

THIS SCHEME DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

LONGWAY SERVICES GROUP LIMITED

(Incorporated in the British Virgin Islands with limited liability)

ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED

珠海控股投資集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 908)

**SCHEME DOCUMENT RELATING TO
(1) PROPOSAL FOR THE PRIVATISATION OF
ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED
BY LONGWAY SERVICES GROUP LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT;
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED**

Financial Adviser to the Offeror



Essence Corporate Finance (Hong Kong) Limited

Independent Financial Adviser



Unless the context requires otherwise, capitalised terms used in this Scheme Document (including this cover page) shall have the meanings as defined in Part I of this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee is set out in Part V of this Scheme Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee is set out in Part VI of this Scheme Document. An Explanatory Statement regarding the Proposal is set out in Part VII of this Scheme Document.

Notices convening the Court Meeting and the SGM to be held at Salon I, II & III, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 18 May 2021 at 12:00 p.m. and 12:30 p.m. respectively (or in the case of the SGM, immediately after the conclusion or adjournment of the Court Meeting) are set out in Appendices VII and VIII to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the SGM in person, 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 SGM in accordance with the instructions printed on them respectively, and to deposit them at the Share Registrar, 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 Part II of this Scheme Document. The **WHITE** form of proxy in respect of the SGM will not be valid if it is not so lodged. The **PINK** form of proxy in respect of the Court Meeting may also be handed to the chairman of the Court Meeting (who shall have absolute discretion as to whether or not to accept it) at the Court Meeting if it is not so lodged. Completion and return of a form of proxy for the Court Meeting and/or the SGM will not preclude you from attending and voting in person at the relevant meeting(s) or any adjournment thereof should you so wish, and in such event, the relevant form(s) of proxy will be revoked by operation of law.

This Scheme Document is issued jointly by Longway Services Group Limited and Zhuhai Holdings Investment Group Limited.

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

21 April 2021

IMPORTANT NOTICES

NOTICE TO THE OVERSEAS SHAREHOLDERS

The making and implementation of the Proposal to the Scheme Shareholders who are not residents in Hong Kong or who have registered addresses outside Hong Kong may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should satisfy themselves as to the observance of any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, consult their own professional advisers. It is the responsibility of the Overseas Shareholders who wish to accept the Proposal to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Proposal (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Overseas Shareholders in respect of such jurisdictions).

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. None of the Offeror, parties acting in concert with the Offeror, the Company, Essence Corporate Finance, the Independent Financial Adviser, and their respective ultimate beneficial owners, directors, officers, employees, advisers, agents or affiliates 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.

Please see the section headed “17. Overseas Shareholders” set out in Part VII of this Scheme Document for further information.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The performance and the results of operations of the Group contained in this Scheme Document are historical in nature and past performance is not a guarantee of the future results of the Group. This Scheme 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, parties acting in concert with the Offeror, the Company, Essence Corporate Finance, the Independent Financial Adviser, any of their respective ultimate beneficial owners, directors, officers, employees, advisers, agents or affiliates or any other person involved in the Proposal assumes any obligation to correct or update the forward-looking statements or opinions contained in this Scheme Document.

PRECAUTIONARY MEASURES FOR THE COURT MEETING AND THE SGM

Taking into account the COVID-19 pandemic, the Company will implement the following precautionary measures at the Court Meeting and the SGM to protect the attending Shareholders, staff and stakeholders from risk of infection including, without limitation:

- compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at each entrance of the venue. Any person with a body temperature of over 37.4 degrees Celsius will not be admitted to the venue, but will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue;
- each attending Shareholder or proxy or other attendee is required to wear a surgical face mask properly throughout the Court Meeting and the SGM and to maintain a safe distance between seats;
- no refreshments will be served at the Court Meeting and/or the SGM; and
- each attendee may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the Court Meeting and/or the SGM (as the case may be); and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the venue or be required to leave the venue, but will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue.

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine, may be denied entry into the venue. In view of the Regulation and the requirements for social distancing to ensure the health and safety of attendees, there will be limited capacity for Shareholders to attend the Court Meeting and the SGM. The attending Shareholders (or their proxies) will be admitted to the venue on a first-come first-served basis.

The Company reminds all Shareholders that they may exercise their right to vote at the Court Meeting and/or the SGM (as the case may be) by appointing the chairman of the relevant meeting as their proxy to vote on the relevant resolutions at the Court Meeting and/or the SGM (as the case may be) as an alternative to attending the Court Meeting and/or the SGM (as the case may be) in person. Physical attendance by a Shareholder is not necessary for the purpose of exercising their voting rights. Completion and return of the forms of proxy in respect of the Court Meeting and/or the SGM (as the case may be) will not preclude the Shareholders from attending and voting in person at the Court Meeting and/or the SGM (as the case may be) or any adjournment thereof should they subsequently so wish.

The Company will closely monitor and ascertain the regulations and measures introduced or to be introduced by the Hong Kong Government, and if necessary, will make further announcements in case of any update regarding the precautionary measures to be carried out at the Court Meeting and/or the SGM.

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Applicable Laws”	with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgements, decrees, orders or notices of any Authority that is applicable to such person
“Approvals”	licences, approvals, permits, consents, permissions, clearances and registration required by any Authority or any third party
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Authority”	any relevant government, administrative or regulatory body, or court, tribunal, arbitrator or governmental agency or authority or department (including any relevant securities exchange) and whether supranational, national, regional or local
“Beneficial Owner(s)”	any beneficial owner(s) of the Shares whose Shares are registered in the name of a Registered Owner(s)
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“Cancellation Price”	the cancellation price of HK\$3.06 per Scheme Share
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant(s)”	person(s) admitted to participate in CCASS as a direct clearing participant, general clearing participant, a custodian participant or an Investor Participant who may be an individual or joint individuals or a corporation
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time

“Company”	Zhuhai Holdings Investment Group Limited (珠海控股投資集團有限公司), a company incorporated in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 908)
“Concert Group”	the Offeror and parties acting in concert with it (including ZJ Holdings)
“Condition(s)”	condition(s) to the Proposal as set out under the section headed “4. Conditions to the Proposal and the Scheme” in Part VII of this Scheme Document
“Court”	the Supreme Court of Bermuda
“Court Hearing”	the hearing of the petition by the Court for the sanction of the Scheme
“Court Meeting”	the meeting of the Scheme Shareholders to be convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon, is to be held at Salon I, II & III, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at 12:00 p.m. on Tuesday, 18 May 2021, notice of which is set out in Appendix VII to this Scheme Document, or any adjournment thereof
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness that was first reported in November 2019
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which an office copy of the order of the Court sanctioning the Scheme and making such as appropriate pursuant to Section 99 of the Companies Act shall have been delivered to the Registrar of Companies for registration, at which time the Scheme shall become effective
“Essence Corporate Finance”	Essence Corporate Finance (Hong Kong) Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in connection with the Proposal

“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of the Executive Director
“Explanatory Statement”	the explanatory statement which is set out in Part VII of this Scheme Document issued in compliance with Section 100 of the Companies Act
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising Mr. HUI Chiu Chung, Mr. CHU Yu Lin, David, Mr. Albert HO and Mr. WANG Yijiang, which has been established by the Board pursuant to the Takeovers Code
“Independent Financial Adviser”	VMS Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee as to whether the Proposal is fair and reasonable and as to voting in respect of the Scheme
“Investor Participant(s)”	person(s) admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“Joint Announcement”	the joint announcement issued by the Offeror and the Company dated 22 January 2021 in relation to, among other things, the Proposal and proposed withdrawal of listing of the Company
“Last Trading Day”	15 January 2021, being the last trading day of the Shares on the Stock Exchange immediately prior to the halt of trading in the Shares pending the release of the Joint Announcement

“Latest Practicable Date”	19 April 2021, being the latest practicable date prior to the despatch of this Scheme Document for the purpose of ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	15 September 2021 (or any other date as may be agreed by the Offeror and the Company, subject to the approval by Essence Corporate Finance, or to the extent applicable, as the Court may direct and, in all cases, as permitted by the Executive)
“Meeting Record Date”	18 May 2021 or other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the SGM
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing from 22 January 2021 (being the date of the Joint Announcement) and ending on the latest of (1) the date when the Proposal lapses; (2) the date when an announcement is made of the withdrawal of the Proposal; and (3) the Effective Date
“Offeror”	Longway Services Group Limited, a company incorporated under the laws of BVI and a direct wholly-owned subsidiary of ZJ Holdings and a member of the Concert Group
“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 (for the purpose of this Scheme Document, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Pre-Conditions”	the pre-conditions to the making of the Proposal as described in the Joint Announcement

“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme, on the terms and subject to the Conditions set out in this Scheme Document
“Registered Owner(s)”	any person (including without limitation a nominee, trustee, depository or any other authorised custodian or third party) whose name is entered in the register of members of the Company as a holder of the Shares
“Registrar of Companies”	the Registrar of Companies in Bermuda
“Regulation”	the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) (as amended, supplemented and/or modified from time to time)
“Relevant Period”	the period commencing from 22 July 2020 (being the date falling six months prior to 22 January 2021, the date of commencement of the Offer Period) up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	the scheme of arrangement to be proposed under Section 99 of the Companies Act between the Company and the Scheme Shareholders involving the cancellation of all of the Scheme Shares with or subject to any modification, addition or condition which may be approved or imposed by the Court
“Scheme Document”	this composite scheme document of the Offeror and the Company issued to all Shareholders containing, among other things, further details of the Proposal
“Scheme Record Date”	15 June 2021, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Share(s)”	all the Share(s) in issue, other than those Shares already owned by the Concert Group

“Scheme Shareholder(s)”	registered holder(s) of the Scheme Shares as at the Scheme Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGM”	a special general meeting of the Company to be convened for the purpose of passing all necessary resolutions for, amongst other things, special resolution for cancellation of the Scheme Shares and ordinary resolution to issue new Shares, or any adjournment thereof, to be held at Salon I, II & III, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at 12:30 p.m. on Tuesday, 18 May 2021 (or so immediately after the conclusion or adjournment of the Court Meeting), notice of which is set out in Appendix VIII to this Scheme Document
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Registrar”	Tricor Tengis Limited, the Hong Kong branch share registrar of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stamp Duty Ordinance”	Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) (as amended, supplemented and/or modified from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC
“Zhuhai SASAC”	the State-owned Asset Supervision and Administration Commission of the Zhuhai Municipal People’s Government (珠海市人民政府國有資產監督管理委員會)

“ZJ Holdings”	珠海九洲控股集團有限公司 (Zhuhai Jiuzhou Holdings Group Co., Ltd.*), a state-owned enterprise established in the PRC with limited liability, a member of the Concert Group and the sole shareholder of the Offeror
“2020 Results Announcement”	the annual results announcement of the Company for the year ended 31 December 2020 dated 29 March 2021
“%”	per cent.

* *For identification purposes only*

This Scheme Document contains important information and you are encouraged to read this Scheme Document in full, including the additional information contained in the Appendices to this Scheme Document carefully. In addition, your attention is also drawn to the letter from the Independent Board Committee as set out in Part V of this Scheme Document and the letter from the Independent Financial Adviser as set out in Part VI of this Scheme Document in relation to their respective recommendations with respect to the Proposal. You are urged to carefully read such letters of recommendations before taking any action in respect of the Proposal.

1. ACTIONS TO BE TAKEN BY SHAREHOLDERS

For the purpose of determining the entitlements of holders of Scheme Shares to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 13 May 2021 to Tuesday, 18 May 2021 (both dates inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the SGM, all transfers of share ownership accompanied by the relevant share certificates must be lodged with the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Wednesday, 12 May 2021.

A **PINK** form of proxy for use in connection with the Court Meeting and a **WHITE** form of proxy for use in connection with the SGM are enclosed with this Scheme Document sent to the Shareholders.

Whether or not you are able to attend the Court Meeting and/or the SGM or any adjournment thereof in person, 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 SGM in accordance with the instructions printed on them respectively, and to lodge them at the Share Registrar, 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 in connection with the Court Meeting should be lodged no later than 12:00 p.m. on Sunday, 16 May 2021, which is not less than 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof. The **PINK** form of proxy may also be handed to the chairman of the Court Meeting (who will have absolute discretion as to whether or not to accept it) at the Court Meeting if it is not so lodged. The **WHITE** form of proxy for use in connection with the SGM should be lodged no later than 12:30 p.m. on Sunday, 16 May 2021, which is not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof, failing which it will not be valid.

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

Even if you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the SGM, you will still be bound by the outcome of the Court Meeting and/or the SGM. You are therefore strongly encouraged to attend and vote at the Court Meeting and/or the SGM in person or by proxy.

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

The Offeror and the Company will make an announcement in relation to the results of the Court Meeting and the SGM on Tuesday, 18 May 2021 by not later than 7:00 p.m.. If all of the requisite resolutions are passed at those meetings, further announcement(s) will be made in relation to, among other things, the results of the Court Hearing, 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.

2. ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE DEPOSITED IN CCASS

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you should, unless you are admitted to participate in CCASS as an Investor Participant:

- (i) contact your broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, a CCASS Participant regarding voting instructions to be given to such persons; or
- (ii) arrange for some or all of such Shares to be withdrawn from CCASS and transferred into your own name prior to the Meeting Record Date, if you wish to attend and vote (in person or by proxy) at the Court Meeting and/or the SGM.

The procedures for voting by the Investor Participants and other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the "Operating Guide for Investor Participants", the "General Rules of CCASS" and the "CCASS Operational Procedures" in effect from time to time.

3. ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD BY A REGISTERED OWNER OTHER THAN HKSCC NOMINEES LIMITED

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

If you are a Beneficial Owner whose Shares are registered in the name of a nominee, trustee, depositary or any other authorised custodian or third party (other than HKSCC

Nominees Limited), you should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the SGM.

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

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

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the SGM shall be in accordance with all relevant provisions in the bye-laws of the Company.

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

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

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and/or the SGM in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy accurately and to submit them 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 lodgement of forms of proxy in respect of the Court Meeting and/or the SGM, such Beneficial Owner should comply with the requirements of such Registered Owner.

4. EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder or a Beneficial Owner whose Shares are held by a Registered Owner (including HKSCC Nominees Limited), you are strongly encouraged to exercise your right to vote (in the case of a Shareholder) or to give instructions to the relevant Registered Owner (in the case of a Beneficial Owner) to vote in person or by proxy at the Court Meeting and/or the SGM. If you keep any Shares in a share lending

programme, you are encouraged to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you are strongly encouraged to withdraw at least some of your Shares from CCASS and become a registered holder of such Shares and exercise your right to vote, in person or by proxy, at the Court Meeting and/or the SGM. You should contact your broker, custodian, nominee or other relevant person in advance of the detailed procedures and the latest time for lodging transfers of Shares into your name so as to qualify to attend and vote at the Court Meeting and the SGM, 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.

In respect of any Shares of which you are the Beneficial Owner and which remain in CCASS, you are encouraged to contact your broker, custodian, nominee or other relevant person regarding voting instructions in relation to the manner in which those Shares should be voted at the Court Meeting and/or the SGM without delay.

Only Scheme Shareholders whose Scheme Shares are registered in their own names in the register of members of the Company on the Meeting Record Date will be counted as members of the Company for the purpose of calculating whether or not a majority in number of members of the Company have approved the Scheme at the Court Meeting under Section 99 of the Companies Act. In accordance with the direction from the Court, HKSCC Nominees Limited will be counted as one Scheme Shareholder and may vote for or against the Scheme according to the majority of voting instructions it receives. 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 Court and may be taken into account in deciding whether or not the Court should exercise its discretion to sanction the Scheme. Beneficial Owners who wish to individually vote or be counted for purposes of calculating whether or not a majority in number of members of the Company have approved the Scheme at the Court Meeting under Section 99 of the Companies Act should make arrangements to be registered as a member of the Company in their own names prior to the Meeting Record Date.

If you are a Registered Owner holding Shares on behalf of Beneficial Owners, you should inform the relevant Beneficial Owners about the importance of exercising their right to vote and that Beneficial Owners should consider transferring some or all their Shares into their names if they wish to be counted individually for the purposes of the headcount test.

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

Event	Time & Date
Despatch date of this Scheme Document	Wednesday, 21 April 2021
Latest time for lodging transfers of Shares to qualify for the entitlement to attend and vote at the Court Meeting and the SGM	4:30 p.m. on Wednesday, 12 May 2021
Closure of the register of members of the Company for determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the SGM (<i>Note 1</i>)	Thursday, 13 May 2021 to Tuesday, 18 May 2021 (both dates inclusive)
Latest time for lodging PINK forms of proxy in respect of the Court Meeting (<i>Note 2</i>)	12:00 p.m. on Sunday, 16 May 2021 (or alternatively to be handed to the chairman of the Court Meeting)
Latest time for lodging WHITE forms of proxy in respect of the SGM (<i>Note 2</i>)	12:30 p.m. on Sunday, 16 May 2021
Meeting Record Date.	Tuesday, 18 May 2021
Court Meeting (<i>Notes 3 & 4</i>)	12:00 p.m. on Tuesday, 18 May 2021
SGM (<i>Notes 3 & 4</i>)	12:30 p.m. on Tuesday, 18 May 2021 (or so immediately after the conclusion or adjournment of the Court Meeting)
Announcement of the results of the Court Meeting and the SGM posted on the website of the Stock Exchange and the website of the Company	no later than 7:00 p.m. on Tuesday, 18 May 2021
Expected last day for dealing in the Shares on the Stock Exchange	Thursday, 20 May 2021

Latest time for lodging transfers of Shares to qualify for the entitlement to the Cancellation Price under the Scheme	4:30 p.m. on Monday, 31 May 2021
Closure of the register of members of the Company for determining the entitlement of the Scheme Shareholders under the Scheme (<i>Note 5</i>)	from Tuesday, 1 June 2021 onwards
Court Hearing	Tuesday, 8 June 2021 (<i>Bermuda time</i>)
Announcement of (1) the results of the Court Hearing; (2) the expected Effective Date; and (3) the expected date of withdrawal of listing of the Shares on the Stock Exchange, published on the website of the Stock Exchange and the website of the Company	no later than 8:30 a.m. on Wednesday, 9 June 2021
Scheme Record Date	Tuesday, 15 June 2021
Effective Date (<i>Note 6</i>)	Tuesday, 15 June 2021 (<i>Bermuda time</i>)
Announcement of (1) the Effective Date; and (2) withdrawal of listing of the Shares on the Stock Exchange, published on the website of the Stock Exchange and the website of the Company	no later than 8:30 a.m. on Wednesday, 16 June 2021
Withdrawal of listing of the Shares on the Stock Exchange	9:00 a.m. on Friday, 18 June 2021
Latest date to despatch cheques for payment of the Cancellation Price to the Scheme Shareholders (<i>Note 7</i>)	on or before Thursday, 24 June 2021

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

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, other than references to the expected date of the Court Hearing and the Effective Date, which are the relevant times and dates in Bermuda. For reference only, Bermuda time (daylight savings time) is 11 hours behind Hong Kong time as at the Latest Practicable Date.

Notes:

1. The register of members of the Company will be closed during such period for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting, and the Shareholders to attend and vote at the SGM. For the avoidance of doubt, this period of closure is not for determining the Scheme Shareholders who are qualified for entitlement to the Cancellation Price under the Scheme.
2. The **PINK** form of proxy in respect of the Court Meeting and the **WHITE** form of proxy in respect of the SGM should be completed and signed in accordance with the instructions respectively printed on them and should be lodged with the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than the relevant times and dates stated above. In the case of the **PINK** form of proxy in respect of the Court Meeting, it may also be handed to the chairman of the Court Meeting (who shall have absolute discretion as to whether or not to accept it) at the Court Meeting if it is not so lodged. The **WHITE** form of proxy in respect of the SGM will not be valid if it is not so lodged. Completion and return of a form of proxy for the Court Meeting and /or the SGM will not preclude a Scheme Shareholder or a Shareholder (as the case may be) from attending and voting in person at the relevant meeting or any adjournment, if he, she or it so wishes. In such event, the returned form of proxy will be deemed to have been revoked by operation of law.
3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above or post-super typhoon extreme conditions in force at or after 10:00 a.m. on Tuesday, 18 May 2021, the Court Meeting and the SGM shall automatically be postponed to the next Business Day on which no "black" rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted and no post-super typhoon extreme conditions are in force between the hours from 10:00 a.m. to 12:00 p.m. and in such case the Court Meeting and the SGM shall be held at 12:00 p.m. and 12:30 p.m., respectively, on that Business Day at Units 3709-10, 37/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Court Meeting and the SGM will be held as scheduled even when a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.

Shareholders should make their own decision as to whether to attend the Court Meeting and the SGM under bad weather conditions bearing in mind their own situation and, if they should choose to do so, they are advised to exercise care and caution.
4. The Court Meeting and the SGM will be held at Salon I, II & III, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at the times and dates specified above. Please refer to the notices of the Court Meeting and the SGM set out in Appendices VII and VIII, respectively, to this Scheme Document for details.
5. The register of members of the Company will be closed from Tuesday, 1 June 2021 onwards for the purpose of determining the Scheme Shareholders who are qualified for entitlement to the Cancellation Price under the Scheme.
6. The Scheme will become effective upon all the Conditions having been fulfilled or waived (as applicable). Shareholders will be advised by an announcement of the exact date upon which the Scheme becomes effective. The withdrawal of listing of the Shares will take place following the Scheme becoming effective on the Effective Date and it is expected that the listing of the Shares will be withdrawn at 9:00 a.m. on Friday, 18 June 2021. All of the Conditions will have to be fulfilled or waived (as applicable) on or before the Long Stop Date (or such later date as the Offeror and the Company may agree, subject to approval by Essence Corporate Finance, or to the extent applicable, as the Court may direct and, in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse.
7. Cheques for payment of the Cancellation Price to the Scheme Shareholders will be despatched within seven (7) Business Days following the Effective Date by ordinary post in postage pre-paid envelopes addressed to the person(s) entitled thereto at their respective addresses as appearing on the register of members as at the Scheme Record Date or, in the case of joint holders, at the address appearing on the register of members as at the Scheme Record Date of the joint holder whose name then stands first in the register of members in respect of the relevant joint holding.

ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED**珠海控股投資集團有限公司***(Incorporated in Bermuda with limited liability)***(Stock Code: 908)***Executive Directors*

Mr. ZENG Jianping

Mr. JIN Tao

Mr. YE Yuhong

Mr. LI Wenjun

Registered office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Non-executive Director

Mr. ZOU Chaoyong

*Head Office and Principal Place of
Business in Hong Kong*

Units 3709-10

37/F, West Tower

Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan

Hong Kong

Independent non-executive Directors

Mr. HUI Chiu Chung

Mr. CHU Yu Lin, David

Mr. Albert HO

Mr. WANG Yijiang

21 April 2021

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED
BY LONGWAY SERVICES GROUP LIMITED
BY WAY OF A
SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA, AS
AMENDED;
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED**

1. INTRODUCTION

Reference is made to (i) the Joint Announcement; and (ii) the joint announcement issued by the Offeror and the Company dated 22 March 2021 in relation to the satisfaction of all the Pre-Conditions.

The Offeror and the Company jointly announced that on 17 January 2021, the Offeror requested the Board to, subject to the satisfaction of the Pre-Conditions, put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act. On 19 March 2021, all the Pre-Conditions have been satisfied.

If the Scheme becomes effective:

- (a) all Scheme Shares held by the Scheme Shareholders will be cancelled in consideration for the Cancellation Price of HK\$3.06 per Scheme Share which shall be paid in cash;
- (b) new Shares corresponding to the cancelled Scheme Shares will be issued to the Offeror, credited as fully paid, such that the Concert Group will in aggregate hold the entire issued share capital of the Company (among which the Offeror will hold approximately 83.53% and ZJ Holdings will hold the remaining approximately 16.47% of the issued share capital of the Company); and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn pursuant to Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and the Scheme and to give you notice of the Court Meeting and of the SGM (together with proxy forms in relation thereto). Your attention is also drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Statement as set out in Part VII of this Scheme Document; and (iv) Appendix VI headed "*Scheme of Arrangement*" of this Scheme Document.

2. TERMS OF THE PROPOSAL

The Scheme

Subject to the satisfaction or waiver (as applicable) of the Conditions described in the section headed "*4. Conditions to the Proposal and the Scheme*" in the Explanatory Statement as set out in Part VII of this Scheme Document, the Proposal will be implemented and the Scheme will become effective and binding on the Company and all Shareholders. Under the Proposal, if the Scheme becomes effective, the Scheme Shares will be cancelled and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$3.06 in cash for each Scheme Share cancelled.

No increase in the Cancellation Price

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

Cancellation Price per Scheme Share

The Cancellation Price of HK\$3.06 per Scheme Share represents:

- (a) a premium of approximately 4.44% over the closing price of HK\$2.930 per Share as quoted on the Stock Exchange on 19 April 2021, being the Latest Practicable Date;
- (b) a premium of approximately 37.84% over the closing price of HK\$2.220 per Share as quoted on the Stock Exchange on 15 January 2021, being the Last Trading Day;
- (c) a premium of approximately 36.73% over the average of the closing prices of the Shares of approximately HK\$2.238 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 37.47% over the average of the closing prices of the Shares of approximately HK\$2.226 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (e) a premium of approximately 52.39% over the average of the closing prices of the Shares of approximately HK\$2.008 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (f) a premium of approximately 57.41% over the average of the closing prices of the Shares of approximately HK\$1.944 per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day;
- (g) a premium of approximately 98.19% over the audited consolidated net asset value attributable to Shareholders per Share as at 31 December 2019 of approximately HK\$1.544 (based on a total of 1,427,797,174 Shares in issue as at the Latest Practicable Date and the Group's audited consolidated net asset value attributable to the Shareholders of RMB1,974,504,000 as at 31 December 2019, as disclosed in the annual report of the Company dated 28 April 2020 and the exchange rate of RMB0.89578 to HK\$1, being the exchange rate as quoted by the People's Bank of China on 31 December 2019);
- (h) a premium of approximately 1.12 times over the unaudited consolidated net asset value attributable to Shareholders per Share as at 30 June 2020 of approximately HK\$1.444 (based on a total of 1,427,797,174 Shares in issue as at the Latest Practicable Date and the Group's unaudited consolidated net asset value attributable to Shareholders of RMB1,883,330,000 as at 30 June 2020, as disclosed in the interim report

of the Company dated 24 September 2020 and the exchange rate of RMB0.91344 to HK\$1, being the exchange rate as quoted by the People's Bank of China on 30 June 2020);

- (i) a premium of approximately 76.37% over the audited consolidated net asset value attributable to Shareholders per Share as at 31 December 2020 of approximately HK\$1.735 (based on a total of 1,427,797,174 Shares in issue as at the Latest Practicable Date and the Group's audited consolidated net asset value attributable to the Shareholders of RMB2,084,541,000 as at 31 December 2020, as disclosed in the 2020 Results Announcement and the exchange rate of RMB0.84164 to HK\$1, being the exchange rate as quoted by the People's Bank of China on 31 December 2020); and
- (j) a discount of approximately 21.52% to the unaudited adjusted consolidated net asset value attributable to Shareholders per Share as at 28 February 2021 of approximately HK\$3.899 (based on a total of 1,427,797,174 Shares in issue as at the Latest Practicable Date, the Group's unaudited adjusted consolidated net asset value attributable to Shareholders of RMB4,645,537,000 (as referred to the section headed "5. *Adjusted Net Asset Value*" in Appendix I to this Scheme Document) and the exchange rate of RMB0.83449 to HK\$1, being the exchange rate as quoted by the People's Bank of China on the last working day before 28 February 2021).

