**”) between the Company and the Scheme Shareholders (as defined in the Scheme of Arrangement) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme of Arrangement), the issued shares in the share capital of the Company shall be reduced by the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme of Arrangement); and
- (b) any one of the directors of the Company be and is hereby authorized to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the reduction of the number of issued shares in the share capital of the Company pursuant to the Scheme of Arrangement, including (without limitation) giving consent to any modification of, or addition to, the Scheme of Arrangement or the reduction of the number of issued shares in the share capital of the Company which the Grand Court of the Cayman Islands may see fit to impose.”

2. “**THAT:**

- (a) subject to the Scheme of Arrangement having become effective, the withdrawal of the listing of the shares of the Company from The Stock Exchange of Hong Kong Limited be and is hereby approved; and

- (b) any one of the directors of the Company be and is hereby authorized to apply to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the shares of the Company.”

### ORDINARY RESOLUTION

3. “**THAT:**

- (a) subject to and simultaneously with the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) taking effect, the number of issued shares in the share capital of the Company be restored to its former amount by allotting and issuing to the Offeror (as defined in the Scheme of Arrangement), credited as fully paid at par, the same number of ordinary shares of HK\$0.10 each in the share capital of the Company as is equal to the number of Scheme Shares cancelled;
- (b) the credit arising in the books of account of the Company consequent upon the reduction of its issued share capital resulting from the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) shall be applied by the Company in paying up in full at par the new ordinary shares allotted and issued to the Offeror pursuant to resolution 3(a) above, and any one of the directors of the Company be and is hereby authorized to allot and issue the same accordingly; and
- (c) any one of the directors of the Company be and is hereby authorized to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the restoration of capital pursuant to the Scheme of Arrangement, including (without limitation) the giving of consent to any modification of, or addition to, the Scheme of Arrangement or the restoration of capital, which the Grand Court of the Cayman Islands may see fit to impose.”

By Order of the Board of  
**Polytec Asset Holdings Limited**  
**Or Wai Sheun**  
*Chairman*

Hong Kong, 16 April 2021

*Registered Office:*

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

*Head Office and Principal Place of Business:*

23rd Floor, Pioneer Centre  
750 Nathan Road  
Kowloon  
Hong Kong

*Notes:*

- (1) A member entitled to attend and vote at the EGM is entitled to appoint one, and if such member is the holder of two or more Shares, more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.

- (2) A **white** form of proxy for use at the EGM (or any adjournment thereof) is enclosed with the composite document containing the Scheme of Arrangement dated 16 April 2021 despatched to, among others, holders of Shares.
- (3) In order to be valid, the **white** form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be lodged with Tricor Tengis Limited, the Company's Hong Kong branch share registrar and transfer office at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time for holding the EGM or any adjournment thereof failing which the **white** form of proxy will not be valid. Completion and return of the **white** form of proxy will not preclude a shareholder from attending the EGM and voting in person if he so wishes. In the event that a shareholder attends and votes at the EGM after having lodged his **white** form of proxy, his **white** form of proxy will be deemed to have been revoked by operation of law.
- (4) In the case of joint holders of Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding of the Shares. The one of the said joint holders so present whose name stands first on the Register of Members of the Company in respect of such Share(s) shall be accepted to the exclusion of the votes of the other joint holders.
- (5) Voting at the EGM will be taken by poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Code on Takeovers and Mergers.
- (6) The Register of Members of the Company in respect of the Shares will be closed from Tuesday, 4 May 2021 to Monday, 10 May 2021 (both days inclusive) and during such period no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 3 May 2021.
- (7) If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted, the Government of Hong Kong has announced or is expected to issue an announcement on "extreme conditions" caused by super typhoons or a black rainstorm warning signal is or is expected to be in force at any time after 7:00 a.m. on the date of the EGM, the EGM will be postponed or adjourned. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the shareholders of the date, time and venue of the rescheduled meeting.

*\* For identification purpose only*