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historical closing prices of the Shares as quoted on the Stock Exchange, financial position of the Group and with reference to other privatisation transactions in Hong Kong in recent years.

Shareholders should note that if any dividend, distribution and/or return of capital (as the case may be) is made or paid in respect of the Cancellation Shares after the Latest Practicable Date and on or before the Effective Date, the Offeror reserves the right to reduce the Cancellation Price by an amount equal to all or any part of the amount of such dividend, distribution and/or return of capital.

As at the Latest Practicable Date, the Company has not declared any dividend which remains unpaid and does not intend to declare and/or pay any dividend before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses (as the case may be).

3. CONDITIONS TO THE PROPOSAL AND THE SCHEME

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the satisfaction or waiver (as applicable) of the following Conditions (as further described in the section headed

“Conditions to the Proposal and the Scheme” in the Explanatory Statement as set out in Part VII of this Scheme Document):

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) (i) the approval of the Scheme (by way of poll) by the Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Scheme 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 Scheme 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 Scheme Shareholders;
- (c) the passing by the Shareholders at the SGM of (i) a special resolution to approve any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of the Company by the allotment and issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled;
- (d) the sanction of the Scheme (with or without modification) by the Court and the delivery to the Registrar of Companies of a copy of the order of the Court for registration;
- (e) compliance with the procedural requirements and conditions (if any) under Section 46(2) of the Companies Act in relation to the reduction of the issued share capital of the Company;
- (f) all Approvals which are: (i) required in connection with the Proposal by Applicable Laws or any licences, permits or contractual obligations of any member of the Group; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;
- (g) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal);
- (h) all Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly

provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date;

- (i) since the date of the Joint Announcement, there having been no material adverse change to the business, assets, financial or trading position of the Group, each taken as a whole;
- (j) no litigation, arbitration proceedings, prosecution or other legal proceedings being instituted against any member of the Group and no such proceedings being threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court in respect of any such member or the business carried on by any such member having been threatened in writing, announced or instituted), in each case which is material and adverse in the context of the Group taken as a whole and in the context of the Proposal; and
- (k) save in connection with the implementation of the Proposal, the listing of the Shares on the Stock Exchange not having been withdrawn, and no indication having been received from the Executive and/or the Stock Exchange, to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn.

The Conditions in paragraphs (a) to (f) (inclusive) and (h) above are not waivable. The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Conditions in paragraphs (a) to (f) and (h)). The Company does not have the right to waive any of the Conditions. All of the above Conditions must be satisfied or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any or all of the Conditions so as to cause the Proposal to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

As at the Latest Practicable Date, the Company was not aware of any circumstances which may result in any of the Conditions in paragraphs (g), (i) to (k) (inclusive) above not being satisfied.

As at the Latest Practicable Date, none of the Conditions had been fulfilled or waived (as applicable).

If the Conditions are satisfied or validly waived (as applicable), the Scheme will be binding on all of the Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the SGM.

An announcement will be made by the Company and the Offeror in relation to the results of the Court Meeting and the SGM on Tuesday, 18 May 2021 by no later than 7:00

p.m. and, if all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the hearing of the petition for the sanction of the Scheme by the Court, the Effective Date and the date of withdrawal of listing of Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

WARNING: Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Conditions being satisfied or waived, as applicable. Therefore, the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

4. SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal is to be found in the section headed "8. *Shareholding Structure of the Company*" in the Explanatory Statement as set out in Part VII of this Scheme Document.

5. REASONS FOR AND BENEFITS OF THE PROPOSAL

You are urged to read carefully the section headed "9. *Reasons for and Benefits of the Proposal*" in the Explanatory Statement as set out in Part VII of this Scheme Document.

6. THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP

You are urged to read carefully the section headed "10. *Intention of the Offeror in relation to the Group*" in the Explanatory Statement as set out in Part VII of this Scheme Document.

The Board is pleased to note that:

- (a) the Offeror intends to continue the existing business of the Group;
- (b) no major changes are expected to be introduced in the existing principal business of the Group in the immediate term, including any major redeployment of the fixed assets of the Group; and
- (c) the Offeror does not have any plan to make any significant changes to the continued employment of the employees of the Group as a result of the implementation of the Proposal.

The Board is of the view that the Offeror's intentions in relation to the Group and its employees would not have a material impact on the existing businesses of the Group.

7. INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Mr. HUI Chiu Chung, Mr. CHU Yu Lin, David, Mr. Albert HO and Mr. WANG Yijiang, being all the independent non-executive Directors has been established by the Board to make a recommendation to the Scheme Shareholders (i) as to whether the Proposal is fair and reasonable; and (ii) as to voting in respect of the Scheme at the Court Meeting and the SGM.

Pursuant to Rule 2.8 of the Takeovers Code, members of the Independent Board Committee are all non-executive directors who have no direct or indirect interest in the Proposal. Mr. ZOU Chaoyong, who is a non-executive Director, is also a director of the ZJ Holdings, the sole shareholder of the Offeror. As such, Mr. ZOU Chaoyong is not considered independent for the purpose of advising the Scheme Shareholders in respect of the Proposal and therefore not a member of the Independent Board Committee.

The full text of the letter from the Independent Board Committee is set out in Part V of this Scheme Document.

8. INDEPENDENT FINANCIAL ADVISER

The Company has, with the approval of the Independent Board Committee, appointed VMS Securities Limited as the Independent Financial Adviser to advise the Independent Board Committee as to whether the Proposal is fair and reasonable and as to voting in respect of the Scheme.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

9. INFORMATION ABOUT THE OFFEROR AND THE COMPANY

Your attention is drawn to the sections headed “11. Information of the Offeror” and “12. Information of the Company” in the Explanatory Statement as set out in Part VII of this Scheme Document, Appendix I headed “Financial Information of the Group”, Appendix III headed “General Information of the Offeror”, and Appendix IV headed “General Information of the Group”.

10. OVERSEAS SHAREHOLDERS

If you are an overseas Scheme Shareholder, your attention is drawn to the section headed “17. Overseas Shareholders” in the Explanatory Statement as set out in Part VII of this Scheme Document.

11. COURT MEETING AND SGM

For the purpose of exercising your right to vote at the Court Meeting and/or the SGM, you are requested to read carefully the section headed “19. Court Meeting and SGM” in the Explanatory Statement as set out in Part VII of this Scheme Document, the section headed “ACTIONS TO BE TAKEN” in Part II of this Scheme Document, and the notices of the Court Meeting and the SGM set out in Appendix VII and Appendix VIII to this Scheme Document respectively.

12. ACTIONS TO BE TAKEN

The actions which you are required to take in relation to the Proposal are set out the section headed “ACTIONS TO BE TAKEN” in Part II of this Scheme Document.

13. RECOMMENDATION

Your attention is drawn to the recommendations of the Independent Financial Adviser to the Independent Board Committee, in respect of the Proposal and the Scheme as set out in the “Letter from the Independent Financial Adviser” in Part VI of this Scheme Document. Your attention is also drawn to the recommendation of the Independent Board Committee in respect of the Proposal and the Scheme as set out in the “Letter from the Independent Board Committee” in Part V of this Scheme Document.

14. PROPOSED WITHDRAWAL OF LISTING OF THE SHARES ON THE STOCK EXCHANGE

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished and the share certificates in respect of 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 in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

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

Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange, the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. An indicative expected timetable in relation to the Proposal is included in the section headed “EXPECTED TIMETABLE” in Part III of this Scheme Document.

If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

Your attention is drawn to the sections entitled “13. *Share Certificates, Dealings and Listing*” and “14. *If the Proposal is not Approved or Lapses*” in the Explanatory Statement as set out in Part VII of this Scheme Document.

15. REGISTRATION AND PAYMENT

Your attention is drawn to the section entitled “16. *Registration and Payment*” in the Explanatory Statement set out as set out in Part VII of this Scheme Document.

16. TAXATION, EFFECTS AND LIABILITIES

It is emphasised that none of the Offeror, parties acting in concert with the Offeror, the Company, Essence Corporate Finance, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, employees, advisers, agents or affiliates 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. Accordingly, you are urged to read the section entitled “18. *Taxation*” in the Explanatory Statement as set out in Part VII of this Scheme Document and if you are in any doubt as to any aspect of this Scheme Document or as to the action to be taken, you are recommended to consult an appropriately qualified professional adviser.

17. FURTHER INFORMATION

You are urged to read carefully the letters from the Independent Board Committee and the Independent Financial Adviser, as set out in Part V and Part VI respectively of this Scheme Document, the Explanatory Statement as set out in Part VII of this Scheme Document and the Appendices to this Scheme Document. In addition, a **PINK** form of proxy in respect of the Court Meeting and a **WHITE** form of proxy in respect of the SGM are enclosed with this Scheme Document.

By order of the Board
Zhuhai Holdings Investment Group Limited
Zeng Jianping
Chairman

ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED**珠海控股投資集團有限公司***(Incorporated in Bermuda with limited liability)***(Stock Code: 908)**

21 April 2021

To the Scheme Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED
BY LONGWAY SERVICES GROUP LIMITED
BY WAY OF A
SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA, AS
AMENDED;
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED**

Reference is made to (i) the Joint Announcement; (ii) the joint announcement issued by the Offeror and the Company dated 22 March 2021 in relation to the satisfaction of all the Pre-Conditions; and (iii) the Scheme Document, of which this letter forms part. Terms defined in the Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Scheme Shareholders as to whether the Proposal is fair and reasonable and as to voting in respect of the Scheme, details of which are set out in the “Letter from the Board” and the “Explanatory Statement” of the Scheme Document.

The Independent Financial Adviser has been appointed with our approval to advise us in connection with the Proposal and the Scheme. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the “Letter from the Independent Financial Adviser” of the Scheme Document.

Having considered the terms of the Proposal and the Scheme, and having taken into account the advice of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter, the Independent Board Committee considers that the terms of the Proposal and the Scheme are fair and reasonable so far as the Scheme Shareholders are concerned.

Accordingly, the Independent Board Committee recommends:

1. at the Court Meeting, the Scheme Shareholders to vote in favour of the Scheme;

2. at the SGM, the Shareholders to vote in favour of:
- (a) the special resolution to approve the reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; and
 - (b) the ordinary resolution to, among other things, apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of the Company by the allotment and issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled.

The Independent Board Committee draws the attention of the Scheme Shareholders to (i) the “*Letter from the Board*” set out in the Scheme Document; (ii) the “*Letter from the Independent Financial Adviser*”, which sets out the factors and reasons taken into account in arriving at its recommendations to the Independent Board Committee, set out in the Scheme Document; and (iii) the “*Explanatory Statement*” set out in the Scheme Document and reminds the Scheme Shareholders to read such information carefully.

Yours faithfully,

The Independent Board Committee

Hui Chiu Chung

*Independent
non-executive
Director*

Chu Yu Lin, David

*Independent
non-executive
Director*

Albert Ho

*Independent
non-executive
Director*

Wang Yijiang

*Independent
non-executive
Director*

The following is the letter of advice from the Independent Financial Adviser, VMS Securities Limited, to the Independent Board Committee, which has been prepared for the purpose of inclusion in this Scheme Document.

VMS SECURITIES LIMITED
49th Floor
One Exchange Square
8 Connaught Place
Central
Hong Kong

21 April 2021

To: the Independent Board Committee

Dear Sirs,

**(1) PROPOSAL FOR THE PRIVATISATION OF
ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED
BY LONGWAY SERVICES GROUP LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the proposed privatisation of Zhuhai Holdings Investment Group Limited by way of a scheme of arrangement under section 99 of the Companies Act involving, inter alia, the cancellation of all the Scheme Shares held by the Scheme Shareholders. Details of the Proposal are contained in the joint announcement dated 22 January 2021 and the document to the Shareholders dated 21 April 2021 (the “**Scheme Document**”) of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document.

In accordance with Rule 2.8 of the Takeovers Code, members of the Independent Board Committee should comprise all non-executive Directors who have no direct or indirect interest in the Proposal. Since Mr. ZOU Chaoyong, a non-executive Director, is also a director of ZJ Holdings, Mr. ZOU is not considered independent in the context of the Proposal. Accordingly, only the four independent non-executive Directors, namely, Mr. HUI Chiu Chung, Mr. CHU Yu Lin, David, Mr. Albert HO and Mr. WANG Yijiang, have been appointed by the Board to constitute the Independent Board Committee to advise the Scheme Shareholders as to: (a) whether the Proposal is fair and reasonable; and (b) voting in respect of the Scheme at the Court Meeting. We have been appointed as the independent financial adviser to advise the Independent Board Committee in this regard, which appointment has been approved by the Independent Board Committee.

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

In formulating our advice and recommendation, we have relied on the information and facts supplied, by the executive Directors and management of the Company, which we have assumed to be true, accurate and complete as at the Latest Practicable Date. We have further assumed that all representations contained or referred to in the Scheme Document were true at the time they were made and as at the Latest Practicable Date. Shareholders will be informed as soon as possible if we become aware of any material change to such representations/our opinion up to the Effective Date. We have reviewed, among other things, (i) audited financial statements of the Company for the past two years ended 31 December 2018 and 2019; (ii) the 2020 Results Announcement; (iii) the unaudited consolidated management accounts of the Company for the two months ended 28 February 2021; (iv) announcements published by the Company on the website of the Stock Exchange since 1 January 2019; and (v) property valuation report contained in Appendix II to the Scheme Document. We have discussed with Knight Frank Petty Limited (the independent property valuer) the bases and assumptions for their valuation as at 28 February 2021 of the Group's property interests which is contained in Appendix II to the Scheme Document. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied. We consider that the information which we have received is sufficient for us to reach our opinion and advice as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them; nor have we carried out any independent verification of the information supplied.

We have not considered the tax and regulatory implications as regards the Proposal and the Scheme since these depend on individual circumstances. In particular, the Scheme Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

TERMS OF THE PROPOSAL

Details of terms of the Proposal are set out in the Explanatory Statement included in the Scheme Document. Scheme Shareholders are encouraged to read the Scheme Document and the appendices in full. In summary, the Proposal involves the following principal steps:

- (a) all Scheme Shares held by the Scheme Shareholders will be cancelled in consideration for the Cancellation Price of HK\$3.06 per Scheme Share which shall be paid in cash;

- (b) new Shares corresponding to the cancelled Scheme Shares will be issued to the Offeror, credited as fully paid, such that the Concert Group will in aggregate hold the entire issued share capital of the Company (among which the Offeror will hold approximately 83.53% and ZJ Holdings will hold the remaining approximately 16.47% of the issued share capital of the Company); and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn pursuant to Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

It is stated in the Scheme Document that the Cancellation Price will not be increased and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

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

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) (i) the approval of the Scheme (by way of poll) by the Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Scheme 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 Scheme 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 Scheme Shareholders;
- (c) the passing by the Shareholders at the SGM of (i) a special resolution to approve any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of the Company by the allotment and issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled; and
- (d) the sanction of the Scheme (with or without modification) by the Court and the delivery to the Registrar of Companies of a copy of the order of the Court for registration.

Further details of the Conditions are set out in paragraph headed “Conditions to the Proposal and the Scheme” in the Explanatory Statement included in the Scheme Document.

As at the Latest Practicable Date, none of the Conditions had been fulfilled or waived (as applicable). All of the Conditions have to be fulfilled or waived (as applicable) on or before the Long Stop Date, being 15 September 2021, (or such other date as the Offeror and the Company may agree, subject to approval by Essence Corporate Finance, or, to the extent applicable, as the Court may direct and, in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse.

If approved, the Scheme will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Reasons for and benefits of the Proposal

The reasons for, and benefits of the Proposal are set out in the Explanatory Statement included in the Scheme Document.

The Cancellation Price of HK\$3.06 for each Scheme Share represents a premium of approximately 37.84% over the closing price of HK\$2.220 per Share as quoted on the Stock Exchange on 15 January 2021, being the Last Trading Day, and a premium of approximately 52.39% and 57.41% over the average closing price of approximately HK\$2.008 and HK\$1.944 per Share for 30 and 90 trading days up to and including the Last Trading Day, respectively. Accordingly, the Scheme provides an immediate opportunity for the Scheme Shareholders to monetize their Shares at a premium to the market price of the Company as at the Latest Practicable Date.

In the context of deepening reforms of state-owned enterprises and the adoption of a capital management-based approach, the Offeror, as a state-owned investment holding company in the PRC, is proactively exploring new initiatives to reform state-owned capital invested companies and enhance the management efficiency of state-owned assets.

Implementation of the Proposal will permit the Offeror and the Company to make strategic decisions focused on long-term growth and benefits, free from regulatory constraints, the pressure of market expectations and share price fluctuations which arise from being a publicly listed company. The Proposal, which entails the delisting of the Company, is expected to reduce the management resources associated with maintaining the compliance with regulatory requirements and, in turn, allow greater flexibility for the Offeror and the Company to manage the Group’s business.

In addition, the listing of Shares requires the Company to bear administrative, compliance and other listing-related costs and expenses; if these costs and expenses are eliminated, the funds saved could be used for the Company’s business operations.

We consider that the above are typical reasons for a controlling shareholder to proceed with a privatization proposal. Our analysis on the market price and trading volume of the Shares is set out below in the paragraph headed “Share price and trading volume” below.

If the Scheme becomes effective, the Company will, subject to the approval of the Stock Exchange, withdraw the listing of the Shares on the Stock Exchange. However, in the event that the Scheme is not approved or lapses or does not become unconditional for any reason, the Company will maintain the listing of the Shares on the Stock Exchange.

2. Past results of the Group

The Group is principally engaged in three business segments, namely:

- (i) the ferry services segment (the “**Jiuzhou Blue Sea Jet and Blue Marine Tourism Segment**”), which consists of the provision of ferry services between Zhuhai on the one part and Hong Kong and Shekou on the other part;
- (ii) the hotel, tourist attraction and property development segment (the “**Green Leisure Tourism and Composite Real Estate Segment**”), which consists of (a) the management of holiday resorts, a theme park and an amusement park; (b) development of properties for sale, and (c) the operation of a golf club; and
- (iii) the public utilities and financial investments segment (the “**Public Utilities and Financial Investments Segment**”), which consists of (a) the provision of port facilities, (b) the trading and distribution of fuel oil, (c) construction of river-regulating facilities, (d) the provision of river maintenance service; and (e) the provision of factoring services.

A summary of the audited consolidated results of the Group for the three years ended 31 December 2018, 2019 and 2020 is set out in Appendix I to the Scheme Document.

(a) Financial performance of the Group

The following table sets out the audited consolidated statement of profit or loss of the Group for the three years ended 31 December 2018, 2019 and 2020:

	For the year ended 31 December		
	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	9,248,350	11,812,280	9,862,623
Cost of sales	<u>(7,919,357)</u>	<u>(10,568,230)</u>	<u>(8,553,472)</u>
Gross profit	<u>1,328,993</u>	<u>1,244,050</u>	<u>1,309,151</u>
Other income and gains	71,263	88,060	102,750
Selling and distribution expenses	(149,118)	(135,813)	(91,693)
Administrative expenses	(236,748)	(230,299)	(237,883)
Other expenses	(5,858)	(2,107)	(2,892)
Net impairment losses on financial assets	(560)	(5,005)	(59,794)
Finance expenses	(9,346)	(23,763)	(40,152)
Share of profits/(loss) of:			
Joint ventures	469	(2,105)	2,733
Associates	<u>4,464</u>	<u>3,449</u>	<u>(7,662)</u>
Profit before tax	1,003,559	936,467	974,558
Income tax expense	<u>(606,715)</u>	<u>(656,139)</u>	<u>(735,796)</u>
Profit for the year	<u>396,844</u>	<u>280,328</u>	<u>238,762</u>
Profit attributable to:			
Owners of the Company	177,028	81,069	44,353
Non-controlling interests	<u>219,816</u>	<u>199,259</u>	<u>194,409</u>

(i) *Revenue*

The revenue of the Group is mainly generated from (a) Jiuzhou Blue Sea Jet and Blue Marine Tourism Segment; (b) Green Leisure Tourism and Composite Real Estate Segment; (c) Public Utilities and Financial Investments Segment; and (d) others. Set out below is a brief review of the performance of each segment during the relevant financial years.

	For the year ended 31 December		
	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment Revenue			
Jiuzhou Blue Sea Jet and Blue Marine Tourism Segment	680,340	545,972	155,463
Green Leisure Tourism and Composite Real Estate Segment	3,315,857	2,734,524	3,149,197
Public Utilities and Financial Investments Segment	5,337,072	8,618,765	6,587,625
Others ^(Note)	<u>(84,919)</u>	<u>(86,981)</u>	<u>(29,662)</u>
	9,248,350	11,812,280	9,862,623
Segment Results			
Jiuzhou Blue Sea Jet and Blue Marine Tourism Segment	290,047	218,064	(39,944)
Green Leisure Tourism and Composite Real Estate Segment	723,481	748,121	1,093,785
Public Utilities and Financial Investments Segment	101,758	105,012	11,105
Others ^(Note)	<u>(132,293)</u>	<u>(140,204)</u>	<u>(82,021)</u>
	982,993	930,993	982,925

Note: Others include revenue or results generated under the corporate and others segment and inter-segment eliminations.

(a) Jiuzhou Blue Sea Jet and Blue Marine Tourism Segment

The Jiuzhou Blue Sea Jet and Blue Marine Tourism Segment accounted for approximately 7.4%, 4.6% and 1.6% of the total revenue of the Group for the year ended 31 December 2018, 2019 and 2020, respectively. Revenue from Jiuzhou Blue Sea Jet and Blue Marine Tourism Segment decreased approximately RMB134.4 million or 19.8% from approximately RMB680.3 million for the year ended 31 December 2018 to approximately RMB546.0 million for the year ended 31 December 2019, primarily due to full year effect of diversion in passenger flow from the Hong Kong-Zhuhai ferry lines following the opening of the Hong Kong-Zhuhai-Macao Bridge in October 2018. Revenue from Jiuzhou Blue Sea Jet and Blue Marine Tourism Segment decreased approximately RMB390.5 million or 71.5% from approximately RMB546.0 million for the year ended 31 December 2019 to approximately RMB155.5 million for the year ended 31 December 2020, primarily due to certain measures taken to reduce the frequency of service or even suspension of the service of Hong Kong-Zhuhai ferry lines in response to the outbreak of the COVID-19 (the “Epidemic”).

(b) Green Leisure Tourism and Composite Real Estate Segment

The Green Leisure Tourism and Composite Real Estate Segment accounted for approximately 35.9%, 23.1% and 31.9% of the total revenue of the Group for the year ended 31 December 2018, 2019 and 2020, respectively. Revenue from Green Leisure Tourism and Composite Real Estate Segment decreased approximately RMB581.3 million or 17.5% from approximately RMB3,315.9 million for the year ended 31 December 2018 to approximately RMB2,734.5 million for the year ended 31 December 2019, primarily due to change in sales mix in the Zhuhai Cuihu Xiangshan High-end Tourism Real Estate Project. Revenue from Green Leisure Tourism and Composite Real Estate Segment increased approximately RMB414.7 million or 15.2 % from approximately RMB2,734.5 million for the year ended 31 December 2019 to approximately RMB3,149.2 million for the year ended 31 December 2020, primarily due to increase in revenue of property development business as a result of the change in sales mix of property units in Zhuhai Cuihu Xiangshan High-end Tourism Real Estate Project delivered to buyers. However, such increase was partially offset by the drop of revenue in hotel and tourist attraction business as a result of the Epidemic affecting the travelling and spending sentiments among foreign and local consumers.

(c) Public Utilities and Financial Investments Segment

The Public Utilities and Financial Investments Segment accounted for approximately 57.7%, 73.0% and 66.8% of the total revenue of the Group for the year ended 31 December 2018, 2019 and 2020, respectively. Revenue from Public Utilities and Financial Investments Segment increased approximately RMB3,281.7 million or 61.5% from approximately RMB5,337.1 million for the year ended 31 December 2018 to approximately RMB8,618.8 million for the year ended 31 December 2019, primarily due to increase in transaction volume of fuel oil trading and distribution. Revenue from Public Utilities and Financial Investments Segment decreased approximately RMB2,031.1 million or 23.6% from approximately RMB8,618.8 million for the year ended 31 December 2019 to approximately RMB6,587.6 million for the year ended 31 December 2020, primarily due to a decrease in traffic and a drop in market demand for fuel oil during the Epidemic.

(ii) *Other income and gain*

The other income and gains of the Group increased approximately RMB16.8 million or 23.6% from approximately RMB71.3 million for the year ended 31 December 2018 to approximately RMB88.1 million for the year ended 31 December 2019, primarily due to the increase in interest income, government grants from PRC government, compensation, water and electricity reimbursement, and miscellaneous handling and service charges and the decrease in business tax. The other income and gains of the Group increased approximately RMB14.7 million or 16.7 % from approximately RMB88.1 million for the year ended 31 December 2019 to approximately RMB102.8 million for the year ended 31 December 2020, primarily due to the increase of government grants of approximately RMB13.2 million.

(iii) *Net impairment losses on financial assets*

Net impairment losses on financial assets were approximately RMB0.6 million and RMB5.0 million for the two years ended 31 December 2018 and 2019 respectively. The amount of net impairment losses on financial assets surged to approximately RMB59.8 million during the year ended 31 December 2020. For the year ended 31 December 2020, one of customers of the Group had known financial difficulties and there was significant doubt on collection of the receivables. Accordingly, the Group made full impairment allowance of the receivables in 2020 and resulted in the surge.

(iv) Finance expenses

The finance expenses of the Group increased approximately RMB14.4 million or 154.3% from approximately RMB9.3 million for the year ended 31 December 2018 to approximately RMB23.8 million for the year ended 31 December 2019, primarily due to the increase in interest on bank loans. The finance expenses of the Group increased approximately RMB16.4 million or 69.0% from approximately RMB23.8 million for the year ended 31 December 2019 to approximately RMB40.2 million for the year ended 31 December 2020, primarily due to increase in interest on bank loans after deduction of the interest expenses capitalised to development costs.

(v) Share of profit/loss from joint ventures and associates

The share of profit from joint ventures and associates of the Group decreased approximately RMB3.6 million or 72.8% from approximately RMB4.9 million for the year ended 31 December 2018 to approximately RMB1.3 million for the year ended 31 December 2019, primarily due to the loss resulted from the joint ventures established with two private companies. The Group recorded the share of net loss from joint ventures and associates of the Group of approximately RMB4.9 million for the year ended 31 December 2020 as compared with the share of net profit from joint ventures and associates of the Group of approximately RMB1.3 million for the year ended 31 December 2019, primarily due to the loss of the associates.

(vi) Profit before tax

The profit before tax of the Group decreased approximately RMB67.1 million or 6.7% from approximately RMB1,003.6 million for the year ended 31 December 2018 to approximately RMB936.5 million for the year ended 31 December 2019, primarily due to the same reasons as abovementioned under revenue of the Group and the increase in number of new hotels in Zhuhai and thus increased competition in the region. The profit before tax of the Group increased approximately RMB38.1 million or 4.1 % from approximately RMB936.5 million for the year ended 31 December 2019 to approximately RMB974.6 million for the year ended 31 December 2020, primarily due to the same reasons as abovementioned under revenue of the Group.

(vii) Income tax expenses

The income tax expenses of the Group increased approximately RMB49.4 million or 8.1% from approximately RMB606.7 million for the year ended 31 December 2018 to approximately RMB656.1 million for the year ended 31 December 2019, primarily due to the increase in tax paid for PRC land appreciation. The income tax expenses of the Group increased approximately RMB79.7 million or 12.1% from approximately RMB656.1 million for the year ended 31 December 2019 to approximately RMB735.8 million for the year ended 31 December 2020, primarily due to the increase of current PRC land appreciation tax of approximately RMB70.5 million.

(viii) Net profit

The net profit of the Group decreased approximately RMB116.5 million or 29.4% from approximately RMB396.8 million for the year ended 31 December 2018 to approximately RMB280.3 million for the year ended 31 December 2019, primarily due to the combined effect of the abovementioned factors. The net profit of the Group decreased approximately RMB41.6 million or 14.8% from approximately RMB280.3 million for the year ended 31 December 2019 to approximately RMB238.8 million for the year ended 31 December 2020, primarily due to the combined effect of the abovementioned factors.

(ix) Dividend paid to Shareholders

Total dividend paid to Shareholders was approximately RMB25.1 million for the year ended 31 December 2018. The Board did not recommend the payment of final dividend to Shareholders for the two years ended 31 December 2019 and 2020.

(b) Financial position of the Group

The following table sets out the audited consolidated statement of financial position of the Group as at 31 December 2018, 2019 and 2020:

	As at 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Non-current assets	4,717,324	4,420,218	4,657,174
Current assets	<u>7,602,482</u>	<u>8,986,927</u>	<u>9,143,995</u>
Total assets	<u>12,319,806</u>	<u>13,407,145</u>	<u>13,801,169</u>
Non-current liabilities	3,123,633	3,139,775	1,832,689
Current liabilities	<u>5,877,838</u>	<u>6,729,411</u>	<u>8,127,414</u>
Total liabilities	<u>9,001,471</u>	<u>9,869,186</u>	<u>9,960,103</u>
Total Equity	<u><u>3,318,335</u></u>	<u><u>3,537,959</u></u>	<u><u>3,841,066</u></u>

(i) Total assets

The total assets of the Group increased approximately RMB1.1 billion or 8.8% from approximately RMB12.3 billion as at 31 December 2018 to approximately RMB13.4 billion as at 31 December 2019, primarily due to the increase in completed properties held-for-sale, cash and cash equivalents and restricted bank balances. The total assets of the Group increased approximately RMB394.0 million or 2.9% from approximately RMB13.4 billion as at 31 December 2019 to approximately RMB13.8 billion as at 31 December 2020, primarily due to the increase in properties under development, contract assets, completed properties held-for-sale, which was partially offset by the drop of right-of-use assets, factoring receivables and restricted bank balances.

(ii) Total liabilities

The total liabilities of the Group increased approximately RMB0.9 billion or 9.6% from approximately RMB9.0 billion as at 31 December 2018 to approximately RMB9.9 billion as at 31 December 2019, primarily due to the increase in tax payable and interest-bearing bank borrowings. The total liabilities of the Group increased approximately RMB90.9 million or 0.9% from approximately RMB9.9 billion as at 31 December 2019 to approximately RMB10.0 billion as at 31 December 2020, primarily due to the increase in accounts payable, contract liabilities and tax payable which was partially offset by the drop of bank borrowings.

(c) *Prospects of the Group*

It is noted from the 2020 Results Announcement that for the Jiuzhou Blue Sea Jet and Blue Marine Tourism Segment, the Group leverages from the development of the Guangdong-Hong Kong-Macao Greater Bay Area, the launch of the Hong Kong-Zhuhai-Macao Bridge and Zhuhai's unique coastal tourism resources to consolidate its traditional businesses, develop marine tourism and advance its external projects, as well as facilitate its transition from "traditional maritime transportation" to "maritime transportation + tourism". The Group would take advantage of the development plan of the Guangdong-Hong Kong-Macao Greater Bay Area to expand the scope of route layout and continue to improve the network of water transport routes. Moreover, the Group is actively expanding its new tourism offerings while strengthening the management of its business premises and improving service quality, with an aim to create a characteristic tourism atmosphere featuring traditional holidays.

For the Green Leisure Tourism and Composite Real Estate Segment, as stated in the 2020 Results Announcement, the Group would carry out the renovation project for its old main building in an orderly manner and take the opening of the new hotel as an opportunity to further improve the overall quality and service quality of the hotel. The Group would also further explore and implement a secondary planning scheme of its theme park, speed up the upgrading of its scenic area and carry out an overall upgrading of the Fantasy Water World, with the aim to further consolidating the brand influence of the Fantasy Water World and improving its operating income through providing a more comfortable environment to tourists. The Group would continue to step up its marketing efforts that combine on-line and off-line approaches, improve the utilization rate of its golf course and accommodate more team events and commercial activities, in order to increase its operating income and the number of course users. In respect of the Group's property development business, the Group would accelerate the commencement of construction and facilitate sales of a new property development project in Pingsha.

In respect of the Public Utilities and Financial Investments Segment, the Group would concentrate on the two main themes of business management and service enhancement as well as focusing on the operation of the temporary passenger clearance hall at the Jiuzhou Port after the relocation of the passenger terminal, and coordinate the design and construction of the new passenger terminal. The Group would also further optimize the facilities of the new terminal, provide premium services after the new port is put into use, actively promote the software upgrade of the passenger transport integrated system, improve the intelligent construction of the new terminal, strive to provide passengers with better services and continuously improve the service competitiveness of Jiuzhou Port Passenger Terminal. The Group has been deeply involved in the oil product business for many years. In the future, the Group would continue to explore deeply in various aspects and conduct trading of different products, expand its business scope, avoid the predicament of a single source of income from refined oil trade, and reduce the risk of operating a single product business. For the financial investment business, the

Group would closely monitor regulatory updates of the industry, while engaging in research and analysis as and when appropriate.

As a result of the Epidemic, business of the Group were adversely affected. Moreover, certain measures were taken to reduce the frequency of ferry services or even suspended the services of Hong Kong-Zhuhai ferry lines in response to the Epidemic. The Epidemic has severely affected the travelling and spending sentiments which has adversely affected the ferry business and the tourism business of the Group. In response to the Epidemic, restrictions have been imposed on sea, land, and air traffic and this results in drop of transaction volume of fuel oil trading and distribution business of the Group.

We have discussed the prospects of the Group with the management of the Group. We understand that the PRC government implemented policies to promote the resumption of work and production. As a result, the PRC economy has recovered gradually since the second quarter of 2020, becoming the world's only major economy with positive growth in 2020. This benefits the Group's business and operation. Moreover, the promotion of development of the Guangdong-Hong Kong-Macao Greater Bay Area by the PRC government will provide the Group with opportunities to strengthen its business. On this basis, we concur with the executive Directors' view that the long-term prospects of the Group are generally positive.

The PRC government would like to develop a healthy housing market. In order to reduce systemic risk, the PRC government has imposed a method to assess property developers' debt levels relative to their assets, the "345 rule", limiting property developers' ability to take on additional debt. This may pose a constraint on property development business of the Group. Market expects that the Epidemic will gradually be brought under control, and business and economic activities will eventually recover. However, we are of the view that uncertainties still remain for the short term business environment because it is uncertain that (1) when effective containment of spread of the Epidemic can be achieved; and (2) how long it will take for recovery. Accordingly, we consider that there remains uncertainty on the prospects of the Group in the short term.

3. Comparisons

(i) *Peer comparison*

According to the audited statements of financial position of the Group for the three years ended 31 December 2018, 2019 and 2020, the assets attributable to its property development and hotel operation under the Green Leisure Tourism and Composite Real Estate Segment contributed more than half of the total assets of the Group at the respective balance sheet dates. Since the price-to-book ratio ("**P/B Ratio**") is commonly used to value asset (including property) based companies, P/B Ratio is applied to assess the fairness and reasonableness of the Cancellation Price. Based on (a) the total number of approximately 1,427.8 million Shares issued as at the Latest Practicable Date; and (b) the closing price of HK\$2.22 per Share on the Last Trading Day, the market capitalisation of the Company is approximately

HK\$3,169.7 million. By reference to the Cancellation Price of HK\$3.06, the market capitalisation of the Company would become approximately HK\$4,369.1 million. Accordingly, we have conducted a search of companies listed on the Main Board of the Stock Exchange based on the following selection criteria: (i) being currently listed on the Main Board of the Stock Exchange with market capitalisation ranging from approximately HK\$1 billion (being the market capitalisation of the Company of approximately HK\$3.2 billion by reference to the closing price of Share on the Last Trading Day less HK\$2 billion and round to the nearest billion) to HK\$6 billion (being the market capitalisation of the Company of approximately HK\$4.4 billion by reference to the Cancellation Price plus HK\$2 billion and round to the nearest billion) as at the Latest Practicable Date; and (ii) principally engaged in property development and/or investment (including residential real estate and commercial development project) and hotel operation in the PRC with corresponding segment assets accounting for more than half of the total assets as disclosed in the latest published financial results announcement or financial reports. We have identified the below 6 comparable listed companies which represent an exhaustive list of comparable companies meeting the aforementioned criteria (the “**Comparable Companies**”). The comparison of the historical P/B Ratios of the Comparable Companies are shown below:

Company (stock code)	Principal activities (Note 1)	Market capitalisation as at the Latest Practicable Date <i>HK\$'million</i> (Note 2)	Audited/ unaudited consolidated net assets attributable to equity holders <i>HK\$'million</i> (Note 3)	Historical P/B Ratio <i>time</i> (Note 4)
Wanda Hotel Development Company Limited (169)	Mainly engaged in property development, property leasing, property management and investment holding activities	1,972.89	2,219.98	0.9
Overseas Chinese Town (Asia) Holdings Limited (3366)	Mainly engaged in comprehensive development, equity investment, and fund management businesses	1,264.74	11,241.03	0.1

PART VI	LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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Company (stock code)	Principal activities (Note 1)	Market capitalisation as at the Latest Practicable Date <i>HK\$'million</i> (Note 2)	Audited/ unaudited consolidated net assets attributable to equity holders <i>HK\$'million</i> (Note 3)	Historical P/B Ratio <i>time</i> (Note 4)
Hon Kwok Land Investment Company, Limited (160)	Mainly engaged in property development, property leasing and investment	2,499.89	11,515.42	0.2
Mingfa Group (International) Company Limited (846)	Mainly engaged in real estate development, including commercial and residential properties, hotel operation and property investment and management	4,265.42	19,138.18	0.2
China New City Commercial Development Limited (1321)	Mainly engaged in commercial property development, property rental and hotel operations	1,870.01	6,955.06	0.3
JY Grandmark Holdings Limited (2231)	Mainly engaged in property development, property management, hotel operations and commercial property investment	5,185.44	3,618.01	1.4
Maximum				1.4
Minimum				0.1
Average				0.5
The Company		4,369.06 <i>(Note 5)</i>	5,537.48 <i>(Note 6)</i>	0.8 <i>(Note 6)</i>

Notes:

- (1) Source: Website of the Stock Exchange
- (2) Source: Bloomberg
- (3) Figures are extracted from the latest annual results announcements or interim reports of the Comparable Companies, where figures in Renminbi are translated at an exchange rate of Renminbi 1 = HK\$1.192.
- (4) The historical P/Bs of the Comparable Companies are calculated based on their audited/unaudited consolidated net assets attributable to their respective equity holders and their closing market capitalisation as at the Latest Practicable Date.
- (5) We have taken the Cancellation Price for the purpose of determining the market capitalisation of the Company.
- (6) It is stated in the section headed “Adjusted net asset value” in Appendix I to the Scheme Document that the Company has reassessed the unaudited adjusted consolidated net asset value attributable to the Shareholders (the “**Reassessed NAV**”) to be approximately RMB4,645.54 million (equivalent to approximately HK\$5,537.48 million at an exchange rate of RMB1 = HK\$1.192) based on (1) the audited consolidated net asset value of the Group as at 31 December 2020 set out in the 2020 Results Announcement; and (2) adjustment taking into account the market value of the properties of the Group as at 28 February 2021 as disclosed in the valuation report (details of which are set out in Appendix I to the Scheme Document). In the context of our advice on the Proposal, we consider that the Reassessed NAV better reflects the underlying net asset backing of the Group. Accordingly, the implied P/B Ratio (the “**Implied P/B Ratio**”) of the Company as represented by the Proposal is calculated based on the Reassessed NAV and the market capitalisation of the Company determined by the Cancellation Price.

As shown in the table above, the historical P/B Ratios of the Comparable Companies ranged from approximately 0.1 time to 1.4 times, with an average of 0.5 time, respectively. The Implied P/B Ratio of the Company of approximately 0.8 time is higher than the average of the historical P/B Ratios of the Comparable Companies and within the range.

(ii) Privatisation precedents

Set out in the table below are all the privatisation precedents of companies listed on the Main Board of the Stock Exchange announced since 1 January 2019 and up to the date immediately before the Latest Practicable Date, excluding privatization precedents (i) which were not/yet to be approved (or, where applicable, required acceptance level were not/yet to be achieved), or failed; or (ii) without a cash cancellation consideration (the “**Privatisation Precedents**”). We set this period (commencing from approximately two years from the Last Trading Day of 15 January 2021) so that we can identify a sufficient sample size of the Privatisation Precedents for assessment. It represents an exhaustive list of privatisation precedents we were able to identify from the Stock Exchange’s website satisfying the above selection criteria. The table below illustrates the range of premia represented by the cancellation consideration/offer price over the respective closing share price on last trading day and respective last 5 trading days, last 10 trading days, last 30 trading days and last 90 trading days average closing share prices in respect of such privatisation precedents:

Date of Rule 3.5/3.7 announcement	Company (stock code)	Principal activities (Note 6)	Market capitalisation as at the last trading day (HK\$'million) (Note 7)	Premium of offer/ cancellation price over the closing price/the average share price prior to announcement of privatisation proposal (%)				
				Last trading day (Notes 2 and 3)	5 trading days (Notes 2 and 3)	10 trading days (Notes 2 and 3)	30 trading days (Notes 2 and 3)	90 trading days (Notes 2 and 3)
1 20 Jan 21	Zhejiang New Century Hotel Management Company Limited (1158)	principally engaged in the operation and management of mid-scale to upscale hotel chains business	4,076.8	24.7	23.9	22.3	20.8	20.3
2 22 Dec 20	Huifu Payment Limited (1806)	principally engages in the provision of independent third-party payment service in the PRC	3,609.1	26.8	39.1	41.8	47.0	44.9
3 18 Dec 20	SHK Hong Kong Industries Limited (666)	principally engaged in the investment in financial tools. Its main investments include listed equities and warrants, fixed income, investment funds, indirect investment in listed equities, direct investment in unlisted equities and equity forward contracts	575.6	50.0	54.4	52.5	57.1	69.4
4 6 Dec 20	I.T Limited (999)	principally engaged in the design, sourcing and sale of fashion wear and accessories	2,319.8	54.6	84.7	96.6	135.5	173.0
5 13 Nov 20	CAR Inc. (699)	principally engaged in car rental business in the PRC	7,195.1	18.0	22.3	31.4	52.2	57.1

Date of Rule 3.5/3.7 announcement	Company (stock code)	Principal activities (Note 6)	Market capitalisation as at the last trading day (HK\$'million) (Note 7)	Premium of offer/ cancellation price over the closing price/the average share price prior to announcement of privatisation proposal (%) (Note 1)				
				Last trading day (Notes 2 and 3)	5 trading days (Notes 2 and 3)	10 trading days (Notes 2 and 3)	30 trading days (Notes 2 and 3)	90 trading days (Notes 2 and 3)
6 30 Oct 20	Tonly Electronics Holdings Limited (1249)	principally engaged in the research and development, manufacture and sales of audiovisual products (excluding TV sets) for third parties' brands on an original design manufacture basis	2,755.8	19.0	19.7	21.2	28.0	35.8
7 15 Oct 20	Shanghai Prime Machinery Company Limited (2345)	principal activities are design, manufacture and sale of turbine blades, bearings, fasteners, cutting tools and others, the provision of related technical services and investment holding	1,639.6	68.4	101.0	108.6	110.9	129.8
8 4 Oct 20	CIMC-TianDa Holdings Company Limited (445)	engaged in the business of (i) manufacture and sale of airport facilities which comprises mainly passenger boarding bridges and ground support equipment such as airport apron buses, aircraft catering vehicles and other specialized vehicles; (ii) the provision of engineering and computer software solutions for baggage, cargos and material handling and warehousing systems; and (iii) manufacture and sale of fire engines and fire equipment and mobile fire stations and rescue stations	3,584.2	20.4	21.9	21.2	18.5	36.8

Date of Rule 3.5/3.7 announcement	Company (stock code)	Principal activities (Note 6)	Market capitalisation as at the last trading day (HK\$ million) (Note 7)	Premium of offer/ cancellation price over the closing price/the average share price prior to announcement of privatisation proposal (%)				
				Last trading day (Notes 2 and 3)	5 trading days (Notes 2 and 3)	10 trading days (Notes 2 and 3)	30 trading days (Notes 2 and 3)	90 trading days (Notes 2 and 3)
9 27 Sept 20	China ZhongDi Dairy Holdings Company Limited (1492)	principally engaged in business operations including raising and breeding dairy cows, producing and selling premium raw milk, importing and selling dairy cows of quality breeds and breeding stock, and import trading business in cows, alfalfa hay and other animal husbandry-related products	2,658.9	11.0	16.9	20.0	22.8	77.6
10 24 Sept 20	AMVIG Holdings Limited (2300)	principally engaged in the printing of cigarette packages and manufacturing of transfer paper and laser film	1,337.8	51.4	51.6	53.5	56.5	56.1
11 7 Sept 20	Changshouhua Food Company Limited (1006)	principally engaged in the corn oil business, the production and sales of refined edible sunflower seed oil, olive oil, peanut oil and rice germ oil, and the production and sales of corn meal	2,064.8	16.4	22.2	24.7	43.2	65.8
12 27 Aug 20	Leyou Technologies Holdings Limited (1089)	principally engaged in the development and publishing of online multi-player PC/console video games and being a leading player in the niche market of high quality PC/console free-to-play games	9,810.8	4.5	5.9	5.7	8.3	24.6

Date of Rule 3.5/3.7 announcement	Company (stock code)	Principal activities (Note 6)	Market capitalisation as at the last trading day (HK\$'million) (Note 7)	Premium of offer/ cancellation price over the closing price/the average share price prior to announcement of privatisation proposal (%)				
				Last trading day (Notes 2 and 3)	5 trading days (Notes 2 and 3)	10 trading days (Notes 2 and 3)	30 trading days (Notes 2 and 3)	90 trading days (Notes 2 and 3)
13 29 Jul 20	Xinhua Port Holdings Ltd (1990)	owned and operated in the PRC two highly accessible multi-purpose ports in Changshu City, Jiangsu province, namely the Changshu Xinghua Port and the adjacent Changshu Changjiang International Port	1,710.3	23.7	31.3	27.4	55.2	124.8
14 8 Jul 20	O-Net Technologies (Group) Limited (877)	principally engaged in the design, manufacturing and sale of optical networking products for the high-speed telecommunications and data communications systems as well as machine vision systems and sensors for smart manufacturing market	4,387.0	23.6	24.7	25.7	24.6	34.3
15 2 Jul 20	Vantage International (Holdings) Limited (15)	principally engaged in the contract works business, the property investment and development business and the provision of finance business in Hong Kong	841.6	80.0	90.7	103.6	119.5	104.1
16 21 Jun 20	China Baofeng (International) Limited (3966)	principally engaged in the photovoltaic power generation business and the lighting products business	1,354.2	27.5	57.8	61.9	52.3	38.9

Date of Rule 3.5/3.7 announcement	Company (stock code)	Principal activities (Note 6)	Market capitalisation as at the last trading day (HK\$'million) (Note 7)	Premium of offer/ cancellation price over the closing price/the average share price prior to announcement of privatisation proposal (%)				
				Last trading day (Notes 2 and 3)	5 trading days (Notes 2 and 3)	10 trading days (Notes 2 and 3)	30 trading days (Notes 2 and 3)	90 trading days (Notes 2 and 3)
17 Jun 20	Golden Meditech Holdings Limited (801)	principally engaged in (i) the manufacture and sale of medical devices and related medical device accessories; (ii) the provision of hospital management service and hospital operation; (iii) the provision of medical insurance administration service; (iv) the research and development, manufacture and sale of Chinese herbal medicines; and (v) the provision of cells and tissues storage and genetic testing services	1,808.5	41.9	48.6	53.6	61.3	39.1
18 Jun 20	Jinmao (China) Hotel Investments and Management Limited (6139)	primarily owns and invests in a portfolio of hotels in the PRC with diversified revenue sources and customer mix from a portfolio of high quality hotels and commercial properties, comprising eight hotels and Jin Mao Tower, a mixed-use development	7,360.0	30.4	57.8	72.8	82.6	64.6
19 Jun 20	Capxon International Electronic Company Limited (469)	principally engaged in the business of manufacturing and selling capacitors	282.9	79.1	89.3	94.2	88.4	76.1

Date of Rule 3.5/3.7 announcement	Company (stock code)	Principal activities (Note 6)	Market capitalisation as at the last trading day (HK\$'million) (Note 7)	Premium of offer/ cancellation price over the closing price/the average share price prior to announcement of privatisation proposal (%)				
				Last trading day (Notes 2 and 3)	5 trading days (Notes 2 and 3)	10 trading days (Notes 2 and 3)	30 trading days (Notes 2 and 3)	90 trading days (Notes 2 and 3)
20 1 Jun 20	Huadian Fuxin Energy Corporation Limited (816)	primarily engaged in the development, management and operation of hydropower projects and coal-fired power plants in Fujian province and wind power and other clean energy projects throughout the PRC	12,696.0	65.6	82.2	85.9	87.9	85.3
21 20 Apr 20	Allied Properties (H.K.) Limited (56) ("Allied Properties") (Note 4)	principal business activities of its major subsidiaries are property investment and development, hospitality related activities and the provision of finance and investments in listed and unlisted securities	9,741.4	34.3	36.6	40.6	39.5	30.1
22 3 Apr 20	Elec & Eltek International Company Limited (1151) ("Elec & Eltek") (Note 5)	primarily engaged in the design, development, manufacture and distribution of high-density, double-sided and multi-layered printed circuit boards	1,981.4	67.5	46.5	44.3	39.0	41.9
23 20 Mar 20	Li & Fung Limited (494)	specializing in responsibly (i) managing supply chains of high-volume, time-sensitive goods for leading retailers and brands worldwide; and (ii) focusing on building the supply chain of the future and accelerating the speed in the supply chain through the development of its digital platform	4,269.5	150.0	157.7	135.6	95.2	62.1

Date of Rule 3.5/3.7 announcement	Company (stock code)	Principal activities (Note 6)	Market capitalisation as at the last trading day (HK\$'million) (Note 7)	Premium of offer/ cancellation price over the closing price/the average share price prior to announcement of privatisation proposal (%)				
				Last trading day (Notes 2 and 3)	5 trading days (Notes 2 and 3)	10 trading days (Notes 2 and 3)	30 trading days (Notes 2 and 3)	90 trading days (Notes 2 and 3)
24 20 Jan 20	BBI Life Sciences Corporation (1035)	principally engaged in the provision of DNA synthesis products, genetic engineering services, life sciences research consumables and protein and antibody related products and services	1,664.8	16.3	23.8	31.4	42.5	47.9
25 12 Dec 19	Joyce Boutique Group Limited (647)	principally engaged in the retail and wholesale distribution, primarily under exclusive franchise agreements, of leading international fashion, accessory and beauty product brands	237.1	91.8	91.3	95.8	82.2	50.5
26 27 Nov 19	China Agri-Industries Holdings Limited (606)	being a leading producer and supplier of processed agricultural products in the PRC with principal businesses being oilseeds processing, rice processing and trading, wheat processing and brewing materials	16,676.4	34.1	35.6	40.9	53.2	72.5
27 1 Nov 19	Springland International Holdings Limited (1700)	principally engaged in the operation of department stores and supermarkets in the PRC, mainly the Greater Yangtze River Delta region	2,777.7	63.1	67.9	64.4	56.8	53.2

Date of Rule 3.5/3.7 announcement	Company (stock code)	Principal activities (Note 6)	Market capitalisation as at the last trading day (HK\$'million) (Note 7)	Premium of offer/ cancellation price over the closing price/the average share price prior to announcement of privatisation proposal (%)				
				Last trading day (Notes 2 and 3)	5 trading days (Notes 2 and 3)	10 trading days (Notes 2 and 3)	30 trading days (Notes 2 and 3)	90 trading days (Notes 2 and 3)
28 20 Oct 19	Dah Chong Hong Holdings Limited (1828)	operates an integrated motor and consumer products distribution business across 12 Asian economies with an extensive logistics network	5,087.5	37.5	37.3	42.4	54.9	54.2
29 2 Oct 19	AVIC International Holdings Limited (161)	principally engaged in the manufacturing and sales of flat panel displays, printed circuit boards and watches, international engineering and trading and logistic business, shopping business and engineering, procurement and construction projects	8,128.1	29.1	43.8	58.1	81.3	100.2
30 2 Sept 19	Huaneng Renewables Corporation Limited (958)	an integrated energy company primarily focused on power generation	22,929.4	46.1	51.0	56.2	55.7	51.3
31 12 Aug 19	TPV Technology Limited (903)	an original design manufacturer for some of the best-known TV and PC brands and also distributing its own brands "AOC", "Envision" and licensed Philips monitors, TVs, mobile phones and tablets products in most regions worldwide	6,403.6	41.4	46.8	50.8	54.5	87.4

Date of Rule 3.5/3.7 announcement	Company (stock code)	Principal activities (Note 6)	Market capitalisation as at the last trading day (HK\$'million) (Note 7)	Premium of offer/ cancellation price over the closing price/the average share price prior to announcement of privatisation proposal (%)				
				Last trading day (Notes 2 and 3)	5 trading days (Notes 2 and 3)	10 trading days (Notes 2 and 3)	30 trading days (Notes 2 and 3)	90 trading days (Notes 2 and 3)
32 27 Jun 19	Asia Satellite Telecommunications Holdings Limited (1135)	principally engaged in the provision of satellite transponder capacity	3,239.1	23.4	31.5	33.4	44.4	56.5
33 18 Jun 19	C.P. Lotus Corporation (121)	principally engaged in the operation of large scale hypermarket stores located in the northern, southern and eastern parts of the PRC	1,101.9	10.0	10.2	12.0	29.4	26.5
34 3 May 19	China Automation Group Limited (569)	engaged in (i) the provision of safety and critical control system and control valves specialized for petrochemical industries, along with related maintenance and engineering services; and (ii) hospital services business in Suzhou, the PRC	1,241.8	24.0	27.3	36.9	47.8	46.6
35 4 Apr 19	China Hengshi Foundation Company Limited (1197)	principally engaged in the design, manufacture and sale of fiberglass fabrics	2,260.0	10.6	14.6	16.8	17.5	24.4

Date of Rule 3.5/3.7 announcement	Company (stock code)	Principal activities (Note 6)	Market capitalisation as at the last trading day (HK\$'million) (Note 7)	Premium of offer/ cancellation price over the closing price/the average share price prior to announcement of privatisation proposal (%)				
				Last trading day (Notes 2 and 3)	5 trading days (Notes 2 and 3)	10 trading days (Notes 2 and 3)	30 trading days (Notes 2 and 3)	90 trading days (Notes 2 and 3)
36 28 Mar 19	China Power Clean Energy Development Company Limited (735)	principally engaged in the business of the development, construction, ownership, operation and management of clean energy power plants in the PRC, including but not limited to the following types of energy generation – wind power generation, hydropower generation, waste-to-energy power generation, natural gas power generation, photovoltaic power generation and other clean energy power generation projects	4,556.7	41.9	54.9	60.9	78.4	101.8
	Maximum			150.0	157.7	135.6	135.5	173.0
	Minimum			4.5	5.9	5.7	8.3	20.3
	Average			40.5	47.9	51.3	56.8	63.7
	The Proposal			37.8	36.7	37.5	52.4	57.4

Source: Bloomberg and the Stock Exchange website

Notes:

1. Unadjusted unless otherwise stated.
2. Subject to rounding differences.
3. Up to and including the last trading day of the shares prior to the publication of the Rule 3.5 announcement or Rule 3.7 announcement (where applicable).
4. The relevant premia of Allied Properties are calculated based on a total price representing the aggregate of the scheme consideration and a special dividend.
5. The relevant premia of Elec & Eltek are calculated based on the ex-dividend offer price.
6. The principal activities are based on the Rule 3.5 announcement.
7. The market capitalisation is calculated based on closing price of the shares quoted on the Stock Exchange on the last trading day times the total number of issued shares (including (i) those shares listed on other stock exchange; and (ii) unlisted shares) disclosed in the Rule 3.5 announcement.

The subject companies involved in the Privatisation Precedents may have different principal activities, market capitalisations, profitability and financial positions as compared with those of the Company. The circumstances leading to the subject companies to proceed with the privatisation may also be different from those relating to the Company. However, we consider that the table above sets out a general guidance on the level of premium that was accepted by the shareholders in term of historical share price ranges for a successful privatisation in Hong Kong for Main Board listed companies. Moreover, there are in total of 36 Privatisation Precedents identified during the period with a sufficient sample size. On this basis, the Privatisation Precedents are regarded by us as a relevant benchmark for acceptable privatisation premium range in the market and one of the factors we consider meaningful in assessing the fairness and reasonableness of the Cancellation Price.

The premiums implied by the Cancellation Price of the Proposal to the Last Trading Day, the 5-day, 10-day, 30-day and 90-day average Share price of approximately 37.8%, 36.7%, 37.5%, 52.4% and 57.4% respectively were within the corresponding range of premiums of the Privatisation Precedents, despite being lower than the corresponding mean.

4. Share price and trading volume

(i) Share prices

The share price chart below illustrates the daily closing price per Share quoted on the Stock Exchange from 1 January 2019 up to the Latest Practicable Date (both dates inclusive):



(Source: Bloomberg)

As illustrated in the above share price chart, the closing price of the Shares was below the Cancellation Price at all times during the period under review. We also note from Bloomberg that the closing price of the Shares was in a range of between HK\$0.23 and HK\$2.33 during the period from 1 January 2008 (the year of which global monetary easing policies and stimulus packages were implemented in response to the global financial crisis in 2008) to the Last Trading Day (being just over 12 years). Accordingly, the Cancellation Price is above the closing Share price at all times during the past 12 years. The closing Share price fluctuated in a range of between HK\$0.76 and HK\$1.32 during the period from 1 January 2019 to 20 January 2020 (being the last trading day prior to publication of the possible mandatory conditional cash offer (the “**Previous Cash Offer**”) announcement of the Company dated 21 January 2020). The offer price of the Previous Cash Offer was HK\$1.21 per offer share and the mandatory conditional cash offer was closed on 8 May 2020. During the period from 22 January 2020 (being the date of resumption of trading of Shares following publication of the Previous Cash Offer announcement of the Company) to 8 May 2020, the closing price of the Shares fluctuated in a range of between HK\$1.1 and HK\$1.22.

The Company published profit warning announcement during lunch time on 9 July 2020 that the Group was anticipated to record a loss for the period exceeding approximately RMB40 million for the six months ended 30 June 2020 as compared to a profit for the period of approximately RMB31 million for the six months ended 30 June 2019. There was no adverse impact on closing Share price and the Shares closed at HK\$1.28 on 9 July 2020 as compared to the closing price of HK\$1.27 on the previous trading day.

The closing price of the Shares has shown an upward trend since early August 2020 and up to the Last Trading Day. The closing Share price was HK\$1.87 with a trading volume of approximately 1.12 million Shares on 4 December 2020 (Friday). The Company published a business update announcement dated 4 December 2020 after trading hours on 4 December 2020 that the Board resolved to procure the cessation of operating by 珠海高速客輪有限公司 (Zhuhai High-speed Passenger Ferry Co., Ltd.) (a subsidiary of the Group) of a marine tourism line which was expected to take effect on or around 1 January 2021. The marine tourism line involved the sightseeing ferry line that departs from Jiuzhou Port, Zhuhai, the PRC and travels towards the direction of Shekou, Shenzhen, the PRC (but without stopping at the Shekou Port), passes by the Hong Kong-Zhuhai-Macao Bridge (港珠澳大橋) and returns to Jiuzhou Port, Zhuhai, the PRC. Following the publication of this business update announcement, the Shares closed at HK\$1.95 with a trading volume of approximately 43.97 million Shares on 7 December 2020 (Monday). Save for this, we do not identify any public announcements of the Company published during this period which might explain the relatively higher Share prices. As confirmed by the management of the Company, they are not aware of any affairs of the Group which could possibly explain the relatively higher Share prices during this period.

The Shares closed at HK\$2.22 on the Last Trading Day and surged to HK\$2.94, being the closing price of the Share on 25 January 2021 (immediately after the release of the Joint Announcement). Since then and up to the Latest Practicable Date, the closing price of the Shares ranged between HK\$2.91 and HK\$2.97, suggesting that the closing price is being principally determined by the Cancellation Price. The Shares closed at HK\$2.93 as at the Latest Practicable Date.

The Cancellation Price of HK\$3.06 per Scheme Share represents:

- a premium of approximately 4.44% over the closing price of HK\$2.93 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- a premium of approximately 37.84% over the closing price of the Shares of HK\$2.22 as quoted by the Stock Exchange on the Last Trading Day;
- a premium of approximately 36.73% over the average closing price of the Shares of approximately HK\$2.238 as quoted by the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;

- a premium of approximately 37.47% over the average closing price of the Shares of approximately HK\$2.226 as quoted by the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 52.39% over the average closing price of the Shares of approximately HK\$2.008 as quoted by the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day; and
- a premium of approximately 57.41% over the average closing price of the Shares of approximately HK\$1.944 as quoted by the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day.

The Shares have been trading at a level lower than the Cancellation Price of HK\$3.06 per Scheme Share on the market during the period under review. In our opinion, the recent surge in Share price immediately after the release of the Joint Announcement is primarily due to the announcement of the Proposal. There is no assurance that the price of the Shares will remain at the current level if the Scheme is not approved or lapses or does not become unconditional for any reason.

(ii) Trading volume

The table below sets out the total number of Shares traded per month, the percentage of the monthly trading volume to the issued share capital of Company as at the Latest Practicable Date and the percentage of the monthly trading volume to the Shares held by the public as at the Latest Practicable Date, respectively for the period commencing from 1 January 2019 and up to and including the Latest Practicable Date:

	Total monthly trading volume of Shares <i>(note 1)</i>	Approximate % of total monthly trading volume to the total issued Shares as at the Latest Practicable Date <i>(note 2)</i> %	Approximate % of total monthly trading volume to the public float as at the Latest Practicable Date <i>(note 3)</i> %
2019			
January	12,338,200	0.86	2.24
February	10,080,150	0.71	1.83
March	11,887,600	0.83	2.16
April	6,730,000	0.47	1.22
May	6,492,000	0.45	1.18
June	5,948,000	0.42	1.08
July	5,318,000	0.37	0.97
August	15,967,300	1.12	2.91
September	6,990,000	0.49	1.27
October	8,800,000	0.62	1.60
November	20,742,000	1.45	3.77
December	104,344,122	7.31	18.98
2020			
January	42,962,000	3.01	7.82
February	29,240,000	2.05	5.32
March	128,414,000	8.99	23.36
April	40,440,000	2.83	7.36
May	16,914,000	1.18	3.08
June	10,173,000	0.71	1.85
July	10,912,000	0.76	1.99
August	31,626,000	2.22	5.75
September	58,116,000	4.07	10.57
October	70,432,000	4.93	12.81
November	100,196,000	7.02	18.23
December	87,450,000	6.12	15.91

	Total monthly trading volume of Shares <i>(note 1)</i>	Approximate % of total monthly trading volume to the total issued Shares as at the Latest Practicable Date <i>(note 2)</i> %	Approximate % of total monthly trading volume to the public float as at the Latest Practicable Date <i>(note 3)</i> %
2021			
January	66,274,000	4.64	12.06
February	31,862,000	2.23	5.80
March	26,640,000	1.87	4.85
April to the Latest Practicable Date	2,562,000	0.18%	0.47%

Notes:

1. Source: Bloomberg
2. Based on 1,427,797,174 Shares in issue as at Latest Practicable Date
3. Based on 549,642,065 Shares held by public as at Latest Practicable Date as advised by the Company

The monthly trading volume of the Shares during the year of 2019 was relatively thin with turnover generally below 4% of the Shares in public hands as at the Latest Practicable Date, except for December 2019. We note from disclosure of interests filing that a shareholder disposed of 60 million Shares on the exchange on 5 December 2019. This contributed to the greater trading volume for the month of December 2019. The Company published a joint announcement dated 21 January 2020 regarding a possible mandatory conditional cash offer which was closed on 8 May 2020. This likely led to the higher trading volume from January 2020 to April 2020. Moreover, it was stated in the joint announcement dated 30 March 2020 that the offeror has acquired an aggregate of approximately 34 million Shares on the open market on 27 March 2020. This further boosted the trading volume in March 2020. Following the close of mandatory conditional cash offer, the monthly trading volume dropped below 4% of the Shares in public hands as at the Latest Practicable Date from May 2020 to July 2020. Trading volume of the Shares was at high level from August to December 2020 with percentages of the monthly total trading volume of the Shares to the public float of the Company as at the Latest Practicable Date in the range of approximately 5.75% to 18.23%. It is noted from disclosure of

interests filing that a shareholder disposed of approximately 46.4 million Shares on the exchange on 30 September 2020. Moreover, there was a surge of daily trading volume to approximately 43.97 million Shares on 7 December 2020 (Monday) after publication of the business update announcement of the Company dated 4 December 2020 (Friday). As confirmed by the management of the Company that save for this disclosure of interest filing and the business update announcement, they are not aware of any reasons for the higher trading volume during the period from August 2020 to December 2020.

The high trading volume in January 2021 was, in our view, likely due to the announcement of the Proposal. Trading volume of the Shares subsided in February, March and April 2021 (up to the Latest Practicable Date), with percentages of the monthly total trading volume of the Shares to the public float of the Company in the range of approximately 0.47% to 5.80%. Given the generally low trading volume except for certain specific periods as discussed above, if Scheme Shareholders (especially those with relatively sizeable shareholdings) wish to sell a significant number of Shares within a short period in the market, it is possible that a downward pressure would be exerted on the market price of the Shares. We consider that the higher level of trading volume following the publication of the Joint Announcement may not be sustained if the Scheme is not approved or lapses or does not become unconditional for any reason. Therefore, the Proposal provides an opportunity for the Scheme Shareholders to realise their investments in the Company for cash at the Cancellation Price if they so wish.

OPINION AND ADVICE

Based on the above principal factors and reasons, we consider that the terms of the Proposal and the Scheme are fair and reasonable so far as the Scheme Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Scheme Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the SGM to approve and implement the Proposal and the Scheme. Notwithstanding our recommendations, the Scheme Shareholders are strongly advised that the voting decision at the Court Meeting and the SGM is subject to individual circumstances and investment objectives. If in doubt, the Scheme Shareholders should consult their own professional advisers for professional advice. Furthermore, the Scheme Shareholders are strongly recommended to read carefully the information contained in the Scheme Document before making the voting decision.

The closing Share prices have been below the Cancellation Price of HK\$3.06 per Scheme Share since the Last Trading Day and up to the Latest Practicable Date. Nevertheless, the Scheme Shareholders are strongly advised to closely monitor the trading price and liquidity of the Shares before 20 May 2021 (being the expected last day for trading in the Shares on the Stock Exchange) and, having regard to their own circumstances, to consider selling their Shares in the open market, if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would exceed the net proceeds expected to be received under the Scheme.

Yours faithfully,
for and on behalf of

VMS SECURITIES LIMITED

Emily Chan

Managing Director - Corporate Finance

Richard Leung

Managing Director - Corporate Finance

Ms. Emily Chan is a licensed person and responsible officer of VMS Securities Limited registered with the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. She has over 20 years of experience in the investment banking and corporate finance industry.

Mr. Richard Leung is a licensed person and responsible officer of VMS Securities Limited registered with the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 15 years of experience in the corporate finance industry.

This explanatory statement constitutes the statement required under Section 100 of the Companies Act.

**SCHEME OF ARRANGEMENT
(UNDER SECTION 99 OF THE COMPANIES ACT)**

1. INTRODUCTION

Reference is made to (i) the Joint Announcement; and (ii) the joint announcement issued by the Offeror and the Company dated 22 March 2021 in relation to the satisfaction of all the Pre-Conditions.

The Offeror and the Company jointly announced that on 17 January 2021, the Offeror requested the Board to, subject to the satisfaction of the Pre-Conditions, put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act. On 19 March 2021, all the Pre-Conditions have been satisfied.

If the Scheme becomes effective:

- (a) all Scheme Shares held by the Scheme Shareholders will be cancelled in consideration for the Cancellation Price of HK\$3.06 per Scheme Share which shall be paid in cash;
- (b) new Shares corresponding to the cancelled Scheme Shares will be issued to the Offeror, credited as fully paid, such that the Concert Group will in aggregate hold the entire issued share capital of the Company (among which the Offeror will hold approximately 83.53% and ZJ Holdings will hold the remaining approximately 16.47% of the issued share capital of the Company); and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn pursuant to Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

The purpose of this Explanatory Statement is to explain the terms and effects of the Proposal and to provide Scheme Shareholders with 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.

2. TERMS OF THE PROPOSAL

The Scheme

Subject to the satisfaction or waiver (as applicable) of the Conditions described in the section headed “4. Conditions to the Proposal and the Scheme” below, the Proposal will be implemented and the Scheme will become effective and binding on the Company and all Shareholders. Under the Proposal, if the Scheme becomes effective, the Scheme Shares will be cancelled and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$3.06 in cash for each Scheme Share cancelled.

No increase in the Cancellation Price

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

Comparison of value

The Cancellation Price of HK\$3.06 per Scheme Share represents:

- (a) a premium of approximately 4.44% over the closing price of HK\$2.930 per Share as quoted on the Stock Exchange on 19 April 2021, being the Latest Practicable Date;
- (b) a premium of approximately 37.84% over the closing price of HK\$2.220 per Share as quoted on the Stock Exchange on 15 January 2021, being the Last Trading Day;
- (c) a premium of approximately 36.73% over the average of the closing prices of the Shares of approximately HK\$2.238 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 37.47% over the average of the closing prices of the Shares of approximately HK\$2.226 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (e) a premium of approximately 52.39% over the average of the closing prices of the Shares of approximately HK\$2.008 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (f) a premium of approximately 57.41% over the average of the closing prices of the Shares of approximately HK\$1.944 per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day;
- (g) a premium of approximately 98.19% over the audited consolidated net asset value attributable to Shareholders per Share as at 31 December 2019 of approximately HK\$1.544 (based on a total of 1,427,797,174 Shares in issue as at the Latest Practicable Date and the Group's audited consolidated net asset value attributable to the Shareholders of RMB1,974,504,000 as at 31 December 2019, as disclosed in the annual report of the Company dated 28 April 2020 and the exchange rate of RMB0.89578 to HK\$1, being the exchange rate as quoted by the People's Bank of China on 31 December 2019);

- (h) a premium of approximately 1.12 times over the unaudited consolidated net asset value attributable to Shareholders per Share as at 30 June 2020 of approximately HK\$1.444 (based on a total of 1,427,797,174 Shares in issue as at the Latest Practicable Date and the Group's unaudited consolidated net asset value attributable to Shareholders of RMB1,883,330,000 as at 30 June 2020, as disclosed in the interim report of the Company dated 24 September 2020 and the exchange rate of RMB0.91344 to HK\$1, being the exchange rate as quoted by the People's Bank of China on 30 June 2020);
- (i) a premium of approximately 76.37% over the audited consolidated net asset value attributable to Shareholders per Share as at 31 December 2020 of approximately HK\$1.735 (based on a total of 1,427,797,174 Shares in issue as at the Latest Practicable Date and the Group's audited consolidated net asset value attributable to the Shareholders of RMB2,084,541,000 as at 31 December 2020, as disclosed in the 2020 Results Announcement and the exchange rate of RMB0.84164 to HK\$1, being the exchange rate as quoted by the People's Bank of China on 31 December 2020); and
- (j) a discount of approximately 21.52% to the unaudited adjusted consolidated net asset value attributable to Shareholders per Share of approximately HK\$3.899 (based on a total of 1,427,797,174 Shares in issue as at the Latest Practicable Date and the Group's unaudited adjusted consolidated net asset value attributable to Shareholders of RMB4,645,537,000 (as referred to the section headed "5. *Adjusted Net Asset Value*" in Appendix I to this Scheme Document) and the exchange rate of RMB0.83449 to HK\$1, being the exchange rate as quoted by the People's Bank of China on the last working day before 28 February 2021).

Highest and lowest Share prices

During the Relevant Period:

- (a) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.970 per Share on 9 February 2021 and 11 February 2021; and
- (b) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.290 per Share on 24 July 2020.

Basis for determining the Cancellation Price

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historical closing prices of the Shares as quoted on the Stock Exchange, financial position of the Group and with reference to other privatisation transactions in Hong Kong in recent years.

Dividend payment by the Company

As at the Latest Practicable Date, the Company has not declared any dividend which remains unpaid and does not intend to declare and/or pay any dividend before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses (as the case may be).

If any dividend, distribution and/or return of capital (as the case may be) is made or paid in respect of the Cancellation Shares after the Latest Practicable Date and on or before the Effective Date, the Offeror reserves the right to reduce the Cancellation Price by an amount equal to all or any part of the amount of such dividend, distribution and/or return of capital.

3. VALUE OF THE PROPOSAL AND FINANCIAL RESOURCES**Value of the Proposal**

As at the Latest Practicable Date, the Company has 1,427,797,174 Shares in issue. The Concert Group owns 878,155,109 Shares in aggregate, representing approximately 61.50% of the total issued share capital of the Company as at the Latest Practicable Date.

Taking into account 878,155,109 Shares that are already owned by the Concert Group as at the Latest Practicable Date, the Proposal will involve making an offer to cancel 549,642,065 Scheme Shares, in exchange for the Cancellation Price of HK\$3.06 per Scheme Share in cash.

Assuming there is no change to the issued share capital of the Company, on the basis of the Cancellation Price of HK\$3.06 per Scheme Share and 1,427,797,174 Shares in issue, the total issued share capital of the Company is valued at HK\$4,369,059,352.44. On the basis of 549,642,065 Scheme Shares and the Cancellation Price of HK\$3.06 per Scheme Share, the total amount of cash required to implement the Proposal in full would be HK\$1,681,904,718.90.

Financial resources available to the Offeror

The Offeror intends to finance and satisfy the consideration payable under the Scheme by a loan facility granted by China Merchants Bank Co., Ltd., Hong Kong Branch which is secured by, among other things, the Shares owned by the Concert Group. The Offeror confirms that there is no arrangement in relation to the loan facility pursuant to which the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company.

Essence Corporate Finance, being the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy its obligations in respect of the full implementation of the Proposal.

4. CONDITIONS TO THE PROPOSAL AND THE SCHEME

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

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) (i) the approval of the Scheme (by way of poll) by the Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Scheme 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 Scheme 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 Scheme Shareholders;
- (c) the passing by the Shareholders at the SGM of (i) a special resolution to approve any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of the Company by the allotment and issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled;
- (d) the sanction of the Scheme (with or without modification) by the Court and the delivery to the Registrar of Companies of a copy of the order of the Court for registration;
- (e) compliance with the procedural requirements and conditions (if any) under Section 46(2) of the Companies Act in relation to the reduction of the issued share capital of the Company;
- (f) all Approvals which are: (i) required in connection with the Proposal by Applicable Laws or any licences, permits or contractual obligations of any member of the Group; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;
- (g) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal void, unenforceable, illegal or

impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal);

- (h) all Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date;
- (i) since the date of the Joint Announcement, there having been no material adverse change to the business, assets, financial or trading position of the Group, each taken as a whole;
- (j) no litigation, arbitration proceedings, prosecution or other legal proceedings being instituted against any member of the Group and no such proceedings being threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court in respect of any such member or the business carried on by any such member having been threatened in writing, announced or instituted), in each case which is material and adverse in the context of the Group taken as a whole and in the context of the Proposal; and
- (k) save in connection with the implementation of the Proposal, the listing of the Shares on the Stock Exchange not having been withdrawn, and no indication having been received from the Executive and/or the Stock Exchange, to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn.

The Conditions in paragraphs (a) to (f) (inclusive) and (h) above are not waivable. The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Conditions in paragraphs (a) to (f) and (h)). The Company does not have the right to waive any of the Conditions. All of the above Conditions must be satisfied or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any or all of the Conditions so as to cause the Proposal to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

As at the Latest Practicable Date, the Offeror and the Company were not aware of any circumstances which may result in any of the Conditions in paragraphs (g), (i) to (k) (inclusive) above not being satisfied. As at the Latest Practicable Date and based on information available to the Offeror, the Offeror was also not aware of any other Approvals which are required as set out in the Condition in paragraph (f) above.

As at the Latest Practicable Date, none of the Conditions had been fulfilled or waived (as applicable).

If the Conditions are satisfied or validly waived (as applicable), the Scheme will be binding on all of the Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the SGM.

WARNING: Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Conditions being satisfied or waived, as applicable. Therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

5. THE SCHEME AND THE COURT MEETING

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

It is expressly provided in Section 99 of the Companies Act that if a majority in number representing three-fourths in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting (or meetings, as the case may be, summoned as directed by the Court as aforesaid), agree to any arrangement, the arrangement shall, if sanctioned by the Court, be binding on all members or class of members, as the case may be, and also on the company.

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

In addition to satisfying any requirements imposed by law as summarised above, other than with the consent of the Executive to dispense with compliance or strict compliance therewith, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if:

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Scheme Shareholders that are voted either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast (by way of poll) by the Scheme 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 Scheme Shareholders.

7. BINDING EFFECT OF THE SCHEME

If the Scheme is approved at the Court Meeting in accordance with the requirements of Section 99 of the Companies Act and Rule 2.10 of the Takeovers Code, as described

above, and is sanctioned by the Court and the other Conditions are either satisfied or validly waived (as applicable), the Scheme will be binding on the Company and all Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the SGM.

8. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 1,427,797,174 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

As at the Latest Practicable Date, the Concert Group owns 878,155,109 Shares in aggregate, representing approximately 61.50% of the total issued share capital of the Company.

Shareholding structure of the Company

Assuming that there is no change in the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal, the following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Proposal and the Scheme becoming effective:

	As at the Latest Practicable Date		Immediately upon completion of the Proposal and the Scheme becoming effective	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
ZJ Holdings (Note)	235,200,000	16.47	235,200,000	16.47
Offeror (Note)	<u>642,955,109</u>	<u>45.03</u>	<u>1,192,597,174</u>	<u>83.53</u>
Sub-total of the Concert Group	878,155,109	61.50	1,427,797,174	100.00
Scheme Shareholders	<u>549,642,065</u>	<u>38.50</u>	<u>–</u>	<u>–</u>
Grand Total	<u>1,427,797,174</u>	<u>100.00</u>	<u>1,427,797,174</u>	<u>100.00</u>

Note: 235,200,000 Shares are beneficially held by ZJ Holdings while 642,955,109 Shares are held by the Offeror which is a wholly-owned subsidiary of ZJ Holdings which in turn is wholly owned by the Zhuhai SASAC.

9. REASONS FOR AND BENEFITS OF THE PROPOSAL

Attractive opportunity to the Scheme Shareholders to realise investments

The Scheme provides an immediate opportunity for the Scheme Shareholders to monetize their Shares at a premium to the market price of the Company as at the Latest Practicable Date and the Last Trading Date. The Cancellation Price of HK\$3.06 for each Scheme Share represents a premium of approximately 4.44% over the closing price of HK\$2.930 per Share as quoted on the Stock Exchange on the Latest Practicable Date, a premium of approximately 37.84% over the closing price of HK\$2.220 per Share as quoted on the Stock Exchange on the Last Trading Date, and a premium of approximately 52.39% and 57.41% over the average closing price of approximately HK\$2.008 and HK\$1.944 per Share for 30 and 90 trading days up to and including the Last Trading Date, respectively.

Deepen the reforms of state-owned enterprises and enhance state-owned assets management efficiency

In the context of deepening reforms of state-owned enterprises and the adoption of a capital management-based approach, the Offeror, as a state-owned investment holding company in the PRC, is proactively exploring new initiatives to reform state-owned capital invested companies and enhance the management efficiency of state-owned assets.

Facilitate long-term growth

Implementation of the Proposal will permit the Offeror and the Company to make strategic decisions focused on long-term growth and benefits, free from regulatory constraints, the pressure of market expectations and share price fluctuations which arise from being a publicly listed company. The Proposal, which entails the delisting of the Company, is expected to reduce the management resources associated with maintaining the compliance with regulatory requirements and, in turn, allow greater flexibility for the Offeror and the Company to manage the Group's business.

Cost reduction from the saving of cost of listing

In addition, the listing of the Shares requires the Company to bear administrative, compliance and other listing-related costs and expenses; if these costs and expenses are eliminated, the funds saved could be used for the Company's business operations.

10. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror intends to continue the existing business of the Group, and not to introduce any major changes to the business of the Group (including any redeployment of the fixed assets of the Group).

The Offeror does not intend to make any significant changes to the continued employment of the employees of the Group.

11. INFORMATION OF THE OFFEROR

The Offeror is a company incorporated under the laws of BVI and a direct wholly-owned subsidiary of ZJ Holdings. The principal activity of the Offeror is investment holding. As at the Latest Practicable Date, the board of directors of the Offeror comprises Madam CAI Sulan, Mr. KANG Xiaodan and Mr. CHEN Xiaoqi. The Offeror beneficially holds 642,955,109 Shares, representing approximately 45.03% of the total issued share capital of the Company as at the Latest Practicable Date.

ZJ Holdings is a state-owned enterprise established in the PRC wholly owned by the Zhuhai SASAC. The principal activities of ZJ Holdings include investment in tourism and transportation businesses and properties letting. As at the Latest Practicable Date, the board of directors of ZJ Holdings comprises Mr. ZENG Jianping, Mr. JIN Tao, Mr. ZHANG Xianfeng, Mr. LI Guibo, Mr. ZOU Chaoyong, Mr. HUANG Jianbin and Mr. WU Shengbao. ZJ Holdings beneficially holds 235,200,000 Shares, representing approximately 16.47% of the total issued share capital of the Company as at the Latest Practicable Date.

12. INFORMATION OF THE COMPANY

The Company, an investment holding company, is incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange (Stock code: 908).

The principal activities of the Group consist of investment holding, the provision of port facilities in Zhuhai, the provision of ferry services between Zhuhai on the one part and Hong Kong and Shekou on the other part, the management of a holiday resort, a theme park and an amusement park, property development and the operation of a golf club, the provision of factoring services, the construction of river-regulating facilities and provision of river maintenance services and the trading and distribution of fuel oil, to form three major business segments, namely (i) 九洲藍色幹線 (Jiuzhou Blue Sea Jet, maritime transportation) and 藍色海洋旅遊 (Blue Marine Tourism); (ii) green leisure tourism and composite real estate; and (iii) public utilities and financial investments.

13. SHARE CERTIFICATES, DEALINGS AND LISTING

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished and the share certificates in respect of 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 in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

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

14. IF THE PROPOSAL IS NOT APPROVED OR LAPSES

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Conditions has not been satisfied or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme is not approved or the Proposal otherwise lapses.

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

15. COSTS OF THE SCHEME

Pursuant to Rule 2.3 of the Takeovers Code, if the Proposal is not approved at the Court Meeting and (i) is not recommended by the Independent Board Committee or (ii) is not recommended as fair and reasonable by the Independent Financial Adviser, all costs and expenses incurred by the Company in connection with the Scheme will be borne by the Offeror.

16. REGISTRATION AND PAYMENT

Assuming that the Scheme Record Date falls on Tuesday, 15 June 2021, it is proposed that the register of members of the Company will be closed from Tuesday, 1 June 2021 (or such other date as Shareholders may be notified by an announcement) onwards in order to determine entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that the transfers of Shares to them are lodged with the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration in their names or in the names of their nominees no later than 4:30 p.m. (Hong Kong time) on Monday, 31 May 2021.

In compliance with Rule 20.1(a) of the Takeovers Code, upon the Scheme becoming effective, the consideration for cancellation of the Scheme Shares will be paid to the Scheme Shareholders whose names appear in the register of members of the Company on the Scheme Record Date as soon as possible, but in any event within seven (7) Business

Days following the Effective Date. On the basis that the Scheme becomes effective on Tuesday, 15 June 2021 (Bermuda time), the cheques for the payment of the Cancellation Price are expected to be despatched on or before Thursday, 24 June 2021.

Cheques for the payment of the Cancellation Price will be sent by ordinary post in postage pre-paid envelopes 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 then stands first in the register of members of the Company in respect of the joint holding. For Beneficial Owners that hold Scheme Shares through a Registered Owner (other than HKSCC Nominees Limited), cheques made out in the name of the Registered Owner will be sent by posting the same by ordinary post in postage pre-paid envelopes addressed to the Registered Owner. For Beneficial Owners whose Scheme Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, cheques will be in envelopes addressed to and made available for collection by HKSCC Nominees Limited. Upon receipt of cheques, HKSCC Nominees Limited will cause such payment to be credited to the designated bank accounts of the relevant CCASS Participants in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All such cheques will be posted at the risk of the persons entitled thereto and none of the Offeror, the Company, Essence Corporate Finance, the Independent Financial Adviser and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in transmission.

On or after the day being six (6) calendar months after the date of posting the cheques for the Cancellation Price, the Offeror shall have the right to cancel or countermand payment of any cheque which has not been cashed or which has been returned uncashed and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold such monies by uncashed cheques until the expiry of six (6) years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. On the expiry of six (6) years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account in its name, including accrued interest subject to, if applicable, any deduction of interest, tax or any withholding tax or any other deduction required by law and expenses incurred.

Assuming that the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates for 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 Tuesday, 15 June 2021 (Bermuda time).

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled will be implemented in full in accordance with the terms of the Proposal without regard to

any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Scheme Shareholder.

17. OVERSEAS SHAREHOLDERS

The making of the Proposal to the Scheme Shareholders who are not residents in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. 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. The implementation of the Proposal in respect of the Scheme Shareholders will be deemed to include a representation and warranty from such persons to the Offeror, the Company and their respective advisers, including Essence Corporate Finance, financial adviser to the Offeror, that those laws and regulatory requirements have been complied with.

Scheme Shareholders residing in jurisdictions other than Hong Kong should consult their professional advisers if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to the Shares. It is emphasised that none of the Offeror, parties acting in concert with the Offeror, the Company, Essence Corporate Finance, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, employees, advisers, agents or affiliates or any other person involved in the Proposal accepts responsibility in relation to the above.

18. 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 on the cancellation of the Scheme Shares upon the Scheme becoming effective.

The Scheme Shareholders, whether in Hong Kong or in other jurisdictions, are encouraged to consult their own professional advisers if they are in any doubt as to the taxation implications of the Scheme and in particular, whether the receipt of the Cancellation Price under the Scheme would make such Scheme Shareholder liable to taxation in Hong Kong or in other jurisdictions.

It is emphasised that none of the Offeror, parties acting in concert with the Offeror, the Company, Essence Corporate Finance, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, employees, advisers, agents or affiliates 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.

19. COURT MEETING AND SGM

The Court has directed the Court Meeting be convened for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modification).

Such a resolution will be passed under the Companies Act if a majority in number representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting vote in favour of the Scheme. However, the Scheme will only be considered to have been approved under the Takeovers Code if (i) the Scheme is approved (by way of poll) by the Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares 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 Scheme 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 the Scheme Shares.

Only Scheme Shareholders whose Scheme Shares are registered in their own names in the register of members of the Company on the Meeting Record Date will be counted as members of the Company for the purpose of calculating whether or not a majority in number of members of the Company have approved the Scheme at the Court Meeting under Section 99 of the Companies Act. Each Scheme Shareholder will be counted as one member of the Company for the purposes of calculating the “majority in number” requirement under Section 99 of the Companies Act. In accordance with the direction from the Court, for the purpose of calculating the “majority in number” requirement, HKSCC Nominees Limited will be counted as one member and may vote for or against the Scheme according to the majority of voting instructions it receives. 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 Court and may be taken into account in deciding whether or not the Court should exercise its discretion to sanction the Scheme.

The SGM will be held for the purpose of considering and, if thought fit, passing of (i) a special resolution to approve and give effect to, among other things, the reduction of issued share capital of the Company by the cancellation of all the Scheme Shares; and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of the Company by the allotment and issue to the Offeror of such number of new Shares, credited as fully paid, is equal to the number of the Scheme Shares cancelled.

All Shareholders whose names appear in the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the SGM.

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

Announcement(s) will be made by the Offeror and the Company in relation to the results of the Court Meeting and the SGM 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 SGM are set out in Appendix VII and Appendix VIII, respectively, to this Scheme Document.

20. RECOMMENDATIONS

Your attention is drawn to the following:

- (a) the letter from the Independent Board Committee set out in Part V of this Scheme Document; and
- (b) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document.

21. ACTIONS TO BE TAKEN

Actions to be taken by the Scheme Shareholders are set out in Part II of this Scheme Document.

22. 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. You should rely only on the information contained in this Scheme Document.

None of the Offeror, parties acting in concert with the Offeror, the Company, Essence Corporate Finance, the Independent Financial Adviser or any of their respective directors, officers, employees, advisers, agents or affiliates or any other person involved in the Proposal has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

23. GENERAL

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

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited consolidated financial results of the Group for the years ended 31 December 2018, 2019 and 2020 as extracted from the respective audited consolidated financial statements of the Group as set forth in the Company's 2019 annual report and the 2020 Results Announcement:

	Year ended 31 December		
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
Revenue	9,248,350	11,812,280	9,862,623
Cost of sales	<u>(7,919,357)</u>	<u>(10,568,230)</u>	<u>(8,553,472)</u>
Gross profit	1,328,993	1,244,050	1,309,151
Other income and gains, net	71,263	88,060	102,750
Selling and distribution expenses	(149,118)	(135,813)	(91,693)
Administrative expenses	(236,748)	(230,299)	(237,883)
Other expenses	(5,858)	(2,107)	(2,892)
Net impairment losses on financial assets	(560)	(5,005)	(59,794)
Finance expenses	(9,346)	(23,763)	(40,152)
Share of profits/(loss) of:			
Joint ventures	469	(2,105)	2,733
Associates	<u>4,464</u>	<u>3,449</u>	<u>(7,662)</u>
Profit before tax	1,003,559	936,467	974,558
Income tax expense	<u>(606,715)</u>	<u>(656,139)</u>	<u>(735,796)</u>
Profit for the year	<u>396,844</u>	<u>280,328</u>	<u>238,762</u>
Profit attributable to:			
Owners of the Company	177,028	81,069	44,353
Non-controlling interests	<u>219,816</u>	<u>199,259</u>	<u>194,409</u>
	<u>396,844</u>	<u>280,328</u>	<u>238,762</u>
Total comprehensive income for the year attributable to:			
Owners of the Company	124,822	54,288	110,037
Non-controlling interests	<u>216,764</u>	<u>198,549</u>	<u>195,968</u>
	<u>341,586</u>	<u>252,837</u>	<u>306,005</u>
Dividends paid to Shareholders	24,701	25,130	–
Earnings per Share attributable to owners of the Company (RMB cents)	12.40	5.68	3.11
Dividend per Share for the year (HK cents)	2	–	–

Except as disclosed in the above summary of the audited consolidated financial results, there were no items of income or expenses which are material in the consolidated financial statements of the Group in any of the years ended 31 December 2018, 2019, and 2020.

There was no modified opinion, emphasis of matter, or material uncertainty related to going concern contained in the auditors' report of the Group for any of the years ended 31 December 2018, 2019, and 2020.

2. INFORMATION INCORPORATED BY REFERENCE

Additional financial information of the Group as at and for the year ended 31 December 2020 has been published in the reports as follows:

- (a) The consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2020 is shown in the 2020 Results Announcement published on the website of the Company (www.0908.hk), from pages 1 to 3.
- (b) The consolidated statement of financial position of the Group and the Company as at 31 December 2020 is shown in the 2020 Results Announcement published on the website of the Company (www.0908.hk), from pages 4 to 5.

3. INDEBTEDNESS STATEMENT

As at the close of business on 28 February 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this Scheme Document, the respective indebtedness of the Group is set out as follows. Save as disclosed below, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, as at 28 February 2021, the Group had no bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities.

3.1 Interest-bearing bank borrowings

The following is a summary of the interest-bearing bank borrowings of the Group as at the close of business on 28 February 2021:

	As at 28 February 2021 RMB'000
Secured guaranteed	1,227,152
Secured non-guaranteed	60,000
Unsecured guaranteed	435,771
Unsecured non-guaranteed	<u>1,105,332</u>
 Total	 <u><u>2,828,255</u></u>

As at the close of business on 28 February 2021, the Group's secured guaranteed interest-bearing bank borrowings of RMB1,000,547,000 were secured by charges over bank accounts of approximately RMB10,447,000 and corporate guarantee provided by certain subsidiaries of the Company. Remaining balances of RMB226,605,000 were secured by certain leasehold buildings in the Group's property, plant and equipment with carrying amount of approximately RMB41,158,000 and corporate guarantee provided by the Company.

As at the close of business on 28 February 2021, the Group's secured non-guaranteed interest-bearing bank borrowings were secured by the rights and income under service concession agreement.

As at the close of business on 28 February 2021, the Group's unsecured guaranteed interest-bearing bank borrowings were guaranteed by the Company, ZJ Holdings as the shareholder of the Company, and subsidiaries of the Company.

3.2 Amounts due to a shareholder

As at the close of business on 28 February 2021, the Group had unsecured non-guaranteed amounts due to a shareholder of approximately RMB6,746,000.

3.3 Amounts due to related companies

As at the close of business on 28 February 2021, the Group had unsecured non-guaranteed amounts due to related companies of approximately RMB1,032,000.

3.4 Lease liabilities

As at the close of business on 28 February 2021, the Group had lease liabilities of approximately RMB6,570,000.

3.5 Contingent liabilities

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchasers for repayments. As at the close of business on 28 February 2021, the contingent liabilities in respect of financial guarantees on mortgage facilities were amounted to approximately RMB1,380,030,000.

4. MATERIAL CHANGES

The Directors confirm that, save for the following matters, as at the Latest Practicable Date, there were no material changes in the financial or trading position or outlook of the Group since 31 December 2020, the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- 1) the Proposal and the Scheme as set out in this Scheme Document;
- 2) as disclosed in the 2020 Results Announcement, the businesses operated by the Group were hit hard during the COVID-19 outbreak (the "Epidemic") in 2020. As the Epidemic has not yet come to an end, the business and operation of the Group are still subject to various factors set out in the 2020 Results Announcement, including the timing of effective containment of the spread of the Epidemic, the timing of resumption of ferry service of Hong Kong-Zhuhai ferry lines, the subsequent recovery of confidence in the travelling and spending habits among foreign and local consumers, and the subsequent influence in the traffic and market demand for fuel oil;
- 3) it is stated in the announcements of the Company dated 15 January 2021 and 2 February 2021 that 珠海九控房地產有限公司 (Zhuhai Jiuzhou Holdings Property Development Co., Ltd.) ("**ZJ Property Development**") (a subsidiary of the Company) and 珠海九洲物業管理有限公司 (Zhuhai Jiuzhou Property Management Co., Ltd.) ("**ZJ Property Management**") (a subsidiary of ZJ Holdings) entered into a property services agreement dated 15 January 2021, pursuant to which ZJ Property Management shall provide property services (including security, cleaning, sale reception and management services) to ZJ Property Development in respect of certain properties of the Group for a period from 1 April 2021 to 31 March 2023 with an estimated service fees of approximately RMB7.7 million. Further details are set out in the announcements of the Company dated 15 January 2021 and 2 February 2021;

- 4) it is stated in the announcement of the Company dated 29 January 2021 that on 29 January 2021, 珠海高速客輪有限公司 (Zhuhai High-speed Passenger Ferry Co., Ltd.) (the “**Ferry Company**”) (being accounted for as a subsidiary of the Company and a connected subsidiary of the Company) and 珠海九洲藍色幹線投資控股有限公司 (Zhuhai Jiuzhou Blue Sea Jet Investment Holdings Co., Ltd.) (“**Jiuzhou Blue Sea Jet Investment**”) (a subsidiary of ZJ Holdings) entered into two ferry leasing agreements, pursuant to which Ferry Company agreed to lease a number of ferries from Jiuzhou Blue Sea Jet Investment for (i) ferry line between 九洲港 (Jiuzhou Port) on the one part and 蛇口 (Shekou) on the other part; and (ii) ferry line between 九洲港 (Jiuzhou Port) on the one part and 中港客運碼頭 (Hong Kong China Ferry Terminal) or 港澳客輪碼頭 (Hong Kong-Macau Ferry Terminal) on the other part. The expected maximum aggregate of rental charges payable under the two ferry leasing agreements was approximately RMB56 million and the aggregate value of the right-of-use assets in respect of the leases of ferries was approximately RMB54.9 million. Further details are set out in the announcement of the Company dated 29 January 2021;

- 5) it is stated in the announcement of the Company dated 24 February 2021 that Ferry Company (being accounted for as a subsidiary of the Company and a connected subsidiary of the Company) and its two subsidiaries entered into three marketing services agency agreements with 珠海國際度假旅行社有限公司 (Zhuhai Holiday Resort Hotel International Travel Agency Co., Ltd.) (“**Zhuhai Travel Agency**”) (a subsidiary of the Company) on 24 February 2021, pursuant to which Zhuhai Travel Agency shall provide marketing services in respect of ferry lines and tourism lines to Ferry Company and its two subsidiaries from 1 March 2021 to 28 February 2022. The annual caps for these three marketing services agency agreements were approximately RMB8.1 million and RMB1.6 million for two years ending 31 December 2021 and 2022. Further details are set out in the announcement of the Company dated 24 February 2021;

- 6) it is stated in the announcement of the Company dated 12 March 2021 that the Company, as borrower, entered into a loan facility agreement with a bank (“**Bank A**”) on 12 March 2021, pursuant to which Bank A agreed to grant to the Company a loan facility of up to HK\$300 million having the maturity date falling 12 months from the date of the drawdown under the facility agreement. As part of the arrangement for the facility, ZJ Holdings had provided Bank A with an undertaking, among other things, that before the facility is fully repaid by the Company, (i) ZJ Holdings would maintain as the controlling shareholder of the Company and was obliged to obtain prior written approval from Bank A for the transfer of any shares in the Company; and (ii) ZJ Holdings would (a) continue to support the operation and maintain the financial condition of the Company for the timely repayment of any outstanding sum under the facility; and (b) provide such liquidity support to the Company so as to satisfy the Company’s repayment obligation under the facility. A principal amount of HK\$285 million had been drawdown as at the Latest Practicable Date. Further details are set out in the announcement of the Company dated 12 March 2021; and
- 7) it is stated in the announcement of the Company dated 26 March 2021 that the Company, as borrower, entered into a facility letter with a bank (“**Bank B**”) on 26 March 2021, pursuant to which Bank B had agreed to grant to the Company a term loan facility of up to HK\$500 million having the maturity date falling 2 years from the date of each drawdown by the Company under the facility letter. Pursuant to the facility letter, the Company had covenanted and undertaken to Bank B, among others, that throughout the term of the facility (i) Zhuhai SASAC would directly or indirectly remain as the single largest shareholder of the Company or maintain control over the management of the Company; and (ii) subsequent to the withdrawal of listing of the Company’s shares on the Stock Exchange pursuant to the Proposal, ZJ Holdings would issue a letter of comfort in the form satisfactory to Bank B for the purpose of providing assurance for the due repayment of the facility. A principal amount of HK\$500 million had been drawdown as at the Latest Practicable Date. Further details are set out in the announcement of the Company dated 26 March 2021.

5. ADJUSTED NET ASSET VALUE

Set out below is the unaudited adjusted consolidated net asset value of (i) the Group; and (ii) attributable to Shareholders, the adjustment takes into account the market value of properties of the Group as at 28 February 2021 as set out in the valuation report as set out in Appendix II to this Scheme Document:

	The Group Approximate (RMB'000)	Attributable to Shareholders Approximate (RMB'000)
Audited consolidated net asset value as at 31 December 2020 as disclosed in the 2020 Results Announcement	3,841,066	2,084,541
Less: Carrying value of the properties of the Group as at 31 December 2020	(7,933,023)	(5,552,714)
Add: Market value of the properties of the Group as at 28 February 2021 based on the valuation report prepared by Knight Frank Petty Limited, an independent property valuer	<u>12,256,710</u>	<u>8,113,710</u>
Unaudited adjusted consolidated net asset value	<u>8,164,753</u>	<u>4,645,537</u>

6. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies (and accompanying notes) which are of major relevance for the interpretation of the financial statements of the Group are set out in the following documents issued by the Company:

- (a) the 2020 Results Announcement published on the website of the Company (www.0908.hk) from page 6 onwards;
- (b) the annual report of the Company for the year ended 31 December 2019 published on the website of the Company (www.0908.hk) from page 132 onwards; and
- (c) the annual report of the Company for the year ended 31 December 2018 published on the website of the Company (www.0908.hk) from page 110 onwards.

Save for the adoption of HKFRS 16 "Leases" on the Group's consolidated financial statements from 1 January 2019 as disclosed in the annual report of the Company for the year ended 31 December 2019 from page 133 onwards, there was no change in the Group's accounting policy during the years ended 31 December 2018, 2019, and 2020 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

The following is the full text of the letter, the property valuation report and summary of values, prepared for the purpose of incorporation in this Scheme Document received from Knight Frank Petty Limited, an independent valuer, in connection with its valuation as at 28 February 2021 of the property interests held by the Group.



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21 April 2021

Dear Sirs

VALUATION OF VARIOUS PROPERTIES LOCATED IN ZHUHAI, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTIES")

In accordance with your instructions for us to value the Properties owned by Zhuhai Holdings Investment Group Limited (the "**Company**"), its subsidiaries, its associated company and its joint ventures (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have made relevant enquiries and carried out searches 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 as at 28 February 2021 (the "**Valuation Date**").

BASIS OF VALUATION

In arriving at our opinion of market values, we followed “The HKIS Valuation Standards 2020” issued by The Hong Kong Institute of Surveyors (“HKIS”). Under the said standards, market value 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.”

Market value is understood as the value of an asset or liability estimated without regard to the seller’s costs of sale or the buyer’s costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

VALUATION METHODOLOGY

For property nos. 1, 8 and 10 in arriving at our opinion of market values, we have adopted Market Approach with reference to market comparable evidence available in the market. In valuing property nos. 2 and 9, we have valued each of these properties on a going concern basis, and we have adopted the income approach by making reference to its historical performance over the past years. During the course of the valuation, we have relied on the gross operating profit generated from the hotel operation during corresponding periods and made reference to the required rate of return of similar forms of investment.

In valuing property nos. 3, 4, leased portion of property no. 5 and 7, we have valued the properties by “Income Approach — Term and Reversion Method” by capitalizing the net incomes shown on the documents handed to us by the Group and where appropriate by reference to sales evidence as available on the market. We have allowed for outgoings and, in appropriate cases, made provisions for reversionary income potential.

For the remaining portion of the property no. 5 and property no. 6, due to the specific purpose for which the buildings have been constructed, market transactions of comparable property cannot be readily identified in the market. We have therefore adopted Cost approach in valuing the property. The Depreciated Replacement Cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements less

deductions for physical deterioration and all relevant forms of obsolescence and optimization. We would define “Gross Replacement Cost” as the estimated cost of erecting the building or a modern substitute building having the same area as the existing building at prices level as at the valuation date. The estimated building cost includes professional fees and finance charges payable during the construction period and other associated expenses directly related to the construction of the building. The depreciated replacement cost of the property is subject to adequate potential profitability of the concerned business.

In valuing property nos. 11 and 12 which are leased properties and the Company does not own the legal titles of such properties, we have attributed no commercial value to the properties due to either the prohibition against assignment or sub-letting or the lack of substantial profit rents.

In valuing property nos. 13, 14, 15 and 16, we have valued the properties on the basis that the properties will be developed and completed in accordance with the Group’s latest development proposals provided to us. We have assumed that approvals for the proposals will be granted without onerous conditions. In arriving at our opinion of value, we have adopted the Market Approach by making reference to comparable transactions in the locality and have also taken into account the construction costs that will be expended to complete the development to reflect the quality of the completed development.

TITLE DOCUMENTS AND ENCUMBRANCES

We have been provided with extracts of documents in relation to the titles to the Properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have relied on the information provided by the Group and the written legal advices provided by its PRC legal adviser, Dentons (北京大成(珠海)律師事務所) dated 10 March 2021 (the “**Legal Adviser’s Opinion**”), regarding the title of the Properties.

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

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and the Legal Adviser’s Opinion, Dentons. We have no reason to doubt the truth and the accuracy of the information provided by the Group which is material to the valuation. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, development schemes, incurred and budget construction costs, tenancies, tenure, and site areas. Dimension, measurements and areas included in the attached valuation report are based on the information provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the site areas of the Properties and we have assumed that the areas shown on the

documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

We have inspected exterior and where possible the interior of the Properties and the inspection was carried out by our valuer Wayne Luo in March 2021 and no serious defects were found. However, we have not carried out site investigations to determine the suitability of ground conditions and services, etc. Our valuation is prepared on the assumption that these aspects are satisfactory. No tests were carried out on any of the services.

IDENTITY OF PROPERTIES TO BE VALUED

We have exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Properties, identified by the property addresses in your instructions, are the Properties inspected by us and contained within our valuation report. If there is ambiguity as to the property addresses, or the extent of the Properties to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

STRUCTURAL AND SERVICES CONDITION

We have not undertaken any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the Properties. Our valuations have therefore been undertaken on the basis that the Properties were in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

GROUND CONDITION

We have assumed that there is no unidentified adverse ground or soil conditions and the load bearing qualities of the site of the Properties are sufficient to support the buildings constructed or to be constructed thereon; and that the services are suitable for any existing development. Our valuations are prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Properties are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

COMPLIANCE WITH RELEVANT ORDINANCES AND REGULATIONS

We have assumed that the Properties were constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Properties upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

LIMITATIONS ON LIABILITY

In accordance with our standard practice, we must state that this valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this valuation.

Knight Frank has prepared the valuation based on information and data available to us as at the Valuation Date. It must be recognised that the real estate market is subject to market fluctuations, while changes in policy direction and social environment could be immediate and have sweeping impact on the real estate market. It should therefore be noted that any market violation, policy and social changes or other unexpected incidents after the Valuation Date may affect the values of the Properties.

MARKET CONDITIONS EXPLANATORY NOTE: NOVEL CORONAVIRUS (COVID-19)

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, has and continues to impact many aspects of daily life and the global economy – with real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks is possible.

The pandemic and the measures taken to tackle COVID-19 continues to affect economies and real estate markets both locally and globally. Nevertheless, as at the Valuation Date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value.

MATERIAL VALUATION UNCERTAINTY

As at the Valuation Date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the ‘material valuation uncertainty’ declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the Valuation Date.

POTENTIAL TAX LIABILITIES

As advised by the Company, for property nos. 1 to 10 and 13 to 16, there may be potential tax liability which would arise if the property interests were to be sold. Should disposal of the property interests located in the PRC be conducted, the potential tax liabilities arising may include value-added tax (5% or 9% on the transaction amount), urban construction and maintenance tax (7% on the value-added tax), educational surcharge (3% on the value-added tax), local educational surcharge (2% on the value-added tax), corporation income tax (25% on net profit upon disposal); stamp duty (0.05% on transaction amount) and land appreciation tax (the applicable rate is ranging from 30% to 60% on the net appreciated amount less deductibles). For property nos. 1 to 10, the likelihood of the relevant tax liability being crystallised is remote as the Company has no detail planning for the disposal of such properties yet. For property nos. 13 to 16, those properties will be sold in due course. Thus, the likelihood of the relevant tax liability being crystallised is high.

REMARKS

In preparing our valuation report, we have complied with “The HKIS Valuation Standards 2020” issued by the Hong Kong Institute of Surveyors and “The RICS Valuation — Global Standards 2020” issued by the Royal Institution of Chartered Surveyors and the requirements contained in the relevant provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and Rule 11 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission.

CURRENCY

All sums stated in our valuation are in Renminbi.

Our summary of values and valuation report are attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Clement W M Leung
MFin MCIREA MHKIS MRICS RPS (GP)
Executive Director
Head of China Valuation & Advisory

Remarks: Clement W M Leung MFin MCIREA MHKIS MRICS RPS (GP) is a qualified valuer who has 28 years of experiences in property valuation and consultancy services in Asia Pacific region, including the People's Republic of China, Hong Kong, Macau, Vietnam, London, New York and San Francisco.

SUMMARY OF VALUES

Group I — Completed Properties held for Investment by the Group in the PRC

Property	Market value in existing state as at 28 February 2021	Interest attributable to the Group	Market value in existing state attributable to the Group as at 28 February 2021
1 Villa Portion of Zhuhai Holiday Resort Hotel, Shihua East Road, Jida District, Zhuhai, Guangdong Province, The PRC	RMB286,000,000	100%	RMB286,000,000
2 Hotel Portion of Zhuhai Holiday Resort Hotel, Shihua East Road, Jida District, Zhuhai, Guangdong Province, The PRC	RMB167,000,000	100%	RMB167,000,000
3 Units 201-701 and Units 202-702 of Block No 1, Nanping Xin Cun, Off Zhuhai Main Road, Nanping District, Zhuhai City, Guangdong Province, The PRC	RMB16,110,000	100%	RMB16,110,000
4 Units G101, 102, 101-701 and 102-702 of Block No 7, Nanping Xin Cun, Off Zhuhai Main Road, Nanping District, Zhuhai City, Guangdong Province, The PRC	RMB16,100,000	100%	RMB16,100,000

Property	Market value in existing state as at 28 February 2021	Interest attributable to the Group	Market value in existing state attributable to the Group as at 28 February 2021
5 A parcel of land and various buildings and structures (including the buildings and structures within the area of "Lost World") erected thereon The New Yuanming Palace, Lan Pu Road, Qian Shan District, Zhuhai City, Guangdong Province, The PRC	RMB319,000,000	100%	RMB319,000,000
6 Lakewood Golf Club located at Jinfeng Road, Jinding Town, Zhuhai, Guangdong Province, The PRC	RMB105,000,000	60%	RMB63,000,000
7 Shop Nos. 101-105, 133 Ninghuai Road, Zhuhai National Hi-Tech Industrial Development District, Zhuhai, Guangdong Province, The PRC	RMB5,700,000	60%	RMB3,420,000
8 Unit 101 of No. 2 Block 4, 133 Ninghuai Road, Zhuhai National Hi-Tech Industrial Development District, Zhuhai, Guangdong Province, The PRC	RMB400,000	60%	RMB240,000

Property	Market value in existing state as at 28 February 2021	Interest attributable to the Group	Market value in existing state attributable to the Group as at 28 February 2021
9 Starview Mansion and Sports Complex erected thereon Shihua East Road, Jida District, Zhuhai City, Guangdong Province, The PRC	RMB716,000,000	100%	RMB716,000,000
10 A Retail Unit No. 201 of Block 46 situated in 818 Kaixuan Road, Zhuhai National High-Tech Industrial Development District, Zhuhai City, Guangdong Province, The PRC	RMB2,400,000	60%	RMB1,440,000
Sub-total	RMB1,633,710,000		RMB1,588,310,000

Group II — Properties held by the Group for Operation in the PRC

Property	Market value in existing state as at 28 February 2021	Interest attributable to the Group	Market value in existing state attributable to the Group as at 28 February 2021
11 Flats 101, 201, 302, 401 and 402 of Block No. 15, Tang Jia Le Yuan, Gangwan Main Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC	No commercial value		No commercial value
12 Ancillary Building of Wanzai Pier located in 3002 Nanwan South Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC	No commercial value		No commercial value
Sub-total	No commercial value		No commercial value

Group III — Properties held by the Group under development in the PRC

Property	Market value in existing state as at 28 February 2021	Interest attributable to the Group	Market value in existing state attributable to the Group as at 28 February 2021
13 A Proposed Real Estate Development located at Lakewood Golf Club (excluding property nos. 7, 8 and 10), Jinfeng Road, Jinding Town, Zhuhai, Guangdong Province, The PRC	RMB9,538,000,000	60%	RMB5,722,800,000
14 A parcel of land and Phase 1 Commercial Buildings erected thereon Shihua East Road, Jida District, Zhuhai City, Guangdong Province, The PRC	RMB118,000,000	100%	RMB118,000,000
15 A parcel of land and Proposed Composite Commercial Building and Ancillary Facilities (including Land Parcels of Phase 2 and 3) to be erected thereon Shihua East Road, Jida District, Zhuhai City, Guangdong Province, The PRC	RMB261,000,000	100%	RMB261,000,000
Sub-total	RMB9,917,000,000		RMB6,101,800,000

Group IV — Property held by the Group for Development in the PRC

Property	Market value in existing state as at 28 February 2021	Interest attributable to the Group	Market value in existing state attributable to the Group as at 28 February 2021
16 A Land Parcel located at the North of Qingping Road and South of Shengping Avenue, Pingsha Town, Jinwan District, Zhuhai, Guangdong Province, the PRC	RMB706,000,000	60%	RMB423,600,000
Sub-total	RMB706,000,000		RMB423,600,000
Grand Total:	RMB12,256,710,000		RMB8,113,710,000

VALUATION REPORT

Group I — Completed Properties held for Investment by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
1	Villa Portion of Zhuhai Holiday Resort Hotel, Shihua East Road, Jida District, Zhuhai, Guangdong Province, The PRC	<p>The property comprises 77 blocks of villa, a recreational complex, a health centre, a shopping arcade, a car park, and various ancillary facilities of Zhuhai Holiday Resort hotel with a total gross floor area of approximately 23,322.86 sq m erected upon two parcels of land with a total site area of approximately 174,341.88 sq m and was completed in between 1984 and 2011.</p> <p>The land use rights term of the property has been granted for a term expiring on 18 March 2042 for tourist industrial use.</p>	<p>The property is subject to a tenancy agreement entered into between Zhuhai Jiuzhou Property Development Limited and a subsidiary of the Company.</p> <p>The property is currently occupied by Zhuhai Jiuzhou Property Development Limited for hotel use.</p>	<p>RMB286,000,000 (RENMINBI TWO HUNDRED EIGHTY SIX MILLION ONLY)</p> <p>(100% interest attributable to the Group: RMB286,000,000)</p> <p><i>(please see note 5)</i></p>

Notes:

1. Pursuant to the Business Licence with Unified Social Credit No. 91440400053746420M, Zhuhai Jiuzhou Property Development Limited, a wholly owned subsidiary of the Company, was incorporated for a term commencing from 11 October 2012 to 11 October 2032.
2. Pursuant to the Realty Title Certificate No. Yue Fang Di Quan Zheng Zhu Zi Di 0100248579 dated 21 March 2013, the land use rights of a parcel of land with a site area of 174,341.88 sq m is granted to Zhuhai Jiuzhou Property Development Limited (formerly known as Zhuhai Jiuzhou Property Consultants Limited) for a term commencing from 18 March 1992 to 18 March 2042 for hotel use.
3. Pursuant to 105 Building Ownership Certificates issued by the People's Government of Zhuhai, the building ownership of portion of the property with total gross floor area of 30,136.19 sq m was vested in Zhuhai Jiuzhou Property Development Limited (formerly known as Zhuhai Jiuzhou Property Consultants Limited).
4. As advised by the Company, the site area of the property is shared with property nos. 2, 9, 14 and 15 and cannot be clearly delineated.
5. As advised by the Company, portion of the property with a total gross floor area of 6,812.63 sq m stated in note 3 was demolished. In the course of our valuation, we have excluded such portion.
6. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) the respective owner as stated in note 2 has legally obtained the land use rights, building ownership of the property and is the sole owner of the property;
 - (ii) portion of the property is subject to mortgages; and
 - (iii) apart from the portion stated in note 5, the property can be legally transferred, leased, mortgaged or handled in other ways, subject to relevant laws and regulations and approval from the mortgagee.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
2	Hotel Portion of Zhuhai Holiday Resort Hotel, Shihua East Road, Jida District, Zhuhai, Guangdong Province, The PRC	The property comprises a 11-storey hotel with 296 guest rooms, a 4-storey office building and other ancillary facilities of Zhuhai Holiday Resort Hotel erected on two parcels of land with a total site area of approximately 30,075.25 sq m. The property has a total gross floor area of approximately 28,301.38 sq m, and was completed in 1984. The area breakdown of the property is summarized as follows:	The property is currently operating by the Group as a 5-star hotel, office and car park. The occupancy rate of the hotel as at the Valuation Date was approximately 39%.	RMB167,000,000 (RENMINBI ONE HUNDRED SIXTYSEVEN MILLION ONLY) (100% interest attributable to the Group: RMB167,000,000) <i>(please see note 4)</i>

**Approximate
Gross Floor
Area
(sq m)**

Hotel	18,425.70
Ancillary facilities	1,364.45
Office	3,172.13
Ancillary facilities (without title document)	5,339.10
Total	28,301.38

The land use rights term of the property has been granted for a term expiring on 18 March 2042 for tourist industrial and commercial uses.

Notes:

1. Pursuant to the Business Licence with Unified Social Credit No. 91440400707784531X, Zhuhai Holiday Resort Hotel Company Limited, a wholly owned subsidiary of the Company, was incorporated for a term commencing from 20 March 1998 to unspecified long-term period.
2. Pursuant to two Realty Title Certificates Nos. Yue Fang Di Zheng Zi Di 1248729 and 1248730 both dated 31 March 1998 issued by the People's Government of Zhuhai, the building ownership of portion of the property with a gross floor area of 22,962.28 sq m and the land use rights of two parcel of lands with a total site area of 30,075.25 sq m for a term commencing from 31 March 1998 to 18 March 2042 for tourist industrial and commercial uses are vested in Zhuhai Holiday Resort Hotel Company Limited.
3. As advised by the Company, the site area of the property is shared with property nos. 1, 9, 14 and 15 and cannot be clearly delineated.
4. As advised by the Company, portion of the property with a total gross floor area of 5,339.10 sq m have not obtained relevant title documents; hence we have assigned no commercial value.
5. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) the respective owner as stated in note 2 has legally obtained the land use rights, building ownership of the property and is the sole owner of the property;
 - (ii) the property is free from mortgage and encumbrance; and
 - (iii) apart from the portion stated in note 4, the property can be legally transferred, leased, mortgaged or handled in other ways.
6. Our key assumptions in the valuation are as follows:

	Average Daily Rate <i>(RMB per night)</i>	Capitalisation Rate
Hotel	577	6.50%

We have made reference to the average daily rate (ADR) of similar hotels. The ADRs from comparable hotels are in the range of RMB460 to RMB790 per night. The above estimated ADR assumed by us is in line with the market. The capitalisation rate is considered not unreasonable taking into account the market yields of similar properties.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
3	Units 201-701 and units 202-702 of Block No 1, Nanping Xin Cun, Off Zhuhai Main Road, Nanping District, Zhuhai City, Guangdong Province, The PRC	<p>The property comprises 12 residential units on level 2 to level 7 of a 7-storey residential building with a total gross floor area of approximately 1,382.76 sq m which was completed in about 1996.</p> <p>The land use rights term of the property has been granted for a term expiring on 21 May 2061 for residential use.</p>	The property is subject to a tenancy agreement expiring in September 2021, yielding a total monthly rental of approximately RMB14,000, exclusive of management fee.	<p>RMB16,110,000 (RENMINBI SIXTEEN MILLION ONE HUNDRED AND TEN THOUSAND ONLY)</p> <p>(100% interest attributable to the Group: RMB16,110,000)</p>

Notes:

1. Pursuant to the Business Licence with Unified Social Credit No. 9144040061823751XH, The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z., a wholly owned subsidiary of the Company, was incorporated for a term commencing from 1 November 1993 to 1 November 2033.
2. Pursuant to the Realty Title Certificate No Yue Fang Di Zheng Zi Di 2119253 dated 13 September 1999 issued by the People's Government of Zhuhai, the building ownership of portion of the property with a gross floor area of 1,382.76 sq m and the land use rights of the land with a total site area of 1,064.10 sq m for a term commencing from 1 September 1999 to 21 May 2061 for residential use are vested in The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z..
3. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) the respective owner as stated in note 2 has legally obtained the land use rights, building ownership of the property and is the sole owner of the property;
 - (ii) the property is free from mortgage and encumbrance; and
 - (iii) the property can be legally transferred, leased, mortgaged or handled in other ways.
4. In our valuation, we have adopted a capitalisation rate of 2.25% for the property and we consider it is reasonable and in line with the market.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
4	Units G101, 102, 101-701 and 102-702 of Block No 7, Nanping Xin Cun, Off Zhuhai Main Road, Nanping District, Zhuhai City, Guangdong Province, The PRC	<p>The property comprises 16 residential units on ground level to level 7 of an 8-storey residential building with a total gross floor area of approximately 1,374.24 sq m which was completed in about 1996.</p> <p>The land use rights term of the property has been granted for a term expiring on 21 May 2061 for residential use.</p>	The property is subject to a tenancy agreement expiring in August 2021, yielding a total monthly rental of approximately RMB25,000, exclusive of management fee and inclusive of tax.	<p>RMB16,100,000 (RENMINBI SIXTEEN MILLION ONE HUNDRED THOUSAND ONLY)</p> <p>(100% interest attributable to the Group: RMB16,100,000)</p>

Notes:

1. Pursuant to the Business Licence with Unified Social Credit No. 9144040061823751XH, The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z., a wholly owned subsidiary of the Company, was incorporated for a term commencing from 1 November 1993 to 1 November 2033.
2. Pursuant to the Realty Title Certificate No Yue Fang Di Zheng Zi Di 2119254 dated 13 September 1999 issued by the People's Government of Zhuhai, the building ownership of portion of the property with a gross floor area of 1,202.46 sq m and the land use rights of the land with a total site area of 925.30 sq m for a term commencing from 2 September 1999 to 21 May 2061 for residential use are vested in The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z..
3. Pursuant to the Realty Title Certificate No Yue Fang Di Zheng Zi Di C0840920 dated 14 September 1999 issued by the People's Government of Zhuhai, the building ownership of portion of the property with a gross floor area of 171.78 sq m and the land use rights of the land with a total site area of 132.20 sq m for a term expiring on 21 May 2061 for residential use are vested in The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z..
4. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) the respective owner as stated in note 2 has legally obtained the land use rights, building ownership of the property and is the sole owner of the property;
 - (ii) the property is free from mortgage and encumbrance; and
 - (iii) the property can be legally transferred, leased, mortgaged or handled in other ways.
5. In our valuation, we have adopted a capitalisation rate of 2.25% for the property and we consider it is reasonable and in line with the market.

			Market value in existing state as at 28 February 2021	
Property	Description and tenure	Particulars of occupancy		
5	<p>A parcel of land and various buildings and structures (including the buildings and structures within the area of "Lost World") erected thereon The New Yuanming Palace, Lan Pu Road, Qian Shan District, Zhuhai City, Guangdong Province, The PRC</p>	<p>The property comprises a theme park with various blocks of buildings, various structures and various ancillary facilities erected on two parcels of land with a total site area of approximately 592,201.00 sq m. The property has a total gross floor area of approximately 40,219.41 sq m and was completed in 1997.</p> <p>Portion of the theme park is named "Lost World" and is operated as a separate income-producing entity. Lost World comprises various buildings and structures and has a total gross floor area of approximately 22,317.00 sq m.</p> <p>The land use rights term of the property has been granted for a term expiring on 2 November 2033 for tourism and carparking uses.</p>	<p>Portion of the property with a total site area of approximately 4,150.24 sq m was leased under various tenancies with the last term expiring in June 2024, yielding a total monthly rental of approximately RMB321,000, inclusive of tax.</p> <p>Portion of the property with a total gross floor area of 12,797.63 sq m was leased under various tenancies with the last term expiring in September 2033 yielding a monthly rental of approximately RMB787,000, inclusive of tax.</p>	<p>RMB319,000,000 (RENMINBI THREE HUNDRED NINETEEN MILLION ONLY)</p> <p>(100% interest attributable to the Group: RMB319,000,000)</p> <p><i>(please see notes 5 and 7)</i></p>

Note:

1. Pursuant to the Business Licence with Unified Social Credit No. 9144040061823751XH, The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z., is wholly owned by Jiuzhou Tourist Development Company Limited, which in turn is owned by the Company, was incorporated for a term commencing from 1 November 1993 to 1 November 2033.
2. Pursuant to the Realty Title Certificate No Yue Fang Di Zheng Zi Di 1236050 dated 29 April 1998 issued by the People's Government of Zhuhai the land use rights of the land with a site area of 586,043.50 sq m for a term commencing from 28 April 1998 to 2 November 2033 for tourist industrial use is vested in Jiuzhou Tourist Development Company Limited, a wholly owned subsidiary of the Company (formerly known as Zhu Kuan Tourist Development Company Limited).
3. Pursuant to the Realty Title Certificate No Yue Fang Di Zheng Zi Di 1236051 dated 29 April 1998 issued by the People's Government of Zhuhai the land use rights of the land with a site area of 6,157.50 sq m for a term commencing from 28 April 1998 to 2 November 2033 for car parking use is vested in Jiuzhou Tourist Development Company Limited, a wholly owned subsidiary of the Company (formerly known as Zhu Kuan Tourist Development Company Limited).
4. Pursuant to 27 Realty Title Certificates dated 21 September 1997 issued by the People's Government of Zhuhai, the building ownership of portion of the property with a total gross floor area of 40,219.41 sq m was vested in The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z..
5. As advised by the Company, a portion of the property and structures with a total gross floor area of 98,539.00 sq m have not obtained relevant title documents; hence we have assigned no commercial value to such portion of the property.
6. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) The land use rights of site stated in note 3 has record that the site is to be resumed by the People's Government of Zhuhai and cannot be legally transferred or handled in other ways until such record is dismissed;
 - (ii) apart from the portion stated in notes 5 and 6(i), The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z. and Jiuzhou Tourist Development Company Limited as stated in note 2 have legally obtained the land use rights, building ownership of the property and is the sole owner of the property;
 - (iii) portion of the property is subject to mortgage; and
 - (iv) apart from the portion stated in notes 5 and 6(i), the property can be legally transferred, leased or handled in other ways, subject to relevant laws and regulations and approval from the mortgagee.
7. In view of note 6(i), we have therefore assigned no commercial value to the site stated in note 3.
8. In our valuation, we have adopted capitalisation rates of 7-15% for the leased portion of the property and we consider they are reasonable and in line with the market.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
6	Lakewood Golf Club located at Jinfeng Road, Jinding Town, Zhuhai City, Guangdong Province, The PRC	<p>The property is a golf course comprising a site area of approximately 1,323,173.11 sq m, and various ancillary buildings and structures erected thereon with a total gross floor area of approximately 10,650.00 sq m completed in between 2006 and 2017.</p> <p>The property comprises an 18-holes golf course with a driving range and other ancillary facilities.</p> <p>The land use rights of the Property have been granted for golf course use expiring on 12 October 2063.</p>	The property is operating as golf course.	<p>RMB RMB105,000,000 (RENMINBI ONE HUNDRED AND FIVE MILLION ONLY)</p> <p>(60% interest attributable to the Group: RMB63,000,000)</p> <p>(please see note 5)</p>

Note:

1. Pursuant to the Business Licence with Unified Social Credit No 91440400618244058A, Zhuhai Jiuzhou Holdings Sports Management Co., Ltd., a 60% owned subsidiary of the Company, was incorporated for a valid period from 23 August 1993 to 23 August 2043.
2. Pursuant to the Realty Title Certificate no. 2018079791 issued by Zhuhai Real Estate Registration Centre dated 19 October 2018, the title to the property with a site area of 1,323,173.11 sq m is vested in Zhuhai Jiuzhou Holdings Sports Management Co., Ltd. for other use expiring on 12 October 2063.
3. Pursuant to a Construction Works Planning Permit no. (2004) Tang Gui Zi 08 dated 12 March 2004, the property with a total site area of approximately 6,344.00 sq m was permitted to be developed.
4. Pursuant to the Completion Acceptance Certificate dated 6 March 2009, the construction works of Clubhouse of Lakewood Golf Club Phase 2 with a gross floor area of 6,344.00 sq m was accepted.
5. As advised by the Company, the ancillary facilities and structures of the property with a gross floor area of 9,204.00 sq m and the landscaping of golf courses with a total site area of 830,000.00 sq m have not obtained relevant title documents; hence we have assigned no commercial value to such portion of the property.
6. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) apart from the portion stated in note 5, the respective owner as stated in note 2 has legally obtained the land use rights of the property and is the sole owner of the property;
 - (ii) the property is free from mortgage, encumbrance; and
 - (iii) apart from the portion stated in note 5, the property can be legally transferred, leased, mortgaged or handled in other ways, subject to relevant laws and regulations.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
7	Shop Nos. 101-105, 133 Ninghuai Road, Zhuhai National Hi-Tech Industrial Development District, Zhuhai, Guangdong Province, The PRC	The property comprises 5 retail units of the residential development Lakewood Hills with a total gross floor area of approximately 727.75 sq m which was completed in 2017. The land use rights term of the property has been granted for a term expiring on 1 January 2052 for retail use.	Portion of the property with a total lettable area of approximately 257.66 sq m was leased under two tenancies with the last term expiring in March 2027, yielding a total monthly rental of approximately RMB8,000, exclusive of tax. The remaining portion of the property is currently vacant.	RMB5,700,000 (RENMINBI FIVE MILLION SEVEN HUNDRED THOUSAND ONLY) (60% interest attributable to the Group: RMB3,420,000)

Notes:

1. Pursuant to the Business Licence with Unified Social Credit No 91440400618264411N, Zhuhai Jiuzhou Holdings Property Development Co., Ltd., a 60% owned subsidiary of the Company, was incorporated for a valid period from 8 June 1994 to 8 June 2044.
2. Pursuant to the Realty Title Certificate No Yue (2019) Zhuhai Shi Bu Dong Chan Quan Di 0095309 dated 26 September 2019 issued by Zhuhai Realty Registration Centre, the building ownership of portion of the property with a gross floor area of 727.75 sq m and the land use rights of the land with a total site area of 70,646.14 sq m for a term commencing from 1 January 2012 to 1 January 2052 for retail commercial use/commercial services use are vested in Zhuhai Jiuzhou Holdings Property Development Co., Ltd..
3. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) the respective owner as stated in note 2 has legally obtained the land use rights, building ownership of the property and is the sole owner of the property;
 - (ii) the property is free from mortgage and encumbrance; and
 - (iii) the property can be legally transferred, leased, mortgaged or handled in other ways.
4. In our valuation, we have adopted a capitalisation rate of 7% for the property and we consider it is reasonable and in line with the market.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
8	Unit 101 of No. 2 Block 4, 133 Ninghuai Road, Zhuhai National Hi-Tech Industrial Development District, Zhuhai, Guangdong Province, The PRC	The property comprises an ancillary unit located in the clubhouse of the residential development Lakewood Hills with a total gross floor area of approximately 63.18 sq m which was completed in 2018. The land use rights term of the property has been granted for a term expiring on 31 December 2051 for retail use.	The property is currently vacant.	RMB400,000 (RENMINBI FOUR HUNDRED THOUSAND ONLY) (60% interest attributable to the Group: RMB240,000)

Notes:

1. Pursuant to the Business Licence with Unified Social Credit No 91440400618264411N, Zhuhai Jiuzhou Holdings Property Development Co., Ltd., a 60% owned subsidiary of the Company, was incorporated for a valid period from 8 June 1994 to 8 June 2044.
2. Pursuant to the Realty Title Certificate No Yue (2019) Zhuhai Shi Bu Dong Chan Quan Di 0059881 dated 25 June 2019 issued by Zhuhai National Resource Bureau, the building ownership of portion of the property with a gross floor area of 63.18 sq m and the land use rights of the land with a total site area of 70,646.14 sq m for terms commencing from 1 January 2012 to 31 December 2051 for retail commercial use, and 1 January 2012 to 31 December 2081 for residential use are vested in Zhuhai Jiuzhou Holdings Property Development Co., Ltd..
3. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) the respective owner as stated in note 2 has legally obtained the land use rights, building ownership of the property and is the sole owner of the property;
 - (ii) the property is free from mortgage and encumbrance; and
 - (iii) the property can be legally transferred, leased, mortgaged or handled in other ways.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
9	Starview Mansion and Sports Complex erected thereon Shihua East Road, Jida District, Zhuhai City, Guangdong Province, The PRC	<p>The property comprises a parcel of land with a total site area of approximately 174,341.88 sq m.</p> <p>The property is a hotel development comprising a 17-storey hotel with 203 guest rooms erected on a 3-storey recreational/sports complex with a 2-storey basement. The property was completed in 2020.</p> <p>Details of the gross floor area of the property are stated as follows:-</p>	<p>The property is currently operating by the Group as a 5-star hotel, sports complex and car park.</p> <p>The occupancy rate of the hotel as at the Valuation Date was approximately 55%.</p>	<p>RMB716,000,000 (RENMINBI SEVEN HUNDRED SIXTEEN MILLION ONLY)</p> <p>(100% interest attributable to the Group: RMB716,000,000)</p> <p>(please see note 5)</p>
			<p>Approximate Gross Floor Area (sq m)</p>	
		Hotel	30,686.00	
		Recreational/ Sports Complex	7,607.00	
		Total	38,293.00	
		<p>The land use rights term of the property has been granted for a term expiring on 18 March 2042 for tourist industrial and commercial uses.</p>		

Notes:

1. Pursuant to the Business Licence with Unified Social Credit No. 91440400053746420M, Zhuhai Jiuzhou Property Development Limited, a wholly owned subsidiary of the Company, was incorporated for a term commencing from 11 October 2012 to 11 October 2032.
2. Pursuant to the Realty Title Certificate No Yue Fang Di Quan Zheng Zhu Zi Di 0100188735 dated 21 March 2013 issued by the People's Government of Zhuhai, the land use rights of a parcel of land with a site area of 174,341.88 sq m is granted to Zhuhai Jiuzhou Property Development Limited (formerly known as Zhuhai Jiuzhou Property Consultants Limited) for a term commencing from 18 March 1992 to 18 March 2042 for hotel use.
3. Pursuant to 2 Construction Works Planning Permits nos. Jian Zi Di 2014-088 and Jian Zi Di 2018-060 dated 24 December 2014 and 26 September 2018 respectively, the construction works of the property with a total gross floor area of approximately 90,218.01 sq m was permitted to be developed.
4. Pursuant to 4 Construction Works Commencement Permits no. 440400201407230301, 440400201504210101, 440402201901180201 and 440402201810120299 dated 23 July 2014, 21 April 2015, 18 January 2019 and 16 April 2019 respectively, the construction works of the property with a total gross floor area of approximately 150,024.84 sq m was permitted to be constructed.
5. As advised by the Company, the site area of the property is shared with property nos. 1, 2, 14 and 15 and cannot be clearly delineated.
6. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) the respective owner as stated in note 2 has legally obtained the land use rights of the property and is the sole owner of the property;
 - (ii) the property is free from mortgage and encumbrance; and
 - (iii) the property can be legally transferred, leased, mortgaged or handled in other ways subject to relevant laws and regulations, and approvals from the relevant authorities for obtaining relevant title documents.
7. Our key assumptions in the valuation are as follows:

	Average Daily Rate <i>(RMB per night)</i>	Capitalisation Rate
Hotel	900	6.50%

We have made reference to the average daily rate (ADR) of similar hotels. The ADRs from comparable hotels are in the range of RMB880 to RMB1,200 per night. The above estimated ADR assumed by us is in line with the market. The capitalisation rate is considered not unreasonable taking into account the market yields of similar properties.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
10	A Retail Unit No. 201 of Block 46 situated in 818 Kaixuan Road, Zhuhai National High-Tech Industrial Development District, Zhuhai City, Guangdong Province, The PRC	The property comprises a retail unit on level 2 of a residential building with a total gross floor area of approximately 217.09 sq m which was completed in 2018. The land use rights term of the property has been granted for a term expiring on 31 December 2051 for residential use.	The property is currently owner-occupied as canteen.	RMB2,400,000 (RENMINBI TWO MILLION FOUR HUNDRED THOUSAND ONLY) (60% interest attributable to the Group: RMB1,440,000)

Notes:

1. Pursuant to the Business Licence with Unified Social Credit No 91440400618264411N, Zhuhai Jiuzhou Holdings Property Development Co., Ltd., a 60% owned subsidiary of the Company, was incorporated for a valid period from 8 June 1994 to 8 June 2044.
2. Pursuant to the Realty Title Certificate No Yue 2019 Zhu Hai Shi Bu Dong Chan Quan Di 0085218 dated 29 August 2019 issued by Zhuhai National Land Resource Bureau, the building ownership of portion of the property with a gross floor area of 217.09 sq m and the land use rights of the land with a total site area of 437,187.24 sq m for a term commencing from 1 January 2012 to 31 December 2051 for retail commercial use are vested in Zhuhai Jiuzhou Holdings Property Development Co., Ltd..
3. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) the respective owner as stated in note 2 has legally obtained the land use rights, building ownership of the property and is the sole owner of the property;
 - (ii) the property is free from mortgage and encumbrance; and
 - (iii) the property can be legally transferred, leased, mortgaged or handled in other ways.

Group II — Properties held by the Group for Operation in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
11	Flats 101, 201,302,401 and 402 of Block 15, Tangjia Leyuan, Gangwan Main Road, Xiangzhou District, Zhuhai, Guangdong Province, The PRC	<p>Tangjia Leyuan (the "Development") is a low-rise residential development located in Xiangzhou District.</p> <p>The property comprises 5 residential units of Block 15 of the Development with a total gross floor area of approximately 297.38 sq m which was completed in 1990s.</p> <p>The land use rights term of the property has been granted for an unspecified term for residential use in allocated nature.</p>	<p>Portion of the property is currently subject to a tenancy with a term expiring in May 2021, yielding a monthly rental of approximately RMB4,500, exclusive of management fee.</p> <p>The remaining portion of the property is currently vacant.</p>	No commercial value

Notes:

- Pursuant to the Business Licence with Unified Social Credit No 91440400192528335P, Zhuhai Jiuzhou Energy Co., Ltd., a 49% subsidiary of the Company, was incorporated for a valid period from 8 June 1994 to a non-fixed expiry date.
- Pursuant to the Realty Title Certificate No Yue Fang Di Zheng Zi Di C0041622 dated 24 April 2001 issued by Zhuhai National Resource Bureau, the building ownership of portion of the property with a gross floor area of 297.38 sq m and the land use rights of the land with a total site area of 37.02 sq m for unspecified terms for residential use, are vested in Zhuhai Jiuzhou Port Group Corporation, which is currently known as Zhuhai Jiuzhou Holdings Group Co., Ltd. (the controlling shareholder of the Company) according to two Notifications of Acceptance of Change no. Zhu He Bian Tong Nei Zi [2009] Di0900147886 and Zhu He Bian Tong Nei Zi [2013] Di 1300004219 dated 6 August 2009 and 18 January 2013 respectively.
- We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - Zhuhai Jiuzhou Energy Co., Ltd. as stated in note 1 has not obtained the land use rights, building ownership of the property and is not the sole owner of the property; and
 - the title of portion of the property is vested in Zhuhai Jiuzhou Port Group Corporation and the land use is of allocated nature; hence, prior to obtaining consent from the government, paying for the land premium of changing source of land use, and applying for division of title certificates, the property cannot be freely transferred.
- In view of the note 3(ii), we have therefore assigned no commercial value to the property in our valuation.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
12	Ancillary Building of Wanzai Pier located in 3002 Nanwan South Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC	<p>The property comprises the 2-storey ancillary building of Wanzai Pier including waiting hall, ticket booths, ancillary office and control room. The property was completed in 2007.</p> <p>The land use rights term of the property has been approved for temporary basis expiring on 5 January 2022.</p>	The property is currently operating as ancillary facilities for the operation of Wanzai Pier.	No commercial value

Notes:

1. Pursuant to the Business Licence with Unified Social Credit No 91440400719243396K, Zhuhai Jiuzhou Cruises Co., Ltd., a 49% owned subsidiary of the Company was incorporated for a valid period from 13 October 1999 to a non-fixed expiry date.
2. Pursuant to the Construction Engineering and Planning Acceptance Certificate No. (2009) Gui Yan Zi (Xiang Zhou) 038, the construction work with a gross floor area of 2,114.36 sq m was accepted.
3. Pursuant to the Contract for Xiangzhou Temporary Land No. Zhu Xiang Fu (Lin Shi) 2020-66, Zhuhai Jiuzhou Cruises Co., Ltd. was approved by the People's Government of Xiangzhou District of Zhuhai to use the land parcel of Wanzai Pier with a site area of 6,217.77 sq m on temporary basis. The contract valid date is commencing from 6 January 2021 to 5 January 2022. According to the above-mentioned contract, Zhuhai Jiuzhou Cruises Co., Ltd. is not permitted to construct permanent buildings, structures on such land parcel, and the above-ground buildings cannot be transferred, leased, mortgaged and used for operative project.
4. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) Zhuhai Jiuzhou Cruises Co., Ltd. as stated in note 3 has not obtained the land use rights, building ownership of the property and is not the sole owner of the property; and
 - (ii) the property cannot be freely transferred.
5. In view of the note 4(i), we have therefore assigned no commercial value to the property in our valuation.

Group III — Properties held by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021												
13	A Proposed Real Estate Development located at Jinfeng Road, Jinding Town, Zhuhai City, Guangdong Province, The PRC	<p>Lakewood Hills (the “Development”) is a comprehensive residential development comprising five parcels of irregular-shaped sites with a total site area of approximately 788,399.50 sq m.</p> <p>The property is part of the Development planned for a proposed real estate development comprising two portions: i) completed stock (the “Completed Portion”); and ii) a proposed residential development (the “Remaining Portion”) which is expected to be completed by phases from 2021 to 2023.</p> <p>The Completed Portion comprises 19,533.16 sq m of villa completed in 2020.</p> <p>As advised by the Group, the proposed approximate gross floor area of the Remaining Portion is listed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Villa</td> <td>209,103.69</td> </tr> <tr> <td>Apartment</td> <td>177,216.80</td> </tr> <tr> <td>Hotel</td> <td>18,710.50</td> </tr> <tr> <td>Commercial</td> <td>65,082.81</td> </tr> <tr> <td>Total</td> <td>470,113.80</td> </tr> </tbody> </table> <p>Upon completion, the Remaining Portion will also comprise 1,150 carparking spaces and a total GFA of 2,427.68 sq m of basement rooms.</p> <p>The land use rights of the property have been granted for various uses. (Please see note 2)</p>	Use	Approximate Gross Floor Area (sq m)	Villa	209,103.69	Apartment	177,216.80	Hotel	18,710.50	Commercial	65,082.81	Total	470,113.80	<p>RMB9,538,000,000 (RENMINBI NINE BILLION FIVE HUNDRED THIRTY EIGHT MILLION ONLY)</p> <p>(60% interest attributable to the Group: RMB5,722,800,000)</p> <p>(please see notes 5, 6 and 7)</p>
Use	Approximate Gross Floor Area (sq m)														
Villa	209,103.69														
Apartment	177,216.80														
Hotel	18,710.50														
Commercial	65,082.81														
Total	470,113.80														

Notes:

- Pursuant to the Business Licence with Unified Social Credit No. 91440400618264411N, Zhuhai Jiuzhou Holdings Property Development Co., Ltd., a 60% owned subsidiary of the Company, was incorporated for a term commencing from 8 June 1994 to non-fixed period.
- Pursuant to 5 Realty Title Certificates issued by State-owned Land Resources Bureau of Zhuhai, the land use rights of five parcels of land with a total site area of 763,613.00 sq m was granted to Zhuhai Jiuzhou Holdings Property Development Co., Ltd. for land use rights term expiring on 1 November 2088 for various uses. Details of the documents are as follows:

No.	Site Area (sq m)	Use	Land Use Rights Expiry Date
20160009478	437,187.24	Residential/ Wholesale & Retail	1 January 2082 (Residential) 1 January 2052 (Wholesale & Retail)
20160009475	126,277.37	Residential/ Wholesale & Retail	1 January 2082 (Residential) 1 January 2052 (Wholesale & Retail)
20160009479	93,536.10	Residential/ Wholesale & Retail	1 January 2082 (Residential) 1 January 2052 (Wholesale & Retail)
20160009476	60,752.65	Residential/ Wholesale & Retail	1 January 2082 (Residential) 1 January 2052 (Wholesale & Retail)
20160009477	70,646.14	Residential/ Hotel/ Commercial Finance	1 January 2082 (Residential) 1 January 2062 (Hotel/ Commercial Finance)

- Pursuant to 64 Construction Works Planning Permits dated in between 2016 and 2020, portion of the Development with a total gross floor area of approximately 1,131,670.07 sq m was permitted to be developed.
- Pursuant to 24 Construction Works Commencement Permits dated in between 2014 and 2020, the construction works of portion of the property with a total gross floor area of approximately 1,457,052.24 sq m was permitted to be constructed.
- As advised by the Company, portion of the property with a total GFA of 19,803.24 sq m designated for schools were completed and reverted to the government without compensation. In the course of our valuation, we have excluded such portion.
- According to the information provided by the Company, residential portion of the property with a total gross floor area of approximately 114,127.49 sq m, basement rooms of the property with a total gross floor area of 536.30 sq m and 8 carparking spaces have been pre-sold at a total consideration of about RMB3,285,688,031 prior to the date of valuation. According to the Company's instruction, the title of the pre-sold portion was still held by Zhuhai Jiuzhou Holdings Property Development Co., Ltd. as at the date of valuation and were thus included in this valuation. We have taken into account the said consideration in our valuation.

7. As advised by the Company, the construction cost incurred and the projected outstanding construction cost of the Remaining Portion of the property as at the Valuation Date were approximately RMB3,272,000,000 and RMB2,601,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the Valuation Date, was estimated approximately as RMB14,080,000,000.
8. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) the respective owner as stated in note 2 has legally obtained the land use rights of the property and is the sole owner of the property;
 - (ii) portion of the property designated for schools will be reverted to the government without compensation upon completion; and
 - (iii) the property can be legally transferred, leased, mortgaged or handled in other ways, subject to relevant laws and regulations, and approvals from the relevant authorities for obtaining relevant title documents.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
14	A parcel of land and Phase 1 Commercial Buildings erected thereon Shihua East Road, Jida District, Zhuhai City, Guangdong Province, The PRC	<p>The property comprises a parcel of land with a total site area of approximately 185,720.24 sq m.</p> <p>The property is planned to be developed into 4 blocks of commercial buildings erecting on a basement carpark with a total gross floor area of 12,000.00 sq m and is scheduled to be completed in 2021.</p> <p>The property will also comprise 343 carparking spaces upon completion.</p> <p>The land use rights term of the property has been granted for a term expiring on 18 March 2042 for tourist industrial use.</p>	The property is currently under construction.	<p>RMB118,000,000 (RENMINBI ONE HUNDRED AND EIGHTEEN MILLION ONLY)</p> <p>(100% interest attributable to the Group: RMB118,000,000)</p> <p><i>(please see notes 6 and 7)</i></p>

Notes:

1. Pursuant to the Business Licence with Unified Social Credit No. 91440400053746420M, Zhuhai Jiuzhou Property Development Limited, a wholly owned subsidiary of the Company, was incorporated for a term commencing from 11 October 2012 to 11 October 2032.
2. Pursuant to the Realty Title Certificate No Yue Fang Di Quan Zheng Zhu Zi Di 0100188735 dated 21 March 2013 issued by the People's Government of Zhuhai, the land use rights of a parcel of land with a site area of 174,341.88 sq m is granted to Zhuhai Jiuzhou Property Development Limited, a wholly owned subsidiary of the Company (formerly known as Zhuhai Jiuzhou Property Consultants Limited) for a term commencing from 18 March 1992 to 18 March 2042 for hotel use.
3. Pursuant to a Construction Land Planning Permit no. Di Zi Di 2018-020 dated 28 June 2018, the property with a total site area of approximately 185,720.24 sq m was approved to construct.
4. Pursuant to Construction Works Planning Permit no. Jian Zi Di 2018-060 dated 17 November 2020, construction works of the property with a total gross floor area of approximately 31,861.94 sq m was permitted to be developed.
5. Pursuant to 4 Construction Works Commencement Permits dated no. 440400201407230301, 440400201504210101, 440402201901180201 and 440402201810120299 dated 23 July 2014, 21 April 2015, 18 January 2019 and 16 April 2019 respectively, construction works of the property with a total gross floor area of approximately 150,024.84 sq m was permitted to commence.
6. As advised by client, the site area of the property is shared with property nos. 1, 2, 9 and 15 and cannot be clearly delineated.
7. As advised by the Company, the construction cost incurred and the projected outstanding construction cost of the property as at the Valuation Date were approximately RMB69,000,000 and RMB161,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the Valuation Date, was estimated approximately as RMB328,000,000.
8. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) the respective owner as stated in note 2 has legally obtained the land use rights of the property and is the sole owner of the property;
 - (ii) the property is free from mortgage and encumbrance; and
 - (iii) the property can be legally transferred, leased, mortgaged or handled in other ways subject to relevant laws and regulations, and approvals from the relevant authorities for obtaining relevant title documents.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
15	Proposed Comprehensive Development on Land Parcels of Phase 2 and 3 to be erected thereon Shihua East Road, Jida District, Zhuhai City, Guangdong Province, The PRC	<p>The property comprises two parcels of land with a total site area of approximately 19,347.08 sq m.</p> <p>The property is planned to be developed into a commercial development comprising an 19-storey office tower, and a 13-storey hotel-styled office tower erected on a 4-storey retail podium above a basement carpark, and a gas station by phases, which is scheduled to complete in 2023.</p>	The property is currently under construction.	<p>RMB261,000,000 (RENMINBI TWO HUNDRED SIXTY ONE MILLION ONLY)</p> <p>(100% interest attributable to the Group: RMB261,000,000)</p> <p><i>(please see notes 6 and 7)</i></p>

Details of the proposed approximate gross floor area of the property are stated as follows:-

Use	Proposed Gross Floor Area (sq m)
Office	45,400.27
Hotel-styled Office	20,174.94
Retail	25,000.00
Ancillary Facilities	2,068.00
Gas Station	955.73
Total	93,598.94

The property will also comprise 800 carparking spaces upon completion.

The land use rights term of the property has been granted for a term expiring on 18 March 2042 for tourist industrial use.

Notes:

1. Pursuant to the Business Licence with Unified Social Credit No. 91440400053746420M, Zhuhai Jiuzhou Property Development Limited, a wholly owned subsidiary of the Company, was incorporated for a term commencing from 11 October 2012 to 11 October 2032.
2. Pursuant to the Realty Title Certificate No Yue Fang Di Quan Zheng Zhu Zi Di 0100188735 dated 21 March 2013 issued by the People's Government of Zhuhai, the land use rights of a parcel of land with a site area of 174,341.88 sq m is granted to Zhuhai Jiuzhou Property Development Limited, a wholly owned subsidiary of the Company (formerly known as Zhuhai Jiuzhou Property Consultants Limited) for a term commencing from 18 March 1992 to 18 March 2042 for hotel use.
3. Pursuant to 2 Construction Land Planning Permits nos. Di Zi Di 2018-021 and Di Zi Di 2018-022 both dated 28 June 2018, the property with a total site area of approximately 19,347.08 sq m was approved to construct.
4. Pursuant to 2 Construction Works Planning Permits nos. Jian Zi Di 2018-070 and Jian Zi Di 2019-026 dated 1 November 2018 and 22 May 2019 respectively, the construction works of portion of the property with a total gross floor area of approximately 138,223.56 sq m was permitted to commence.
5. Pursuant to 2 Construction Works Commencement Permits nos. 440402201911150101 and 440402202001080299 dated 15 November 2019 and 9 January 2020 respectively, the construction works of portion of the property with a total gross floor area of approximately 138,223.56 sq m was permitted to commence.
6. As advised by the Company, the site area of the property is shared with property nos. 1, 2, 9 and 14 and cannot be clearly delineated.
7. As advised by the Company, the construction cost incurred and the projected outstanding construction cost of the property as at the Valuation Date were approximately RMB126,000,000 and RMB1,702,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the Valuation Date, was estimated approximately as RMB2,614,000,000.
8. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
 - (i) the respective owner as stated in note 2 has legally obtained the land use rights of the property and is the sole owner of the property;
 - (ii) the property is free from mortgage and encumbrance; and
 - (iii) the property can be legally transferred, leased, mortgaged or handled in other ways subject to relevant laws and regulations, and approvals from the relevant authorities for obtaining relevant title documents.

Group IV — Property held by the Group for development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2021
16	A Land Parcel located at the North of Qingping Road and South of Shengping Avenue, Pingsha Town, Jinwan District, Zhuhai, Guangdong Province, the PRC	The property comprises a parcel of land with a site area of approximately 72,674.22 sq m. The property is proposed to be developed into a residential development. Details of the proposed approximate gross floor area of the property are stated as follows:-	RMB706,000,000 (RENMINBI SEVEN HUNDRED AND SIX MILLION ONLY) (60% interest attributable to the Group: RMB423,600,000) <i>(please see note 6)</i>
	Use	Proposed Gross Floor Area <i>(sq m)</i>	
	Residential	142,923.45	
	Retail	2,100.00	
	Ancillary Facilities	6,760.00	
	Total	151,783.45	

The property will also comprise 1,518 nos. of carparking spaces upon completion.

The land use rights of the property have been granted for a term of 70 years for residential use, 40 years for retail and commercial uses, and 50 years for urban road use.

Notes:

1. Pursuant to the Business Licence with Unified Social Credit No. 91440400MA548UX48J, Zhuhai Pingsha Jiuzhou Development Company Limited, a 60% owned subsidiary of the Company, was incorporated for a term commencing from 31 December 2019 to non-fixed period.
2. Pursuant to the Amendment Contract of Land Use Rights Grant Contract No. 4404002019B00879 entered into between Nature Resources Bureau of Zhuhai (“Party A”) and Zhuhai Pingsha Jiuzhou Development Company Limited dated 7 January 2020, Party A agreed to grant the land use rights of a parcel of land to Zhuhai Pingsha Jiuzhou Development Company Limited. The said contract contains, inter-alia, the following salient conditions:
 - (i) Address: South of Shengping Avenue, North of Qingping Road, Pingsha Town, Zhuhai
 - (ii) Site area: 72,674.22 sq m
 - (iii) Use: Residential/Retail and Commercial/Urban Road
 - (iv) Land use term: 70 years for residential use
40 years for retail and commercial use
50 years for urban road use
 - (v) Plot ratio: 1.99
 - (vi) Total gross floor area: 145,023.45 sq m
 - (vii) Building covenant: Construction works should be commenced before 4 February 2021 and construction works should be completed before 4 February 2024
 - (viii) Land grant fee: RMB706,000,000
3. Pursuant to 4 Realty Title Certificates issued by State-owned Land Resources Bureau of Zhuhai, the land use rights of four parcels of land with a total site area of 72,674.22 sq m was granted to Zhuhai Pingsha Jiuzhou Development Company Limited for land use rights term expiring on 1 November 2088 for various uses. Details of the documents are as follows:

No.	Site Area (sq m)	Use	Land Use Rights Expiry Date
Yue (2020) Zhu Hai Shi Bu Dong Chan Quan Di 0011869	35,741.91	Residential	3 February 2090
Yue (2020) Zhu Hai Shi Bu Dong Chan Quan Di 0011518	26,350.84	Residential/Retail Commerce	3 February 2090 (Residential)/ 3 February 2060 (Retail Commerce)
Yue (2020) Zhu Hai Shi Bu Dong Chan Quan Di 0011870	4,071.07	Town-Village Road	3 February 2070
Yue (2020) Zhu Hai Shi Bu Dong Chan Quan Di 0011870	6,510.40	Park and Green Area	Unspecified

4. Pursuant to Construction Land Planning Permits no. 440404202000009 dated 3 March 2020, the property was approved to construct.
5. Pursuant to 2 Construction Works Planning Permits nos. Jian Zi Di (Gao Lan) 2020-076 and Jian Zi Di (Gao Lan) 2020-077 dated 2 November 2020 and 4 November 2020 respectively, construction works of portion of the property with a total gross floor area of approximately 204,592.52 sq m was permitted to commence.
6. As advised by the Company, as at the Valuation Date no construction cost was incurred and the projected outstanding construction cost of the property was approximately RMB976,000,000 respectively. Accordingly, we have taken into account the aforesaid cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming they were completed as at the Valuation Date, was estimated approximately as RMB2,150,000,000.

7. We have been provided with the Legal Adviser's Opinion, which inter-alia, contains the followings:
- (i) the respective owner as stated in note 2 has legally obtained the land use rights of the property and is the sole owner of the property;
 - (ii) the property is free from mortgage and encumbrance; and
 - (iii) the property can be legally transferred, leased, mortgaged or handled in other ways subject to relevant laws and regulations, and approvals from the relevant authorities for obtaining relevant title documents.

1. RESPONSIBILITY STATEMENT

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

The directors of the Offeror and ZJ Holdings jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than the information relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those opinions 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 in this Scheme Document misleading.

2. MARKET PRICES

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

Date	Closing price per Share (HK\$)
2020	
31 July	1.37
31 August	1.78
30 September	1.96
30 October	1.92
30 November	1.88
31 December	1.97
2021	
15 January (<i>being the Last Trading Day</i>)	2.22
29 January	2.94
26 February	2.94
31 March	2.92
19 April (<i>being the Latest Practicable Date</i>)	2.93

Highest and lowest Share prices

During the Relevant Period,

- (a) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.97 per Share on 9 February 2021 and 11 February 2021; and

- (b) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.29 per Share on 24 July 2020.

3. DISCLOSURE OF INTERESTS OF THE OFFEROR

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company held, owned or controlled by the Concert Group are as follows:

Name of Shareholder	Capacity	Number of Shares held/interested	Approximate percentage of the total number of issued Shares (Note 2)
Offeror (Note 1)	Beneficial owner	642,955,109	45.03%
ZJ Holdings (Note 1)	Beneficial owner and interest in controlled corporation	878,155,109	61.50%
Zhuhai SASAC (Note 1)	Interest in controlled corporation	878,155,109	61.50%

Notes:

1. 235,200,000 Shares are beneficially held by ZJ Holdings while 642,955,109 Shares are held by the Offeror which is a wholly-owned subsidiary of ZJ Holdings which in turn is wholly owned by the Zhuhai SASAC.
2. Based on 1,427,797,174 Shares in issue as at the Latest Practicable Date.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

The Offeror confirms that, none of the members of the Concert Group has dealt in any Shares, options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into the Shares during the Relevant Period.

The Offeror confirms that as at the Latest Practicable Date:

- (a) none of the members of the Concert Group has received any irrevocable commitment in respect of voting at the Court Meeting and/or the SGM;
- (b) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Concert Group;

- (c) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which may be material to the Proposal and the Scheme;
- (d) there is no agreement or arrangement to which any member of the Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal and the Scheme;
- (e) none of the members of the Concert Group has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (f) no benefit (other than statutory compensation) had been or would be given to any Directors as compensation for loss of office or otherwise in connection with the Proposal and the Scheme;
- (g) there is no agreement, arrangement or understanding (including any compensation arrangement) exists between any members of the Concert Group and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Proposal and the Scheme;
- (h) save as disclosed in the paragraph headed "*Financial resources available to the Offeror*" under the section headed "*3. Value of the Proposal and Financial Resources*" contained in Part VII of this Scheme Document on the charge over the Shares held by the Offeror and ZJ Holdings, there is no agreement, arrangement or understanding which may result in the securities of the Company to be acquired in pursuance of the Proposal and the Scheme being transferred, charged or pledged to any other person;
- (i) there is no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which exists between any members of the Concert Group and any other person;
- (j) other than the Cancellation Price, there is no other consideration, compensation or benefit in whatever form paid or to be paid by any members of the Concert Group in connection with the Scheme; and
- (k) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) any members of the Concert Group or (b) the Company, its subsidiaries or associated companies.

5. PROFESSIONAL ADVISER AND CONSENT

The following are the name and the qualifications of the professional adviser to the Offeror whose advice is contained or referred to in this Scheme Document:

Name	Qualification
Essence Corporate Finance	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Essence Corporate Finance has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion of its advice and references to its name and logo in the form and context in which it appears.

6. MISCELLANEOUS

- (a) The Offeror is Longway Services Group Limited and is an investment holding company incorporated in BVI and a direct wholly-owned subsidiary of ZJ Holdings which in turn is wholly owned by the Zhuhai SASAC.

The principal members of the Concert Group are the Offeror, ZJ Holdings and the Zhuhai SASAC.

- (b) The registered office of the Offeror is Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, BVI, VG1110.
- (c) The correspondence address of the Offeror is at Jiuzhou Holdings, No. 288 Lover's South Road, Zhuhai City, Guangdong Province, the PRC.
- (d) The directors of the Offeror are Madam CAI Sulan, Mr. KANG Xiaodan and Mr. CHEN Xiaoqi.
- (e) The registered address of ZJ Holdings is at Jidajiuzhou Port, Zhuhai City, Guangdong Province, the PRC.
- (f) The correspondence address of ZJ Holdings is Jiuzhou Holdings, No. 288 Lover's South Road, Zhuhai City, Guangdong Province, the PRC.
- (g) The directors of ZJ Holdings are Mr. ZENG Jianping, Mr. JIN Tao, Mr. ZHANG Xianfeng, Mr. LI Guibo, Mr. ZOU Chaoyong, Mr. HUANG Jianbin and Mr. WU Shengbao.
- (h) The registered address of the Zhuhai SASAC is No. 362 Meihua East Road, Xiangzhou District, Zhuhai City, Guangdong Province, the PRC.

- (i) Essence Corporate Finance is the financial adviser to the Offeror.
- (j) The registered office and correspondence address of Essence Corporate Finance is 39/F., One Exchange Square, Central, Hong Kong.

1. RESPONSIBILITY STATEMENT

This Scheme Document includes particulars disclosed in compliance with the Takeovers Code for the purpose of giving information with regard to the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document 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 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 in this Scheme Document misleading.

In respect of the "*Letter from the Independent Financial Adviser*", the sole responsibility of the Board has been to ensure that the facts stated therein relating to the Group are fair and accurate in all material respects.

2. SHARE CAPITAL

The Company is a company incorporated in Bermuda pursuant to the Companies Act. As at the Latest Practicable Date:

- (a) the authorised share capital of the Company was HK\$400,000,000.00 divided into 4,000,000,000 Shares;
- (b) the issued and paid-up share capital of the Company was HK\$142,779,717.40 comprising 1,427,797,174 Shares in issue;
- (c) all of the Shares ranked pari passu in all respects as regards rights to capital, dividends, and voting;
- (d) there were no outstanding instruments convertible into, rights to subscribe for, or options in respect of, the Shares or securities which carry voting rights affecting the Shares; and
- (e) the Company had not issued any Shares since 31 December 2020 (being the date on which the latest published audited financial statements of the Group were made up).

3. DISCLOSURE OF INTERESTS

For the purpose of this section, "interested" has the same meaning as ascribed to that term in Part XV of the SFO.

3.1 Confirmations

As at the Latest Practicable Date:

- (a) the Company did not own any shares of the Offeror or any convertible securities, warrants, options, or derivatives in respect of the shares of the Offeror;
- (b) none of the Directors was interested in any shares of the Offeror or any convertible securities, warrants, options, or derivatives in respect of the shares of the Offeror;
- (c) none of the Directors was interested in any Shares, securities which carry voting rights in the Company, or any convertible securities, warrants, options, or derivatives in respect of the Shares or in respect of other securities which carry voting rights in the Company;
- (d) no subsidiary of the Company, or pension fund of the Company or of any other member of the Group, or person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code, or person who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers), owned or controlled any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (e) no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3), or (5) of the definition of “acting in concert” under the Takeovers Code, or who is an associate of the Company by virtue of classes (2), (3), or (4) of the definition of “associate” under the Takeovers Code, owned or controlled any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (f) none of the non-exempt discretionary fund managers connected with the Company owned, controlled, or managed any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares; and
- (g) neither the Company nor any of the Directors had borrowed or lent any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.

4. DEALINGS IN THE SHARES

- (a) During the Relevant Period, none of the Directors dealt for value in any Shares, securities which carry voting rights in the Company, or convertible securities, warrants, options, or derivatives in respect of the Shares or in respect of other securities which carry voting rights in the Company.
- (b) During the Offer Period and up to the Latest Practicable Date, no subsidiary of the Company, or pension fund of the Company or of any other member of the Group, or person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert”, or person who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers), dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.
- (c) During the Offer Period and up to the Latest Practicable Date, no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3), or (5) of the definition of “acting in concert” under the Takeovers Code, or person who is an associate of the Company by virtue of classes (2), (3), or (4) of the definition of “associate” under the Takeovers Code, dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.
- (d) During the Offer Period and up to the Latest Practicable Date, none of the non-exempt discretionary fund managers connected with the Company dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.

5. DEALINGS IN THE OFFEROR'S SHARES

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

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which:

- (a) (including both continuous and fixed term contracts) had been entered into or amended during the Relevant Period;
- (b) were continuous contracts with a notice period of twelve months or more; or

- (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

None of the Directors had entered into any service contract or had an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) as at the Latest Practicable Date.

7. MATERIAL LITIGATION

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

8. MATERIAL CONTRACTS

There had been no material contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by members of the Group, entered into by members of the Group after the date falling two years prior to 22 January 2021, being the date of commencement of the Offer Period, and up to the Latest Practicable Date.

9. MISCELLANEOUS CONFIRMATIONS

- (a) As at the Latest Practicable Date, none of the Directors had been or will be given any benefit as compensation for loss of office or otherwise in connection with the Proposal.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal.
- (c) As at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any of the Directors had a material personal interest.

10. QUALIFICATIONS AND CONSENTS OF PROFESSIONAL ADVISERS

The following are the qualifications of each of the professional advisers to the Company who have been named in this Scheme Document or who have given their opinion or advice, which is contained in this Scheme Document (in alphabetical order):

Name	Qualification
VMS Securities Limited (鼎珮證券有限公司)	a corporation licensed by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Knight Frank Petty Limited (萊坊測量師行有限公司)	Independent property valuer

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

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the SFC (www.sfc.hk); and (ii) on the website of the Company at (www.0908.hk), from the date of this Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is earlier:

- (a) the memorandum and articles of association of the Offeror;
- (b) the memorandum of association and bye-laws of the Company;
- (c) the Company's annual reports for the financial years ended 31 December 2018 and 2019 and the 2020 Results Announcement;
- (d) a copy of this Scheme Document;
- (e) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;
- (f) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (g) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (h) the property valuation report on the properties held by the Group prepared by Knight Frank Petty Limited, the text of which is set out in Appendix II to this Scheme Document;
- (i) the letter of consent referred to under the paragraph headed "*5. Professional Adviser and Consent*" in Appendix III to this Scheme Document; and
- (j) the letters of consent referred to under the paragraph headed "*10. Qualifications and Consents of Professional Advisers*" in Appendix IV to this Scheme Document.

IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDICTION
COMMERCIAL COURT

2021: NO. 88
IN THE MATTER OF
ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED
AND
SECTION 99 OF THE COMPANIES ACT 1981

SCHEME OF ARRANGEMENT
BETWEEN
ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED
AND
THE SCHEME SHAREHOLDERS

PRELIMINARY

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

“Business Day”	a day on which the Stock Exchange is open for transaction of business
“Cancellation Price”	the cancellation price of HK\$3.06 per Scheme Share
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Company”	Zhuhai Holdings Investment Group Limited (珠海控股投資集團有限公司), a company incorporated in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 908)
“Concert Group”	the Offeror and parties acting in concert with it (including ZJ Holdings)
“Condition(s)”	condition(s) of the Proposal as set out under the section headed “ <i>Conditions to the Proposal and the Scheme</i> ” contained in the Explanatory Statement
“Court”	the Supreme Court of Bermuda
“Court Hearing”	the hearing of the petition by the Court for the sanction of the Scheme

“Court Meeting”	the meeting of the Scheme Shareholders to be convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which an office copy of the order of the Court sanctioning the Scheme and making such as appropriate pursuant to section 99 of the Companies Act shall have been delivered to the Registrar of Companies for registration, at which time this Scheme shall become effective
“Essence Corporate Finance”	Essence Corporate Finance (Hong Kong) Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the financial adviser to the Offeror in connection with the Proposal
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong from time to time and any delegate of the Executive Director
“Explanatory Statement”	the explanatory statement set out in the Scheme Document
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	19 April 2021, being the latest practicable date prior to the despatch of the Scheme Document for the purpose of ascertaining certain information contained in the Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	15 September 2021 (or any other date as may be agreed by the Offeror and the Company, subject to the approval by Essence Corporate Finance, or to the extent applicable, as the Court may direct and, in all cases, as permitted by the Executive)
“Meeting Record Date”	18 May 2021 or other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the SGM
“Offeror”	Longway Services Group Limited, a company incorporated under the laws of the British Virgin Islands and a directly wholly-owned subsidiary of ZJ Holdings and a member of the Concert Group
“Overseas Shareholders”	Scheme Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme, on the terms and subject to conditions described in the Scheme Document
“Registrar of Companies”	the Registrar of Companies in Bermuda
“Scheme”	the scheme of arrangement to be proposed under Section 99 of the Companies Act between the Company and the Scheme Shareholders involving the cancellation of all of the Scheme Shares with or subject to any modification, addition or condition which may be approved or imposed by the Court
“Scheme Document”	the composite scheme document of the Offeror and the Company issued to all Shareholders containing, among other things, further details of the Proposal
“Scheme Record Date”	15 June 2021, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining entitlements of the Scheme Shareholders under the Scheme

“Scheme Share(s)”	all the Share(s) in issue, other than those Shares already owned by the Concert Group
“Scheme Shareholder(s)”	registered holder(s) of the Scheme Shares as at the Scheme Record Date
“SGM”	a special general meeting of the Company to be convened for the purpose of passing all necessary resolutions for, amongst other things, special resolution for cancellation of the Scheme Shares and ordinary resolution to issue new Shares, or any adjournment thereof
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“ZJ Holdings”	珠海九洲控股集團有限公司 (Zhuhai Jiuzhou Holdings Group Co., Ltd.), a state-owned enterprise established in the People’s Republic of China with limited liability, a member of the Concert Group and the sole shareholder of the Offeror
“%”	per cent.

- (B) The Company is an exempted company with limited liability incorporated in Bermuda on January 28, 1998. As at the Latest Practicable Date, the Company had an authorised share capital of HK\$400,000,000 divided into 4,000,000,000 Shares of which 1,427,797,174 shares had been issued fully paid or credited as fully paid.
- (C) The Offeror has agreed to appear by Appleby (Bermuda) Ltd at the hearing of the petition to sanction the Scheme and has undertaken to the Court to be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable by the Offeror for the purpose of giving effect to the Scheme.
- (D) The primary purpose of the Scheme is to cancel all Scheme Shares and to issue new Shares to the Offeror equal to the number of Scheme Shares cancelled on the Effective Date, so that the Company will be owned as to (i) approximately 83.53% by the Offeror; and (ii) approximately 16.47% by ZJ Holdings.

THE SCHEME

PART I

CANCELLATION OF THE SCHEME SHARES

1. Simultaneously on the Effective Date:
 - a. all Scheme Shares shall be cancelled; and
 - b. the Company shall issue new Shares to the Offeror equal to the number of Scheme Shares cancelled and the Company shall apply the credit arising in its books of account as a result of the cancellation of the Scheme Shares in paying up in full at par such new Shares.

PART II

CONSIDERATION FOR CANCELLATION OF THE SCHEME SHARES

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

PART III

GENERAL

3. Cheques in respect of the Cancellation Price shall be sent to Scheme Shareholders whose names appear in the register of members of the Company as at the Scheme Record Date as soon as possible but in any event within seven Business Days following the Effective Date.
4. On or after the day being six calendar months after the date of posting the cheques for the Cancellation Price, the Offeror shall have the right to cancel or countermand payment of any cheque which has not been cashed or which has been returned uncashed and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.
5. The Offeror shall hold such monies by uncashed cheques until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then

standing to the credit of the deposit account in its name, including accrued interest subject to, if applicable, any deduction of interest, tax or any withholding tax or any other deduction required by law and expenses incurred.

6. Share certificates relating to the Scheme Shares shall cease to be valid for any purpose on the Effective Date.
7. The Scheme shall become effective as soon as a copy of the order of the Court sanctioning the Scheme under Section 99 of the Companies Act has been delivered to the Registrar of Companies for registration.
8. The Company and the Offeror may jointly consent for and on behalf of all Scheme Shareholders to any modification(s) of or addition(s) to the Scheme or to any condition(s) which the Court may see fit to approve or impose.
9. Unless the Scheme becomes effective on or before the Long Stop Date, the Scheme shall lapse.
10. Subject to the requirements of the Takeovers Code, the parties shall bear their own costs, charges and expenses of and incidental to the Scheme.

IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDICTION
COMMERCIAL COURT
2021: No. 88
IN THE MATTER OF
ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED
AND
IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA,
AS AMENDED

SCHEME OF ARRANGEMENT BETWEEN
ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED AND
THE SCHEME SHAREHOLDERS

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order (the “**Order**”) dated 8 April 2021 made in the above matter, the Supreme Court of Bermuda (the “**Court**”) has directed a meeting (the “**Court Meeting**”) of the Scheme Shareholders (as defined in the Scheme mentioned below) to be convened and held for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme**”) proposed to be made between Zhuhai Holdings Investment Group Limited (the “**Company**”) and the Scheme Shareholders and that the Court Meeting will be held at Salon I, II & III, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 18 May 2021 at 12:00 p.m. (Hong Kong time) at which all Scheme Shareholders are invited to attend.

The Scheme and the explanatory statement required by Section 100 of the Bermuda Companies Act 1981, as amended, are part of the composite scheme document, which also includes this notice and other information, a copy of which are incorporated in the document of which this Notice forms part and can be obtained by Scheme Shareholders from the Hong Kong branch share registrar of the Company, Tricor Tengis Limited.

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, as their proxy to attend, speak and vote in their stead. A **PINK** form of proxy for use at the Court Meeting is enclosed with the composite scheme document.

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding. In the case of a Scheme Shareholder which is a corporation, the Scheme Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Scheme Shareholder as if the corporate Scheme Shareholder was an individual Scheme Shareholder of the Company.

PINK forms appointing proxies should be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 12:00 p.m. (Hong Kong time) on Sunday, 16 May 2021, but if the **PINK** forms are not so lodged they may be handed to the chairman of the Court Meeting at the Court Meeting who has absolute discretion whether or not to accept them.

By the Order, the Court has appointed Mr. Hui Chiu Chung, or failing him, any other director of the Company, to act as chairman of the Court Meeting and has directed the chairman to report the results of the Court Meeting to the Court.

The Scheme is subject to the subsequent sanction of the Court.

Dated: 21 April 2021

By order of the Court
Appleby (Bermuda) Ltd
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda
Attorneys for the Company

Notes:

Taking into account the novel coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the Court Meeting to protect the attending Scheme Shareholders, staff and stakeholders from risk of infection including, without limitation:

- (a) compulsory body temperature checks will be conducted for every Scheme Shareholder, proxy or other attendee at each entrance of the venue. Any person with a body temperature of over 37.4 degrees Celsius will not be admitted to the venue, but will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue;
- (b) each attending Scheme Shareholder or proxy or other attendee is required to wear a surgical face mask properly throughout the Court Meeting and to maintain a safe distance between seats;
- (c) no refreshments will be served at the Court Meeting; and
- (d) each attendee may be asked whether (i) he/she has travelled outside of Hong Kong within the 14-day period immediately before the Court Meeting; and (ii) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the venue or be required to leave the venue but will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue.

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine, may be denied entry into the venue. In view of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) (as amended, supplemented and/or modified from time to time) and the requirements for social distancing to ensure the health and safety of attendees, there will be limited capacity for Scheme Shareholders to attend the Court Meeting. The attending Scheme Shareholders (or their proxies) will be admitted to the venue on a first-come first-served basis.

The Company reminds all Scheme Shareholders that they may exercise their right to vote at the Court Meeting by appointing the chairman of the Court Meeting as their proxy to vote on the relevant resolutions at the Court Meeting as an alternative to attending the Court Meeting in person. Physical attendance by a Scheme Shareholder is not necessary for the purpose of exercising their voting rights. Completion and return of the forms of proxy in respect of the Court Meeting will not preclude the Scheme Shareholders from attending and voting in person at the Court Meeting or any adjournment thereof should they subsequently so wish.

The Company will closely monitor and ascertain the regulations and measures introduced or to be introduced by the Hong Kong Government, and if necessary, will make further announcements in case of any update regarding the precautionary measures to be carried out at the Court Meeting.

ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED**珠海控股投資集團有限公司***(Incorporated in Bermuda with limited liability)***(Stock Code: 908)**

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Zhuhai Holdings Investment Group Limited (the “**Company**”) will be held at Salon I, II & III, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 18 May 2021 at 12:30 p.m. (or immediately after the conclusion or adjournment of the Court Meeting convened at the direction of the Supreme Court of Bermuda for the same day and place), for the purpose of considering and, if thought fit, passing (with or without modifications) the following as a special resolution and an ordinary resolution, respectively:

SPECIAL RESOLUTION

1. “**THAT**, for the purpose of giving effect to the scheme of arrangement between the Company and the Scheme Shareholders (the “**Scheme**”) as set out in the composite scheme document dated 21 April 2021 (the “**Scheme Document**”) and subject to the approval of the Scheme by the Scheme Shareholders at the Court Meeting, on the Effective Date, any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares be and is hereby approved.”

ORDINARY RESOLUTION

2. “**THAT**:
 - (A) subject to and simultaneously with the cancellation of the Scheme Shares, the issued share capital of the Company shall be restored by the application of the credit arising in the books of account of the Company by the cancellation of the Scheme Shares being applied in paying up in full at par the new shares of the Company to be issued to the Offeror be and is hereby approved and the directors of the Company be and are hereby authorised to allot and issue the new shares of the Company accordingly;
 - (B) subject to the Scheme taking effect, the withdrawal of listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) be and is hereby approved; and
 - (C) the directors of the Company be and are hereby unconditionally authorised to do all acts and things and/or sign such documents as considered by them to be necessary or desirable for or in connection with the implementation of the Scheme, including (without limitation) (i) the making of an application to the Stock Exchange for the withdrawal of the listing of the shares of the Company on the Stock Exchange, subject to the Scheme taking effect; (ii) any reduction of issued share capital of the Company; (iii) the allotment and issue of the shares of the Company referred to above; and (iv) the giving, on behalf of the Company, of consent to any modification of, or addition to, the Scheme, which

the Supreme Court of Bermuda may see fit to impose and to do all other acts and things and/or sign such documents considered by them to be necessary for or desirable in connection with the implementation of the Scheme and in relation to the proposed privatisation of the Company by the Offeror by way of the Scheme as a whole.”

By order of the Board
Zhuhai Holdings Investment Group Limited
Zeng Jianping
Chairman

Hong Kong, 21 April 2021

As at the date of this notice, the Board comprises Mr. Zeng Jianping, Mr. Jin Tao, Mr. Ye Yuhong and Mr. Li Wenjun as executive Directors; Mr. Zou Chaoyong as non-executive Director; and Mr. Hui Chiu Chung, Mr. Chu Yu Lin, David, Mr. Albert Ho and Mr. Wang Yijiang as independent non-executive Directors.

Notes:

- (1) Unless otherwise defined in this notice or the context otherwise requires, terms defined in the composite scheme document dated 21 April 2021 shall have the same meanings when used in this notice.
- (2) All resolutions at the Meeting will be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules. The results of the poll will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.0908.hk) in accordance with the Listing Rules.
- (3) Any Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a Shareholder. Every Shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
- (4) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 12:30 p.m. on Sunday, 16 May 2021) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a Shareholder from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (5) For determining the entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Thursday, 13 May 2021 to Tuesday, 18 May 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 12 May 2021.
- (6) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above or post-super typhoon extreme conditions in force at or after 10:00 a.m. on Tuesday, 18 May 2021, the Meeting shall automatically be postponed to the next Business Day on which no “black” rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted and no post-super typhoon extreme conditions are in force between the hours from 10:00 a.m. to 12:00 p.m. and in such case the Meeting shall be held at 12:30 p.m. on that Business Day at Units 3709-10, 37/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Meeting will be held as scheduled even when a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.

Shareholders should make their own decision as to whether to attend the Meeting under bad weather conditions bearing in mind their own situation and, if they should choose to do so, they are advised to exercise care and caution.

- (7) Taking into account the COVID-19 pandemic, the Company will implement the following precautionary measures at the Meeting to protect the attending Shareholders, staff and stakeholders from risk of infection including, without limitation:
- (a) compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at each entrance of the venue. Any person with a body temperature of over 37.4 degrees Celsius will not be admitted to the venue, but will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue;
 - (b) each attending Shareholder or proxy or other attendee is required to wear a surgical face mask properly throughout the Meeting and to maintain a safe distance between seats;
 - (c) no refreshments will be served at the Meeting; and
 - (d) each attendee may be asked whether (i) he/she has travelled outside of Hong Kong within the 14-day period immediately before the Meeting; and (ii) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the venue or be required to leave the venue but will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue.

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine, may be denied entry into the venue. In view of the Regulation and the requirements for social distancing to ensure the health and safety of attendees, there will be limited capacity for Shareholders to attend the Meeting. The attending Shareholders (or their proxies) will be admitted to the venue on a first-come first-served basis.

The Company reminds all Shareholders that they may exercise their right to vote at the Meeting by appointing the chairman of the Meeting as their proxy to vote on the relevant resolutions at the Meeting as an alternative to attending the Meeting in person. Physical attendance by a Shareholder is not necessary for the purpose of exercising their voting rights. Completion and return of the forms of proxy in respect of the Meeting will not preclude the Shareholders from attending and voting in person at the Meeting or any adjournment thereof should they subsequently so wish.

The Company will closely monitor and ascertain the regulations and measures introduced or to be introduced by the Hong Kong Government, and if necessary, will make further announcements in case of any update regarding the precautionary measures to be carried out at the Meeting.

- (8) The Meeting will be conducted in Chinese and no translation will be provided.
- (9) References to time and dates in this notice are to Hong Kong time and dates.